



**Nothern Province Education Deparment**  
**Model Paper**  
**General Certificate of Education (Adv.level) Examination 2019**



**Accounting I**

33	E	I
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**Two Hours**

**Instroductions :-**

- Select the correct answer for question No. 1 - 30 and write its number in the dotted lines given
- Write short answers for the questions No. 31 – 50 on the dotted line.
- Each question carries 2 Marks.

**Index : .....**

<b>Only fpr use of examiner</b>	
<b>Question paper - I</b>	
<b>Question No.</b>	<b>Marks</b>
<b>01 - 30</b>	
<b>31 - 50</b>	
<b>Total</b>	

- 01) Which of the following is a financial accounting input?
- |                            |                              |
|----------------------------|------------------------------|
| 1) Historical informations | 2) Forecasting informations. |
| 3) Transactions and events | 4) Financial statements      |
- 5) Marginal cost information (.....)
- 02) Which of the following is considered as a management accounting information?
- 1) Is there possible to increase employees salary?
  - 2) Is there better position to perform guaranteed liability?
  - 3) Is there adequate returns for the investment?
  - 4) What are the decisions and plannings for the future developments?
  - 5) Are the financial statements given to needed organizations? (.....)
- 03) Sumati business sold goods costings Rs 80, 000 for a credit of Rs 100 000. Of these Rs 16, 000 cost of items were returned by customers. The impact of these transactions.
- 1) equity and asset will increase by Rs 20, 000.
  - 2) equity and asset will increase by Rs. 8000.
  - 3) equity to be reduced by Rs. 20, 000, The asset increase by Rs 8000, The Liability to be increase Rs 100, 000.
  - 4) Asset and liability reduced by Rs 100, 000.
  - 5) The equity and Asset are increased by Rs 16,000. (.....)
- 04) In the financial position statement of a business, the stationary equipment used to be current assets and office equipment as non – current asset. Related Basic concept of,
- |                     |                             |                 |
|---------------------|-----------------------------|-----------------|
| 1) Accured concept. | 2) Going concern concept    | 3) Cost concept |
| 4) Prudence concept | 5) Business entity concept. |                 |
- (.....)
- 05) Difference between the financial year income and expenses indicates.
- |                          |                               |                    |
|--------------------------|-------------------------------|--------------------|
| 1) financial Position    | 2) financial Position Changes | 3) changes in cash |
| 4) financial performance | 5) equity changes             |                    |
- (.....)

• **Answer the questions no. 6 and 7 using followings informations.**

All cash receives and cash payments are conducted through bank current account. The bank statement shows credit balance of Rs. 32 000. It is deviated with cash control account by only unrealized cheque Rs. 18000.

The following informations are extracted from cash receives journal, Cash payment journal and bank statements.

	Rs
Cash receives journal total for the month of March	130, 000
Cash payment journal total for the month of March.	115, 000
Realized cheque in March.	128, 000
Omitted items in cash control account are as follows	102, 000
Direct deposit.	Rs. 9000
Bank charges	Rs. 3000

06) Unpresented cheque and unrealized cheque for the month of march are, respctively.

- |                        |                        |                        |
|------------------------|------------------------|------------------------|
| 1) Rs. 13000 Rs. 2000  | 2) Rs.13000 Rs. 20000  | 3) Rs. 22000 Rs. 12000 |
| 4) Rs. 16000 Rs. 20000 | 5) Rs. 13000 Rs. 16000 | (.....)                |

07) Cash control account balance that is shown in financial position statement as at 31.03.2019.

- |             |             |             |             |             |         |
|-------------|-------------|-------------|-------------|-------------|---------|
| 1) Rs 71000 | 2) Rs 56000 | 3) Rs 27000 | 4) Rs 22000 | 5) Rs 20000 | (.....) |
|-------------|-------------|-------------|-------------|-------------|---------|

08) The March 2019 month information for Ahilan business that is register under the VAT are as follows.

Sales value including VAT 10%	Rs. 176 000
Purchases Rs 90, 000 (VAT 10% excluded)	
Purchase return including VAT 10%	Rs. 5500
Paid VAT	Rs. 3500

Calculate the VAT account balance that are shown in financial position statements.

- |                       |                      |                       |
|-----------------------|----------------------|-----------------------|
| 1) Liability Rs. 7500 | 2) Assets Rs. 4000   | 3) Liability Rs. 4000 |
| 4) Assets Rs. 5650    | 5) Liability Rs.5650 | (.....)               |

09) Any claim in the following statements regarding the debtors control account is correct,

- 1) There will not be a credit balance of debtors control account.
- 2) All sales will be recorded in the sales joiunals.
- 3) The total of sales journal will be recorded in the debtors control account.
- 4) The individual control account will be maintained in relation to every debtors.
- 5) On all occations, the debtors control account balance will be equal to the total balance of the debtors ledger. (.....)

10) The following information belongs to the Pavithra Public company.

	2018.08.31	2017.08.31
Accrued Electricity	50000	-
Pre paid rent	12000	80000

The electricity was paid by cheque at Rs 180000 during the year. At the same time, the monthly rent is paid Rs. 40000.

How much is the elecricity and the rent paid, the value show in the profit or loss statement for the year ended 31.08.2018.

	Elecricity (Rs)	Rent (Rs)	
1)	180, 000	480, 000	
2)	180, 000	520, 000	
3)	230, 000	412, 000	
4)	230, 000	520, 000	
5)	230, 000	440, 000	(.....)

11) Sulaman's business is not maintaining a complete accounting system. The information taken for the year ended 31.03.2019 are as follows.

	Rs
Stocks as at 01.04.2018	38000
Total of purchase journal	122000
Total of purchase column in cash payment journal	144000
Total of sales column in cash receives journal.	320000

Note :- The sales includes a 25% profit on cost. What is the value of closing stocks as at end of the year 31.03.2019?

- 1) Rs 68 000      2) Rs 38 000                      3) Rs 58 000                      4) Rs 48 000      5) Rs 56 000  
(.....)

12) It is an opportunity to stay away from the historical concept when reporting transactions and events?

- 1) Purchasing goods with resale Purpose.
- 2) When the employee's salary is reported.
- 3) When evaluating the value of stocks at the end of year based on LKAS – 02.
- 4) When the stocks are evaluated based on FIFO.
- 5) When measuring the value of mechine according to the LKAS – 16. (.....)

13) The information of three commodity items as at 31.03.2019 are as follows.

Items	Cost (Rs)	Expected sals value (Rs)	Expected sales expenses (Rs)
X	10000	12000	1000
Y	20000	18000	-
Z	5000	6000	1000

What is the value of stock listed in financial position statement based on LKAS : 2 ?

- 1) Rs 35 000      2) Rs 36 000                      3) Rs 37 000                      4) Rs 33 000      5) Rs 32 000  
(.....)

14) Kamal is conducting a separate manufacturing factory and sales out lets, The existence of goods was destroyed due to fire in the trade in 2019.03.31.

	Raw materials	Finished goods.
Stocks as at 01.04.2018	100 000	200 000
Purchase of raw materials	420 000	
Stocks as at 31.03.2019	50 000	

- ★ Production cost except direct material cost in the financial year. Rs. 180000
- ★ Total sales income in the financial year. Rs. 900000
- ★ The business sells goods with 20% of the profit on the production cost.

The total production cost and the value of distructive products respectively are,

- 1) Rs 650 000 Rs 50 000                      2) Rs 650 000 Rs 100 000                      3) Rs 650 000 Rs 150 000  
 4) Rs 700 000 Rs 130 000                      5) Rs700 000 Rs 100 000 (.....)

15) In order to present such information to reveal the reliability of the information presented through financial statement.

- 1) It should be perfect, neutrality and accurately.
- 2) Be sure to be valid and timely.
- 3) It should be appropriate, timely and Appropriateness with timely.
- 4) Be sure to be valid timely and accurately.
- 5) Being comparable and conforming. (.....)

16) The informations taken in a non profit organization are as follow.

The number of members on the 31.03.2018 is 150. Of these, 50 are the life members. The annual membership fee of one of the remaining members is Rs 1000. 12 members did not pay membership fee for 2017 / 2018. 8 members is paid membership fee for 2018 / 2019. Life time membership fees the remaining balance is Rs 200 000 in 2017.04.01. In which, 10% of the total amount will be transferred to the Income and expenses account account as membership fee in the year 2017 / 2018. At the beginning of the year there is no arrears or advance membership fees received within the year? What is the membership fees income of 2017 / 2018 and membership fees received within the year?

	<b>Value to be seen as income (Rs)</b>	<b>Membership fee receive within the year (Rs)</b>	
1)	96 000	120 000	
2)	120 000	100 000	
3)	120 000	96 000	
4)	120 000	120 000	
5)	150 000	96 000	(.....)

17) What are the correct statements in the following statement regarding to the partnership?

- A - Total ownership increases when adjusting the goodwill of the partnership business through capital account.
- B - Total ownership will be reduced when transferring retirement partner's equity to loan account.
- C - When paying part of the business expenditure by partner. It does not affect the entire ownership of business.

- 1) B only
- 2) A, B only
- 3) A, C only
- 4) B, C only
- 5) A, B and C (.....)

18) Credit balance of current account of Aruna and Karuna partnership business as at 31.03.2019 are given below.

Aruna	140 000
Karuna	120 000

It was later discovered that no adjustment was carried out when preparing current account in the year end 2019.03.31. But profit or loss statement correctly prepared.

- ★ Karuna had paid Rs 25000 as rent for business in his own money.
- ★ Aruna's own income tax was paid Rs. 12000.
- ★ The salary of Aruna and Karuna has not been recorded in current account Rs. 40 000 per partner.

What is the answer to the correct current account balance of Aruna and Karuna for the year ended in 2019.03.31 after the adjustments were made?

	<b>Aruna (Rs)</b>	<b>Karuna (Rs)</b>	
1)	148 000	205 000	
2)	168 000	185 000	
3)	205 000	123 000	
4)	205 000	148 000	
5)	205 000	275 000	(.....)

19) The following transactions and events took place in a limited public company.

- A - Capitalization of reserves.
- B - Right issues to all share holders.
- C - Transferring to general reserves from retained profit.
- D - The equipment is revalued for the first time with surplus.

Which of the above transactions and events will result in the increase in the ownership of the company?

- 1) A and B
  - 2) B and D
  - 3) C and D
  - 4) A, B and D
  - 5) A, B, C and D
- (.....)

20) What can be considered as accounting estimates and changes in accounting estimates according to the LKAS – 08 ?

- A - Useful life time.
- B - Net value of stocks.
- C - Depreciation methods for property plant and equipments.

- 1) A only
  - 2) A and B
  - 3) A and C
  - 4) B and C
  - 5) A, B and C
- (.....)

21) Ledger account balances of Nanda limited company as at 01.04.2018 are as follows.

Ordinary share capital (each Rs 30)	900 000
Revaluation reserve	200 000
General reserve	200 000
Cash	100 000

At the beginning of 2018.04.20, all share holders are provided right issues according to the 3 : 1 ratio, each share Rs 15. All right issues are accepted by the shareholders.

	<b>No. of shares as at 31.03.2019</b>	<b>Stated ordinary share capital (Rs)</b>	<b>Cash account (Rs)</b>
1)	36 000	1200000	100 000
2)	40 000	138000	280 000
3)	40 000	1050000	250 000
4)	46 000	1380000	180 000
5)	46 000	1380000	280 000

(.....)

22) Which of the following circumstances that leads to the identity of provision for liability in financial statement of the company?

- A - Products are sold in a one year warranty to ensure the correction of the repairs.
- B - On the balance of debts, Provision for doubtful debts are adjusted.
- C - Without legal requirement, it is necessary to reduce the environmental pollution caused by production process.

- 1) A only
  - 2) B only
  - 3) A, C only
  - 4) B, C only
  - 5) A, B and C
- (.....)

23) The company's financial end is 31.03.2019. The directors were authorized to issue financial statements on 30/ 06/ 2019. The company's annual public meeting took place on 15.07.2019, The following events related to the company took place after 31.03.2019.

A - Trade debtor valued Rs 250 000 as at 31.03.2019 who is announced as a bankruptcy on 30.04.2019.

B - Trade debtor values Rs 400 000 as at 31.03.2019 was announced as a bankruptcy on 10.07.2019.

C - Stock cost on 31.03.2019 Rs. 200 000 was sold for Rs 150 000 on 10.04.2019.

D - The market value of investment in the periods between 30.04.2019 and 30.06.2019 has decreased by Rs 300 000.

- 1) A and B                                  2) A and C                                  3) B and C  
4) A,C and D                                5) B,C and D                                (.....)

24) What is the only answer to the contents of the cash flow under the financial activities when a limited public company is presenting a cash flow statement?

- 1) Shares issues, Repayment of loan, and payment of loan interest.  
2) Shares issues, Income tax payments and Dividend payments.  
3) Lease initial deposit payment, lease payment, lease interest payment.  
4) Lease payment, Received loan and Dividend payment.  
5) Received loan, Dividend payment, Received dividend.                                (.....)

25) Current ratio of Suren company in 31.03.2019 is 2 : 1. What is the transaction that will increase the ratio at which other factors remain constant?

- 1) Credit purchases.  
2) Paid to creditos.  
3) Settlement of non current liability.  
4) Sales returns.  
5) Credit purchase of motor van for business use.                                        (.....)

26) Any of the following costs of a manufacturing company can be classified in to the direct cost?

- A - The wages paid to employees based on the number of units to be produced.  
B - Monthly salary paid to the factory manager.  
C - Transport cost for bringing raw materials to the factory.  
D - Machine depreciations used in factory.

- 1) A and B                                  2) A and C                                  3) B and C  
4) A,B and D                                5) A,C and D                                (.....)

27) Information about the raw material X of a company

	Minimum usage	Maximum usage.
Consumtions (units)	2000	5000
Lead time (month)	5	6
Maximum level of stocks	40000 units	

This refers to the reorder level and economic order quantity.

- |    | Re order level | EOQ.   |         |
|----|----------------|--------|---------|
| 1) | 17 500         | 32 500 |         |
| 2) | 20 000         | 30 000 |         |
| 3) | 20 000         | 39 500 |         |
| 4) | 30 000         | 20 000 |         |
| 5) | 30 000         | 29 500 | (.....) |

28) The following information is provided by a commodity manufacturing company.

Prime cost Rs 600 000  
 Budgeted overhead cost - Manufacturing department Rs 350 000  
 - Service department Rs 50 000  
 No. of units produced - 75 000 units.  
 Budgeted machine hours - 50 000 (Machine hours per unit is 5 hours)

Which of the following is the absorption rate for the machine hours and the production cost per unit?

	<b>Absorption rate for machine hours</b>	<b>Production cost Per unit (Rs)</b>	
1)	6	38	
2)	7	43	
3)	7	15	
4)	8	16	
5)	8	48	(.....)

29) Production level and production cost of product A that the company wants to produce are as follows,

Production level (units)	Total cost (Rs)
5000	500 000
6000	540 000

The variable cost per unit and the total fixed cost respectively.

	The variable cost per unit (Rs)	Total fixed cost (Rs)	
1)	40	200 000	
2)	40	300 000	
3)	50	300 000	
4)	90	200 000	
5)	100	300 000	(.....)

30) The net present value of an investment plan with completion of 5 years show a value of Rs 180 000 positive (+). the net cash flow of this project has been calculated to 10% discounted factor what is the correct statement about this project?

- 1) Total benefit of the project is Rs 180 000.
- 2) Net profit of the project is Rs 180 000.
- 3) After the completion of the project, the net Profit will be Rs 180 000.
- 4) The cost of capital can be earned benefits more than 10% and Rs 180 000.
- 5) The cost of capital can be earned benefits more than 10 % and earned Rs 180 000. (.....)

(30 x 4 = 120 Marks)

❖ **Give short answer to question No 31 – 50.**

31) The following transaction in one of the business belong to which type of accounting environmental factor.

- (A) Computer software currently used in business was replaced to new computer software due to virus. ....
- (B) Ordered to additional two containers rice for the Tamil Sinhala new year. ....
- (C) The business has to bear the extra cost of employees. If the EPF employees. Contributim has been increase by government in the budget. ....
- (D) Make chages in financial statement by obtain advice from chartered accountants and LKAS. ....

32) Indra company returns goods worth Rs 15000 on 01.01.2019 to his supplier, Sundaram Company due to damaged goods. How is the information shown in Indra company's books and Sundaram Company's books?

(Both companies maintain the control accounts)

- In Indra company's books.
  - a) Source document .....
  - b) Prime entry book .....
- In Sundaram Company's books.
  - a) Debited account name .....
  - b) Credited account name .....

33) State appropriate prime entry books to record following transactions held in a business.

- 1) Business uses Rs 300 000 worth owner's own furniture. ....
- 2) Returned cheque by bank when it was received from debtor then deposited in bank. ....
- 3) Paid reimbursement to petty cashier Rs 2350 .....
- 4) Received cheque value Rs 30000 from right issues. ....

34) Show as "Increase, decrease, or No change" the impact on assets, liability and equity due to the following transactions of a business.

	<b>Assets</b>	<b>Liability</b>	<b>equity</b>
1) Paid accrued electricity	.....	.....	.....
2) Charged bank overdraft interest at the position of bank overdraft	.....	.....	.....
3) Capitalization of retained profit	.....	.....	.....
4) Reimbursement of petty cash imprest	.....	.....	.....

35) The information of petty cash imprest of a business are as follows.

Petty cash balance as at	2019.01.01	Rs 800
Petty cash balance as at	2019.01.31	Rs 400
Petty cash reimbursement on	2019.01.01	Rs 2200

If the value of the petty cash imprest will be increased by Rs 500, how much is the reimbursement value on 01.02.2019.

.....

36) The cash control account of Anoma business as at 31.03.2019 was Rs 80 000. On that day, bank statement balance was deviated by the following reasons.

- ★ Deposited cheque value Rs 20 000 has been dishonoured by bank.
- ★ Direct deposit Rs 50 000 has not been recorded in cash control account.
- ★ Unpresented cheque and unrealized cheque are Rs 80 000 and 55 000 respectively.
- ★ Standing order payments for lease installment Rs 1000 has not been recorded in cash control account.

Required :- Adjusted cash control account balance as at 31.03.2019 .....

Bank statement balance as at 31.03.2019 .....



37) State the accounting concept suitable for the following purposes.

<b>Purpose</b>	<b>Concepts</b>
(A) The general measurement of economic activity is sum of money	.....
(B) Specify the name of the business for financial statements	.....
(C) Cost of sales is deducted from sales income	.....
(D) Received rent income and receivable rent income are totally shown in profit or loss statement.	.....

38) Extracted information from trial balance as at 31.03.2018.

Description	Debit	Credit
Sales		2500 000

Additional informations.

- 1) Goods in sales value Rs 250 000 have been sent to supplier based on the condition of “non – sales return” in 31.03.2018 only 50% of that goods were sold at 31.03.2018 and the sales price was determined by adding 25% profit on cost. These items need to be returned due to the time has passed.
- 2) The value of closing stocks Rs 150 000 as at 31.03.2018.
  - a) What is the amount of sales income to be shown in the income statement for the year ended 31.03.2018. ....
  - b) What is the value of the closing stocks to be shown in financial position statements? .....

• **Answer the questions No 39 and 40 using following information.**

The financial information of a business as at 31.03.2018. and 31.03.2019, which was started on 01.04.2017 with Rs 120 000 capital are as follows

	<b>31.03.2018</b>	<b>31.03.2019</b>
Total assets	180 000	?
Liabilities	?	50 000
Income	50 000	?
Expenses	60 000	75 000

The owners drawings in the year ended 31.03.2018. and additional capital in the year ended 31.03.2019. are Rs 12 000 and Rs 25 000 respectively.

Increases in net assets as at 31.03.2019 is Rs 42 000.

- 39) What is the total liability as at 31.03.2018 .....
- 40) a) The value of assets as at 31.03.2019 is Rs .....
- b) Earned total income for the year ended 31.03.2019 is Rs .....

- 41) Nirmal (PLC) company issued 50 000 ordinary shares at each Rs 50 for the year ended 31.03.2018. It is needed Rs 15 000 shares issues expenses. The company received applications for 70 000 shares with full of shares value and excess applications were returned and paid shares value. The balance as at 01 / 04 / 2017.

	Rs	
Stated capital	1200 000	
Retained profit	700 000	
a) The value of stated capital as at 31.03.2018		.....
b) The value of retained profit as at 31.03.2018		.....

- 42) a) State the rules that are included in partnership act of 1890, section 42.

.....

- b) Name two equity account of partnership business.

.....  
 .....

- 43) State two decisions which are taken by board of directors of a company when received applications for issuing shares.

.....  
 .....

- 44) The trial balance informations of Amutha company as at 2019.03.31 are as follows.

	Debit (Rs)	Credit (Rs)
Land	900 000	
Revaluation reserve for land		150 000

**Additional informations**

The Land is revalued as Rs 700 000 in this year.

Required :-

- a) Write the double entries for above revaluation.

.....  
 .....

- b) Summary of other comprehensive income.

.....

- 45) The informations of Vishva Company for the year ended 31.03.2019 are as follows.

	(Rs 000)
Annual depreciation	600
Profit for the year	6400
Paid income tax	1400
Income tax pexpenses for the year	1600
Paid annual interest	300
Accured interest	200
Increases in current assets except cash	1200
Dereases in current liability	800
Paid operating expenses	2000

Calculate the followings

- 1) Cash flow used in generated activities 31.03.2019 .....
- 2) Net cash used in operating activities 31.03.2019 .....

46) The informations for the month of May 2018 are as follows.

May 01 stocks 60 unit each Rs 80.  
 05 Purchaes 40 unit each Rs 90.  
 15 Purchases 50 unit each Rs 100  
 25 Sales 110 units

If FIFO method is used in stock pricing, Calculate the followings.

- 1) Cost of sales for the month of May 2018. ....
- 2) Value of stocks as at 31 May 2018. ....

47) The following informations are extracted from payroll of a business.

- A. Deducted EPF from employees is Rs 10000
  - B. Employer's EPF expenses is Rs 15000.
- write the double entry for transaction A and B.

A. ....  
 .....  
 B. ....  
 .....

48) Selling price and variable cost of a products are Rs 100 and 55 respectively and fixed cost for the products is Rs 450 000.

- i) Break even point in sales income is .....
- ii) Value of margin of safty at the expected profit Rs 225 000 is .....

49) A business expects to invest Rs 300 000 on machine. Its estimated values of net cash flows and profit and profit after tax are as follows.

Year	1	2	3	4
Net cash flow (Rs)	90 000	120 000	180 000	150 000
Profit after tax (Rs)	40 000	60 000	80 000	60 000

- a) Accounting rate of return (ARR) .....
- b) Payback period? .....

50) A company has decided to start new project and the alternative ways and their net present value of projects are given below. (Initial investment value of each project is equal value)

<b>Projects</b>	<b>NPV</b>
A	150 000
B	(50 000)
C	0
D	200 000

a) Which project will be selected by business?

.....

b) Give reason.

.....

(20 x 4 = 80 Marks)  
(Total 200 Marks)