01. (A) Construct five(05) sentences to bring out the meaning of each of the following words:

(1) Reconciliation.
(2) Transactions.
(3) Liquidity.
(4) Solvency.
(5) Performance. (05 marks)

(B) Each of the five(05) sentences shown below has two dotted blanks marked (a) and (b), and four(04) words are given within brackets after each sentence. You are required to select the most suitable words out of the four words to fill in the blanks. Write the question number and the words selected for (a) and (b) of each sentence, in your answer booklet.

(1) The selection of the (a) ............... concept of capital should be (b) ............... on the needs of the users of financial statements.

(appropriate, suitable, basis, based)

(2) Historical financial accounting information (a) ............... business owners with a detailed (b) ............... of how their companies have spent money on certain business functions.

(grants, provides, analysis, thesis)

(3) Auditing should be considered by all managers as a (a) ............... tool for reviewing the adequacy of their governance, risk management and internal (b) ............... arrangements.

(powerful, complementary, controllable, control)

(4) Compliance is a (a) ............... concept which more than anything is about the type of (b) ............... that is in place in an organization.

(possible, culture, positive, society)

(5) Profit refers to the total income (a) ............... by an enterprise during a (b) ............... period of time.

(achieved, special, earned, specified) (05 marks)
(C) Read the following paragraph paying attention to the **five(05) underlined phrases.** Understand the meanings of those phrases in context. Write down the meanings of the five(05) phrases **in your own words** in your answer booklet with the question number.

“During all my (1) weary travels through this world of trouble and anxiety and in (2) all my sorrows of which I have had my fair share - I (3) always cherished the hope of one day returning to my (4) humble native village to spend the last few years of my life lengthening them by rest and peace, just as a candle when nearly burnt out (5) is kept from wasting by being protected from the wind “.

(05 marks)

(D) You are an Assistant Accountant at **Peter & Sons (Pvt) Ltd.** You have been working there for more than two years. Recently you came across a heap of very old documents occupying valuable space in a cupboard. You wish to go through the documents and prepare a list and obtain approval to dispose of them if they are no longer required.

Write a brief **Office Memo** addressed to the Chief Accountant through the Accountant in charge of your branch, explaining your proposal and your suggestions.

(05 marks)

(Total 20 marks)

---

02. You are the Accountant at **Silas and Jake (Pvt) Ltd.,** a company dealing with the import and distribution of hardware items on a large scale. There is a vacancy for the post of Store-keeper which has to be filled immediately. Prepare a draft advertisement calling for applications within two weeks from a given date.

The following requirements should also be mentioned in the advertisement.

- Academic and professional qualifications expected.
- Age limit.
- Experience.
- Salary (which may be negotiable).
- Referees.
- Other relevant information.
  (Eg: contact Tel. No. / E-mail / company address, etc.)

(10 marks)
03. Study the following "bar chart" extracted from the Central Bank Annual Report - 2011. Write a paragraph interpreting the information in the chart, commenting on trends, and comparing percentages, etc. You may include any other relevant observations you have made. Use about 150 words.


04. You are an Accounts Executive of the Super Market “SATHUTA” at Nugegoda. Your outgoing personality and satisfactory public relations have been recognized by the General Manager. The newly constructed West Wing of the Super Market is to be ceremonially opened on 15th February 2013 at 9.00 a.m. The West Wing would offer for sale latest high tech telecommunication equipment and accessories. The General Manager requests you to draft an invitation to be sent out to invitees for the opening ceremony.

Prepare an Invitation including the following:

- The names and positions of the Chief Guest and the Guest of Honour.
- A request to the invitees to be at the lobby by 8.30 a.m.
- Where parking is provided.
- Name and telephone number of the person to contact for more information and clarification.

(15 marks)

(10 marks)
05. Assume that you have completed the Final Examination of the AAT(SL) and you have also undergone Practical Training in a recognized institution. You came across an advertisement in a local newspaper calling for applications from young, energetic persons for the post of Trainee Accounts Executives of the reputed company ZZ (Pvt) Ltd.

The following are the requirements asked for:

• Proficiency in English and practical experience.
• Basic academic qualifications - 3 passes at G.C.E. (A/L).
• Names and addresses of 2 non-related referees.

Write a job application with your Curriculum Vitae (CV) to be sent to the Human Resources Manager of the company.

(Do not give your real name and address. Use an assumed name and address.)

(10 marks)

06. Read the following text and answer the questions given below, in your answer booklet. Your answers should be meaningful and in complete sentences.

(Do not copy and reproduce irrelevant details from the text).

During the year 2011 several measures were introduced to improve best agricultural practices and agriculture support services. The Department of Agriculture (DOA) revealed that mixture of 10 metric tons of organic fertilizer with 75 per cent of recommended inorganic fertilizer for 1 hectare of paddy cultivation has produced a higher yield compared to 100 per cent usage of the recommended inorganic fertilizer in the paddy sector. Also, adding organic manure helps to sustain soil fertility in the long run.

The big onion cultivation is seasonal in Sri Lanka and storage of big onion for more than four months is a challenge due to improper post-harvest handling and as a result, the country depends heavily on imported big onion. To overcome this difficulty, the institute of Post-harvest Technology (IPHT) introduced a new structure to improve the quality of big onion storage.

Further, in order to reduce the post-harvest losses in vegetables and fruits, new regulations were enforced under the Consumer Affairs Authority during the year thereby making use of plastic crates compulsory in respect of selected varieties of vegetables and fruits in post-harvest handling.

Meanwhile, the cultivation of selected field crops such as green Gram, Black Gram and Cow Pea in paddy fields during the intermediary period between Maha and Yala was also successfully implemented in 2011.

During the year, the Rice Research Institute (RRI) released two new rice varieties of 3½ months age group, (Bw 367 and Ld 368) for commercial cultivation. Further, RRI continued to conduct researches in response to controversial media revelations of arsenic in locally produced rice beyond recommended levels and proved that the arsenic in local rice varieties is within the limits permitted by the World Health Organization.

Moreover, in recognition of the large number of unresolved problems of tenant farmers and land owners, action has been taken to make necessary amendments to the existing Agrarian Development Act No. 46 of 2000.
(1) What has been done by the government to resolve problems of tenant farmers?

(2) What steps have been taken to reduce post-harvest losses?

(3) “100% usage of organic fertilizer is the best for paddy cultivation”. Do you agree? Justify your answer with reference to facts from the text.

(4) Why has the country to depend heavily on imported big onion?

(5) How did the government respond to media revelations relating to arsenic levels in locally produced rice?

(15 marks)

07. Write an **Essay** on any **one** of the following topics. Use about 200 words.

Your essay will be assessed on the following criteria:
- Introduction and conclusion.
- Content.
- Language and organization and logical presentation of ideas.

(1) Advantages of Introducing Global Accounting Standards to Sri Lanka.

(2) Role of Ethics in the Accountancy Profession.

(3) Financial Accounting Vs Management Accounting.

(4) Responsibilities of an Employer towards Employees.

(5) Effects of infrastructure development on environment.

(20 marks)