

	General certificate of Education [Adv. Level] Examination - 2021				
	NEW	Target Paper- 01 - MCQ	33	E	I
Accounting I			Two Hours		

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This paper consisting with 50 mcqs covering the whole syllabus areas , Select the most appropriate answer from the given options

01. Which of the following is the main objective of financial accounting?
- To provide both financial and non-financial information to the stake holders to take their decisions.
 - To provide both past and future financial information to the stake holders to take decision
 - To provide financial information only to the external stakeholders to take their decision.
 - To provide only past and present financial information to both external and internal stakeholders to take their decision.
 - To provide financial information through both financial statement and management report to all their stakeholders. (.

02. Different interested parties and their interests are given in column X and Y respectively.

Profit	Additional Capital
1. Owners	A - To ensure whether the income tax is paid properly
2. Employees	B - To decide things related to future developments.
3. Customers	C - To ensure job security.
4. Government	D - To ensure the ability of purchasing goods and services continuously.
5. Managers	E - To get a return appropriate for their investments.

Which of the following shows the sequential order of interests of each party if it is arranged according to the interest parties?

- B, A, D, E and C
 - B, C, E, A and D
 - E, C, D, A and B
 - E, C, D, B and A
 - E, D, C, B and A
03. Which of the following statement / statements is correct in relation to the general purpose final financial statements prepared by a firm

08. following details are provided regarding to a business for the year ended 31/03/2020

	01/04/2019	31/03/2020
Accrued expense	4000	3500
Prepaid operating expense	2500	2000

- paid operational expense Rs 10 000 for the period and what is the relevant operational expense for the year ending 31/03/2020

1. Rs 4500 2. Rs 10 000 3. Rs 1000 4. Rs 6000 5. Rs 9000

09. The total assets and liabilities of Ranga's business as at 31/03/2019 was Rs 850 000 and Rs 525 000 respectively. Total increasing of the assets for the year ending 31/03/2020 was Rs 125 000 and the total decreasing of liability was Rs 120 000.

if there is no drawings and additional capital occurred during the period, what is the profit or loss for the year ending 31/03/2020

1. Rs 570 000 2. Rs 425 000 3. Rs 345 000 4. Rs 452 000 5. Rs 245 000

10. There was a difference in the trial balance prepared as at 31.03.2018 in Chamod's business. Financial statements were prepared after recording the difference in a suspense account.

The drafted net profit in the income statement was Rs. 140 000. In later examination the following errors and omission were found.

- Return outward of Rs. 16 000 has been recorded only in the creditors control account.
- Payment of bank loan interest Rs. 4 000 has been credited to both interest account and cash account.
- Bad debts written off a Rs. 2 000 has not been recorded in debtors control account.

Correct net profit (Rs.)	Balance existed in the suspense account (Rs.)
1. 146 000	Credit 6 000
2. 146 000	Debit 10 000
3. 148 000	Credit 10 000
4. 148 000	Debit 14 000
5. 150 000	Credit 18 000

11. Balance of the creditors control account prepared as at 31.03.2018 in Madhawa's business was Rs. 44 000. The total of the creditors list as at the same date was not agreed with the balance of creditors control account The subsequent. investigation revealed the following.

- Cancellation of discount Rs 2000 was omitted from the books .
- Discount received of Rs. 5 000 has been debited as Rs. 500 in relevant creditor's account.
- A purchase invoice of Rs. 18 000 has been accounted as Rs. 8 000 in relevant creditor's

account.

Balance of the adjusted control account and the total of the creditors list prior to correction as at 31.03.2018 are respectively?

1. Rs. 42 000 & Rs. 36 500
2. Rs. 42 000 & Rs. 36 500
3. Rs. 46 000 & Rs. 38 500
4. Rs. 48 000 & Rs. 42 500
5. Rs. 48 000 & Rs. 53 500

12. following details are provided for the 'sakthi' production business for the year ended 31/03/2019

- direct material consumption Rs 55 000
- production overhead cost Rs 200 000
- WIP 01/04/2019 Rs 14 000
- WIP 31/03/2020 Rs 20 000
- Direct wages Rs 25 000
- Raw material purchased Rs 12 000

what is the total production cost

1. Rs 244 000
2. Rs 274 000
3. Rs 280 000
4. Rs 255 000
5. Rs 286 000

13. 'MAX' youth club provides the following details for the year ended 31/03/2020

- accumulated fund 01/04/2019 Rs 275 000
- liabilities Rs 25 000
- surplus of 2019/2020 Rs 40 000
- operational expenses Rs 30 000

what are the total assets and total revenue of the club for the year ended 31/03/2020

1. Total assets Rs 340 000 and total revenue Rs 55 000
2. Total assets Rs 275 000 and total revenue Rs 75 000
3. Total assets Rs 300 000 and total revenue Rs 70 000
4. Total assets Rs 340 000 and total revenue s Rs 65 000
5. Total assets Rs 340 000 and total revenue Rs 70 000

14. The trial balance prepared by Aron PLC as at 31.03.2019 did not agree. Following errors were discovered in the subsequent observation.

- When totaling the sales day book was overstated by Rs. 10 000.
- A payment of Rs. 15 000 as salaries of the employees was recorded only in cash payment journal.
- A payment of Rs. 37 500 made by Sanath, a debtor has been erroneously credited to his account Rs. 73 500.
- Return outwards of Rs. 10 000 was erroneously debited to the return inwards account.

The balance of the suspense account before correcting the above errors if the business does not maintain Sub-ledger for debtors and creditors.

- | | | |
|---------------------|----------------------|---------------------|
| 1. Rs. 41 000 debit | 2. Rs. 5 000 credit | 3. Rs. 51 000 debit |
| 4. Rs. 5 000 debit | 5. None of the above | (.....) |

15. Details about types of stocks at the end of an accounting Year are given below,

Type	No. Of Units	Unit Price (Rs)	Estimated Selling Price (Rs)	Estimated Selling Price (Rs)
P	5000	12	13	2
G	8000	8	14	4
K	12000	14	17	3

The amount Of Above Inventory recorded in SOFP Under item by item Basis according LKAS02 Is,

- | | |
|----------------|---------|
| 1) Rs. 287 000 | |
| 2) Re. 303 000 | |
| 3) Rs. 292 000 | |
| 4) Rs. 84 000 | |
| 5) Rs. 89 000 | (.....) |

16. For The Date 2018.03.31 The Balance In Trial Balance of Kasuni's Business were not equal.

Following were the reasons,

- Recording Discount allowed Of Rs.6 000/= as discount received
- Recording of 6720/= Telephone bill as 7260/=
- Electricity bill of 2150/= not recorded in the Trial Balance
- 12 000/= Of Credit Sales recorded correctly in the Control Account but not recorded in the Sales ledger

Due to these reasons, in the Trial Balance

- | | |
|--|---------|
| a. Debit Side is High by Rs. 10 390/= | |
| b. Credit Side is High by Rs. 13 610/= | |
| c. Debit Side is High by Rs. 13 610/= | |
| d. Credit Side is Loss by Rs. 13 610/= | |
| e. Credit Side is High by Rs. 9 310/= | (.....) |

17. Following information has been extracted for the year ending 31.03.2018 of a business which is not kept proper accounts.

	(Rs.)	
Sales	750,000	
Purchases	600,000	
Return outward	105,000	
Stock as at 31.03.2018	120,000	
- Business sells goods with a profit of 25% on cost.		
Value of the inventory as at 01.04.2017 is,		
1. Rs. 375,000	2. Rs. 275,000	3. Rs. 250,000
4. Rs. 225,000	5. Rs. 150,000	

18. All trade stock of a business for the ended 31.03.2019 was destroyed due to flood incurred in 31.03.2019.

The following information is related to the year ended 31.03.2019.

Rs. '000'	
Trade stock on 01.04.2018	750
Purchases	2 250
Sales	3 000
Carriage inwards	300

This business sell goods by adding 20% profit margin. Insurance company has agreed to give 80% of cost of stock held in business on 31.03.2019.

The expense in related to stock for the year ended 31.03.2019 is,

- | | | |
|------------------|------------------|-----------------|
| (1) Rs. 180 000 | (2) Rs. 720 000 | (3) Rs. 900 000 |
| (4) Rs. 2400 000 | (5) Rs. 2580 000 | (.....) |

19. A new partner kamal was admitted with 1/5 of the profit share to the partnership which was caring out by wimal and sumal by sharing profit and losses equally. the good will was valued at the date of admission of the new partners as Rs 500 000 and adjusted through the capital account. what is the increasing value of capital of wimal and sumals with the good will adjustment.

1. wimal Rs 50 000 and Sumal Rs 50 000
2. wimal Rs 75 000 and Sumal Rs 75 000
3. wimal Rs 100 000 and Sumal Rs 100 000
4. wimal Rs 200 000 and Sumal Rs 200 000
5. wimal Rs 150 000 and Sumal Rs 150 000

20. A and B partners who share profit and losses in the ratio of 3:2 respectively. Profit for appropriation for the year ended 31.03.2019 was Rs. Rs. 900 000. Office rent payable amounting to Rs. 25 000 had not been accounted in arriving at the above profit figure. Following details have also provided for the same accounting period.

	A	B
Interest on drawings (Rs.)	6 000	4 000
Interest on capital (Rs.)	12 000	8000

What is the net income that A and B earned during the year as partners respectively?

1. Rs. 540 000 and Rs. 360 000
2. Rs. 525 000 and Rs. 350 000
3. Rs. 411 000 and Rs. 274 000
4. Rs. 436 000 and Rs. 274 000
5. Rs. 486 000 and Rs. 324 000

21. A, B and C carrying out a partnership business and during the year ended 31.03.2019 the share of profits transferred to current accounts of partners were Rs. 498 000, Rs. 332 000 and Rs. 166 000 respectively. The current account balances as at 31.03.2019 of the partners A, B and C are Rs. 3 100 000, Rs. 2 850 000 Rs. 1 710 000 respectively. When calculating above share of profit following were not considered.

- Partner salary monthly to A and C are Rs. 20 000 and Rs. 10 000 respectively.
Partners new current account balance will be,

	A	B	C
1.	Rs. 3 100 000	Rs. 2 810 000	Rs. 1 750 000
2.	Rs. 2 842 000	Rs. 2 638 000	Rs. 1 664 000
3.	Rs. 3 340 000	Rs. 2 970 000	Rs. 1 830 000
4.	Rs. 3 160 000	Rs. 2 730 000	Rs. 1 770 000
5.	None of the above		

(.....)

Use the following information to answer question No 22 & 23

The current account of partners for the year ended 31.03.2018 in Chamath and Samath 's partnership is as follows.

		Current Account			
	Chamath	Samath		Chamtha	Samath
			01.04.2017 B/B/F	80 000	60 000
			Salary	50 000	40 000
			Interest on capital (10%)	30 000	20 000
31.03.2018 B/C/D	220 000	150 000	Share of profit	60 000	30 000
	220 000	150 000		220 000	150 000

22. Which of the following would be the share of profit of Samath for the year ended 31.03.2018 if this partnership functions according to section 24 of the partnership ordinance of 1890?

- | | | |
|----------------|----------------|---------------|
| 1. Rs. 45 000 | 2. Rs. 70 000 | 3. Rs. 90 000 |
| 4. Rs. 115 000 | 5. Rs. 185 000 | (.....) |

23. Pamath was joined to the partnership on 31.03.2018 as a new partner and be invested Rs. 100 000 as capital. The goodwill was estimated as Rs. 90 000 on that date. Chamth, Samath and Pamath agreed to share profits and losses equally. They decided not to maintain a goodwill account and to adjust goodwill through capital accounts of partners.

Which of the following shows the correct equity of each partner after admission of the new partner?

	Chamath (Rs.)	Samath (Rs.)	Pamath (Rs.)
1.	300 000	20 000	100 000
2.	330 000	200 000	70 000
3.	330 000	230 000	130 000
4.	360 000	320 000	100 000
5.	550 000	350 000	70 000

24. motor vehicle related details as at 01/04/2019 are given below

- carrying value Rs 360 000
- provision for depreciation Rs 90 000

Motor vehicles are depreciated on cost 10% annually. motor vehicle were revalued as at 01/04/2019 for Rs 320 000. what is the carrying value of motor vehicle as at 31/03/2020

1. Rs 300 000 2. Rs 290 000 3. Rs 280 000 4. Rs 288 000 5. Rs 292000

25. The following information is related to Sneha motor company PLC.

	Rs. '000'
Carrying amount on 2018.04.01	1 350
Carrying amount on 2019.03.31	1 300
Cost of new vehicle purchased on 2018.10.01	500
Cash received on disposal of a motor vehicle on 2019.01.01	100

The motor vehicle was purchased at cost Rs. 300 000. The loss incurred on this disposal was Rs. 75 000.

What is value of depreciation of motor vehicle for the year ended 2019.03.31?

- (1) Rs. 275 000 (2) Rs. 150 000 (3) Rs. 200 000
(4) Rs. 250 000 (5) Rs. 375 000

26. The following transactions are provide regarding to a company for the year ended 31/03/2020

- reserve capitalization Rs 200 000
- right issue Rs 400 000
- paid interim dividends Rs 100 000
- surplus of revaluation Rs 160 000
- 12 % proposed dividends for preference share holders Rs 60 000

what is the net increasing of the equity and the total assets of the company for the year ended 31/03/2020

1. net increasing of assets Rs 400 000 and net increasing of equity Rs 360 000
2. net increasing of assets Rs 440 000 and net increasing of equity Rs 380 000
3. net increasing of assets Rs 460 000 and net increasing of equity Rs 400 000
4. net increasing of assets Rs 480 000 and net increasing of equity Rs 440 000
5. net increasing of assets Rs 500 000 and net increasing of equity Rs 500 000

27. Malki Public Limited Company issued 10 000 Shares to the Public at a Consideration of 20/= , 12 000 Shares were applied by applications. It was decided to refund the excess money to applicants after apportioning proportionally on 2018.04.10.

Choose the answer with the Correct value of above transactions of the date 2018.03.31.

	Asset	Equity	Liabilities
01)	240 000	240 000	
02)	200 000	200 000	
03)	240 000	200 000	40 000
04)	212 000	200 000	12 000
05)	240 000	220 000	20 000

28. what is the transaction that does not affect to the changes of equity

1. reserve capitalization
2. right issue
3. interim dividend paid
4. provision for income tax
5. provision for liabilities

29. given below is the equity changing statement details of the Mark Plc..

Date	O / share	General reserve	Retain profit	Revaluation reserve	Total
01/04/2019	2400 000	1200 000	800 000	700 000	5100 000
31/03/2020	5400 000	100 000	-	1100 000	6600 000

Following are occurred during the year

- profit for the year Rs 1000 000
- transfer to the general reserve Rs 300 000
- no interim dividend payments during the year

what is the value of the bonus issue

1. Rs. 3000 000
2. Rs. 2500 000
- 3 Rs. 2900 000
4. Rs. 800 000
5. Rs. 1900 000

30. Hasthishaila company PLC issued 400,000 ordinary shares at the consideration per share of Rs. 50. This was done on 01.04.2018 cash received for 600,000 with applications. 400,000 shares were allotted proportionate and excess applications were rejected. Expenses for issuing shares is 500,000 calculate the increment of the stated capital and the increment of the equity.

	Stated capital (Rs. 000)	Increment of the equity (Rs. 000)
1.	20,000	19,500
2.	20,000	20,000
3.	20,000	30,000
4.	30,000	19,500
5.	30,000	20,000

• **Answer for the Q no. 31,32 and 33 by using following information.**

1. Some extractions of the statement of financial position prepared as at 31.03.2018 and 2017 of Udara Company PLC are given below.

	As at 31.03.2018 (Rs. 000)	As at 31.03.2017 (Rs.000)
Stated capital (O/S)	30,000	25,000
Revaluation Reserve	2000	-
General Reserve	1500	1000
Retained earnings	8500	7000
Total Liability	9000	7500

2' Revaluation reserve represents the revaluation surplus from the land revaluation on 01.01.2018

3' Paid dividend within the period is 400,000

4' Ordinary shares have been issued within the period

5' Tax for the period is Rs. 200,000

31. Profit before tax for the year ending 31.03.2018 is,

- | | | |
|------------------|------------------|------------------|
| 1. Rs. 1,500,000 | 2. Rs. 2,400,000 | 3. Rs. 2,600,000 |
| 4. Rs. 8,500,000 | 5. Rs. 9,000,000 | |

32. Total comprehensive income for the year ending 31.03.2018

- | | | |
|------------------|-------------------|------------------|
| 1. Rs. 2,000,000 | 2. Rs. 4,400,000 | 3. Rs. 5,000,000 |
| 4. Rs. 8,500,000 | 5. Rs. 10,000,000 | |

33. The value of the total assets as at 31/3/2018 is,

- | | | |
|-------------------|-------------------|-------------------|
| 1. Rs. 30,000,000 | 2. Rs. 32,000,000 | 3. Rs. 39,000,000 |
| 4. Rs. 42,000,000 | 5. Rs. 51,000,000 | |

• **Answer for the Q no. 34 and 35 by using following information**

Details	Rs. '000'
Total income	1 500
Total expenses	500

- Total income includes motor vehicle revaluation surplus Rs. 200 000, disposal profit Rs. 300 000 and sales.
- The company recorded motor vehicle revaluation deficit Rs. 150 000 during the year ended 31.03.2017 and it was recognized as an expense.

34. Sales income and other comprehensive income during the year ended 31.03.2019 recognized by the company are,

	Sales income Rs. '000'	Other comprehensive income Rs. '000'	
(1)	1 150	50	
(2)	1 000	50	
(3)	1 000	200	
(4)	1 200	150	
(5)	1 150	200	(.....)

35. Total comprehensive income and profit for the period ended 31.03.2019 are,

	Total comprehensive income (Rs. '000)	Profit for the period (Rs. '000')	
(1)	950	950	
(2)	1000	800	
(3)	1000	950	
(4)	1100	900	
(5)	1100	1050	(.....)

36. Following information is relevant for Shamal Ltd. For the year ended 31.03.2019.

	2018.03.31	2019.03.31
Retained profit	100 000	225 000
General reserve	50 000	120 000
Revaluation reserve	75 000	100 000

Rs. 75 000/= interim dividend paid during the year 2018/2019. Income tax rate is 25% from net profit. Profit before tax the year ended 31.03.2019 is,

- | | | | |
|----------------|----------------|----------------|---------|
| 1. Rs. 250 000 | 2. Rs. 295 000 | 3. Rs. 270 000 | |
| 4. Rs. 360 000 | 5. Rs. 200 500 | | (.....) |

	Re-order level	Maximum inventory level
(1)	4 400 units	5 200 units
(2)	2 400 units	4 600 units
(3)	10 200 units	3 600 units
(4)	3 900 units	9 600 units
(5)	3000 units	4400 units

41. Some information relates to raw material m² of a manufacturing business is given below,
- Monthly consumption 2000 units
 - Ordering cost per order Rs. 15
 - Cost of an item Rs.20
 - Annual holding cost of a unit is 10% of the cost of a unit

Calculate the Economic order quantity and Economic number of orders.

	Economic order quantity unit	No of orders
1.	600	20
2.	600	30
3.	600	40
4.	6000	200
5.	6000	300

42. Following information relevant for a manufacturing business

- EOQ 400 units
- Annual demand 8000 units
- Ordering cost Rs 500 per order
- Holding cost Rs. 100 per unit

Calculate the total ordering cost and total holding cost

	Total ordering cost (Rs.)	Total holding cost (Rs.)
1.	8,000	8,000
2.	10,000	10,000
3.	10,000	20,000
4.	20,000	10,000
5.	20,000	20,000

43. Tharindu company PLC has acquired a machinery on 01.04.2017 on leasing. The fair value as at this date is Rs. 4,000,000 Rs. 960,000 has paid on above date as down payment. Leasing term is 4 years. Rs. 960,000 should be settled as the installment at the end of every year First installment was paid on 31.03.2018. Annual interest rate is 10%

- The leasing liability at the beginning of the period and the interest for the year ending 31.03.2018 are

	Leasing liability as at 01.04.2017 (Rs.)	Leasing Interest (Rs.)
1.	2,080,000	208,000
2.	2,080,000	304,000
3.	3,040,000	304,000
4.	3,040,000	400,000
5.	4,000,000	400,000

44. The leasing liability should be recognized in the statement of financial position as at 31.03.2018 under current and non current liabilities as per LKAS 17/ SLFRS 16 are,

	Current Liabilities (Rs.)	Non current liabilities (Rs.)
1.	721,600	960,000
2.	721,600	1,662,400
3.	721,600	2,384,000
4.	1,662,400	960,000
5.	1,662,400	721,600

45. following details are provided regarding to Don Plc

	31/03/2020	31/03/2019
Current assets [except cash]	380 000	240 000
Current liabilities	180 000	120 000

- profit before working capital adjustment	Rs 250 000
- paid interest	Rs 40 000
- paid tax	Rs 140 000
- net cash flows from investment activities	[Rs 240 000]
- net cash flows from financial activities	Rs 200 000

if the cash and cash equivalents as at 01/04/2019 was Rs 70 000 , what is the cash and cash equivalents as at 31/03/2020?

1. Rs. 10 000 2. Rs. 50 000 3. Rs. 20 000 4. Rs. 120 000 5. Rs. 50 000

46. following details are provided regarding to a tablet produce for covid 19

selling price	Rs 0.20
variable cost	Rs 0.12
fixed cost	Rs 800 000

what is the breakeven point in units and values

1. Breakeven point 10 000 000 in units and Rs 2000 000
2. Breakeven point 1 000 000 in units and Rs 5000 000
3. Breakeven point 100 000 in units and Rs 50 000
4. Breakeven point 10 000 in units and Rs 250 000
5. Breakeven point 1000 in units and Rs 260 000

47. A manufacturing organization has calculated its overhead absorption rate of Rs. 12 based on direct machine hours. Same business has provided the following information also.

Budgeted machine hours	5 000
Actual machine hours	6 000

How much the budgeted production overhead

1. Rs. 72 000
2. Rs. 60 000
3. Rs. 360 000
4. Rs. 50 000
5. None of the above (.....)

48. Given below are the overhead absorption rate for a business which consist with two production departments.

- Department X Rs 20 per machine hour
- Department Y Rs 25 per labour hour

to produce one unit 02 machine hours and 04 labour hours are required. the expected production units will be 6000 units. what is the total production overhead and absorbed production overhead per unit

1. Total production overhead Rs 600 000 and Absorbed overhead per unit Rs 45
2. Total production overhead Rs 840 000 and Absorbed overhead per unit Rs 90
3. Total production overhead Rs 840 000 and Absorbed overhead per unit Rs 140
4. Total production overhead Rs 800 000 and Absorbed overhead per unit Rs 140
5. Total production overhead Rs 840 000 and Absorbed overhead per unit Rs 90

49. Which items consider by estimating cash flows of a new project in a firm,

- A – Machine acquisition cost for the project
- B - Book value of the old machine
- C - Depreciation of new machine
- D - Cash received from selling the old machine
- E - Market research expenses for the new project.

i.A,B, & D only ii. A & D only iii. D only iv. A,D & E only v. A & E only (.....)

50. An engineering company is planning to purchased a new machine. following details are provided.

- purchase price of the machine	Rs 750 000
- installation cost	Rs 150 000
- scarp value of the old machine	Rs 300 000
- scarp value of the new machine	Rs 100 000
- cost of obtain the environment report	Rs 50 000
- market research expense	Rs 100 000
- opening working capital requirement	Rs 50 000

what is the initial net investment of the machine and what is the irrelevant cost of the machine

1. initial investment Rs 550 000 and irrelevant cash out flow Rs 150 000
2. initial investment Rs 600 000 and irrelevant cash out flow Rs 200 000
3. initial investment Rs 900 000 and irrelevant cash out flow Rs 200 000
4. initial investment Rs 650 000 and irrelevant cash out flow Rs 150 000

