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✓ **Company Accounts**

Issue No-12
June 2022

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School Accounting Teachers
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33 - Accounting

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PREFACE

This paper has been created according to the prototype paper structure which has been issued by the department of examination of Sri Lanka in 2019 and the G.C.E Advanced level examination paper in 2020. We are expecting to maintain high-level quality in this paper by getting supervision of chartered accountants. The intention of this project is to ensure the equal rights of the education to all the students by providing high quality study materials in free of charge, and also eliminating the traditional barriers to the education by giving support to the teachers.

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Preparation of Company Accounts

(1) As at 01.04.2021, balances of the issued ordinary shares were 400,000 and the stated ordinary share capital account was Rs. 10,000,000 of CINEC PLC. 1 out of every 4 ordinary shares held on 01.10.2021 was capitalized at Rs. 25 each. Further, a rights issue of Rs. 20 each was made for 1 out of 5 shares held as at 31.03.2022. All rights are subscribed by the shareholders.

What is the increase or decrease of the company's equity as at 31.03.2022 due to these transactions?

- | | |
|------------------------------|------------------------------|
| 1) Increase by Rs. 2,000,000 | 2) Decrease by Rs. 2,000,000 |
| 3) Increase by Rs. 2,500,000 | 4) Increase by Rs. 4,500,000 |
| 5) Decrease by Rs. 4,500,000 | |

(2) The value of income tax paid to the Income Tax Department on the basis of self-assessment for the first three quarters for the year ended 31.03.2022 by ACCA PLC was Rs. 400,000. Tax liability for the last quarter of the financial year 31.03.2022 was estimated as Rs. 200,000. Under provision of tax for the year ending 31.03.2021 was Rs. 50,000. The income tax expenditure relevant for the year ended 31.03.2022 is,

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 600,000 | 2) Rs. 200,000 | 3) Rs. 650,000 |
| 4) Rs. 500,000 | 5) Rs. 400,000 | |

(3) What is the correct statement(s) out of the below according to the Company Act No 07 of 2007?

- A. Private Limited Companies raise capital by issuing shares to the general public.
- B. Public Limited Companies issue shares to the general public through the Colombo Stock Exchange.
- C. The maximum number of possible shareholders in a Public Limited Companies is 50.

- | | | |
|-----------------|-------------------|-----------------|
| 1) A and B only | 2) A and C only | 3) B and C only |
| 4) B only | 5) All A, B and C | |

(4) The correct statement/(s) from the following relating to the right share issue is,

- A. In a right issue, the shares can only be purchased by the existing shareholders or another party at their (Existing Shareholders) discretion.
- B. No cash payment is required to purchase shares in a right issue.

C. In a right issue, stated ordinary share capital of a company does not change.

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

(5) Issuance of bonus shares using retained profits by a limited public company,

- 1) Increase stated ordinary share capital.
2) Decrease stated ordinary share capital.
3) There will be a cash inflow in the cash flow statement under financing activities.
4) Cash and cash equivalents increase even though stated ordinary share capital does not change.
5) Stated ordinary share capital does not change.

(6) What would be the effect on the value of the company's assets and equity if all rights were subscribed by existing shareholders in a right issue?

Assets	Equity
1) Increase	Increase
2) Decrease	Decrease
3) Decrease	Increase
4) Increase	Decrease
5) Not change	Not change

(7) Which of the following transactions and events in a company does not affect the equity?

- A.** A right issue
B. Capitalizing reserves
C. Disposal of MV to its carrying value
D. Make a provision for annual income tax

- 1) A and B only 2) A and C only 3) A and D only
4) B and C only 5) B and D only

(8) Following information are relevant for the CINEC Campus PLC for the year ended 31.03.2021.

	Rs. 000
01.04.2021 retained earnings	1,000
Total comprehensive income	800
Profit from first time land revaluation	200
Capitalizing reserves	300
31.03.2022 retained earnings	1,200

Retained earnings are used for reserve capitalization and the stated capital is only consisted of ordinary shares. What is the value of interim dividends for the year ended 31.03.2022?

- 1) Rs. 50,000 2) Rs. 100,000 3) Rs. 150,000
4) Rs. 200,000 5) Rs. 250,000

(9) Total comprehensive income of ACCA PLC for the year ended 31.03.2022 was Rs. 600,000. It was revealed later that the following errors have been made when calculating it.

- A stock of Rs. 20,000 has been missed when calculating the closing stock.
- Rs. 40,000 of interest income has been recorded as an interest expense.
- Rs. 100,000 of revaluation loss generated from second time revaluation of land has not been recorded. Rs. 50,000 of revaluation profit has been generated from first time land revaluation.
- Bad debt of Rs. 30,000 written off last year has been received this year and it has been credited to the debtors control account and debited to the cash book.

The correct total comprehensive income after correcting the above errors,

- 1) Rs. 600,000 2) Rs. 610,000 3) Rs. 620,000
4) Rs. 630,000 5) Rs. 660,000

(10) The following information was extracted from the financial position statement of CINEC PLC as at 01.04.2021.

Ordinary share capital	2,500,000
Revaluation reserve	150,000
Retained earnings	250,000

- During the year 2021/2022, 10,000 of shares were issued for Rs. 50 each and has collected cash at once.
- Profit for the period ended 31.03.2022 was Rs. 180,000.
- Rs. 60,000 should be transferred to the general reserve.
- Rs. 100,000 of reserves has been decided to be capitalized.
- A right issue of Rs. 120,000 has been made and all rights were subscribed.
- A loss of Rs. 90,000 has occurred from first time revaluation of land.

The total equity of the business after recording the above transactions,

- 1) Rs. 3,770,000 2) Rs. 3,610,000 3) Rs. 3,400,000
4) Rs. 3,710,000 5) Rs. 5,700,000

(11) As at 01.04.2021, ACCA PLC had an ordinary share outstanding of 100,000 and Rs. 2,000,000 of stated ordinary share capital. The company capitalized its retained earnings by issuing shares for Rs. 20 each of 1 share for every 5 shares held as at 01.07.2021. Further, on 01.01.2022 a right issue was made for 1 share for every 6 shares at Rs. 15 each as at that date. 75% of the shareholders subscribed shares at the right issue. What is the amount of increase or decrease in the value of equity due to the above transactions?

- 1) Increase by Rs. 300,000 2) Decrease by Rs. 700,000
3) Increase by Rs. 700,000 4) Increase by Rs. 225,000
5) Decrease by Rs. 300,000

Use the following information to answer question No 12 and 13.

ACCA PLC which was started on 01.04.2021 had a total equity balance of Rs. 1,000,000. Total income and total expenditure for the year ended 31.03.2022 were Rs. 2,000,000 and Rs. 1,500,000, respectively. Out of the total income identified for the year, the profit obtained from the first time revaluation of the land Rs. 200,000 was also included. An interim dividend paid during the year was Rs. 50,000 and Rs. 100,000 of a right issue was made and collected all the money from it.

(12) Profit for the period and the total comprehensive income for the year 31.03.2022,

	Profit for the year	Total comprehensive income
1)	Rs. 300,000	Rs. 500,000
2)	Rs. 300,000	Rs. 200,000
3)	Rs. 500,000	Rs. 200,000
4)	Rs. 300,000	Rs. 2,000,000
5)	Rs. 500,000	Rs. 300,000

(13) Retained earnings and total equity as at 31.03.2022,

	Retained earnings	Total equity
1)	Rs. 300,000	Rs. 1,000,000
2)	Rs. 250,000	Rs. 1,550,000
3)	Rs. 450,000	Rs. 1,550,000
4)	Rs. 300,000	Rs. 2,000,000
5)	Rs. 250,000	Rs. 1,000,000

(14) If the directors declared a dividend of Rs. 3 for ordinary share holders on 31.03.2022, how will that be shown in the financial statements? (No.of ordinary shares issued was 20,000)

- 1) Rs. 60,000 of payable dividends
- 2) Rs. 240,000 of payable dividends
- 3) It has to be revealed as a note to the financial statements
- 4) Should be shown as deduction of the equity
- 5) Should be shown as a dividend payment in the changes in equity statement

(15) Following information was extracted from the trial balance prepared as at 31.03.2022 of ACCA PLC.

		Rs. 000	
		Dr	Cr
Income tax payments	2021/2022	300	
	2020/2021	285	
Provision for income tax	2020/2021		350

The income tax for the year 2020/2021 has been agreed with the inland revenue department as Rs. 325,000. Income tax for the year ended 31.03.2022 has been estimated as Rs. 350,000.

1) Rs. 19 Mn
4) Rs. 35 Mn

2) Rs. 20 Mn
5) Rs. 39 Mn

3) Rs. 21 Mn

(19) Trail balance of ACCA PLC as at 31.03.2021 is given below.

	Rs. 000	Rs. 000
Sales		20,000
Purchahses	12,500	
PPE – carrying value as at 01.04.2020	2,860	
Right to use assets – carrying value as at 01.04.2020	800	
Opening stock	450	
Lease Liability		640
Debtors and creditors	1,800	960
Income tax paid - 2020/21	420	
2019/20	380	
Provision for income tax as at 01.04.2020		500
Discount allowed	160	
Other distribution expenses	870	
Impairment loss on trade receivables	20	
Allowance for expected losses on trade receivables – 01.04.2020		80
Administration expenses	2150	
Warranty expenses	120	
Provision for warranty certificates		180
Other expenses	80	
Ordinary share capital – (100,000 shares)		3000
Retained earnings		380
General reserve		120
EPF expense	270	
ETF expense	54	
Fixed deposit 10%	4,000	
Fixed deposit interests received		80
Cash and cash equivalents		994
	26,934	26,934

Additional Information

I. Summary of the closing stock of the company as at 31.03.2021 were as follows.

Item	Marked price	Trade discount received	Expected sales expenses	Expected selling price
A.	25,000	3,000	3,000	23,000
B.	28,000	4,500	1,800	24,300
C.	85,000	8,000	1,900	80,000
D.	98,000	4,200	1,500	86,100

Company measure the inventory using the Item method.

II. Summary of the PPE and right to use assets of the company as at 01.04.2020 is as follows.

Item	Carrying value	Acc: dep	Expected total useful lifetime	Residual value
Land	1,200,000	-	-	-
Building -01	800,000	400,000	12	-
Building-02	400,000	800,000	10	200,000
MV -01	300,000	1,000,000	6	100,000
MV - 02	800,000	-	6	200,000
Furniture	160,000	40,000	4	40,000

- “MV – 02” has been purchased on 01.04.2020.
- Due to the reduction of sales capacity of the company, Building – 02 was sold for Rs. 400,000 on 01.10.2020. Cash received from this sale has been credited to the sales account and no any other record has been kept.
- PPE is depreciated under the straight line method.

III. MV purchased on 01.04.2020 has been purchased under the lease basis and conditions of the lease agreement is as follows.

- 80% of the value of the asset should be financed by the leasing company and 20% by the ACCA Plc.
- The lease should be paid off in equal four annual installments and the value of one installment is Rs. 200,000.
- At the end of the lease, ownership of the asset is transferred to the ACCA Plc.
- Each installment should be paid on 01st of April.
- Lease interest relevant for the lease is as follows.

First year	60,000
Second year	50,000
Third year	30,000
Fourth year	20,000

- This transaction has been correctly recorded on 01.04.2020.

IV. Debtors list balance and debtors control account balance of the company did not match each other as at 31.03.2021. Reasons for the difference are as follows.

- Rs. 150,000 of cash received from a debtor has been credited to the debtors control account.
- Rs. 10,000 of discount allowed has not be recorded in the relevant debtor account (sub ledger).
- Rs. 15,000 of discount allowed has only been recorded in the relevant debtor account. This transaction was totally ommited from the general ledger.
- Discount received of Rs. 10,000 has been recorded as discount allowed.

- V. The company should pay 25% as income tax from the net profit.
- VI. The company policy is to provide 5% from the year end debtor balance as allowance for expected losses on trade receivables
- VII. Company sells goods and services under warranty certificates and Company policy is to provide 5% on sales as provision for warranty certificates.
- VIII. The company pays EPF and ETF quarterly and EPF and ETF for the final quarter has not been paid or recorded. Net salary per month of employees is Rs. 180,000. EPF contribution of the employer is 15% and the employee is 10% and the employer contribution to the ETF is 3%. (salary remains unchanged during the year).
- IX. Directors came to the following decisions on 31.03.2021.
- Transfer Rs. 100,000 to general reserve.
 - Pay a bonus allowance for the employees.
 - Pay a final dividend of Rs. 10 per share to ordinary shareholders.

Required,

According to LKAS 01,

1. Profit & Loss and Comprehensive income statement of ACCA PLC for the year ended 31.03.2021.
2. Statement of changes in equity of ACCA PLC for the year ended 31.03.2021.
3. Statement of Financial position of ACCA PLC as at 31.03.2021.
4. Notes to the financial statements

(20) Trail balance of CINEC campus PLC as at 31.03.2021 is given below.

	Rs. 000	Rs. 000
PPE	9,200	
Stock as at 01.04.2020	1,300	
Trade receivables	1,500	
Trade payables		1,600
Allowance for expected losses on trade receivables as at 01.04.2020		50
Provision for warranty certificates		100
Provision for income tax		150
Tax paid- for year 2019/2020	200	
For year 2020/2021	200	
Stated capital- ordinary shares (100,000 shares)		8,000
Revaluation reserve		100
General reserve		300
Retained earnings		150
Sales		13,000
Purchases	7,200	
Administration expenses	1,900	
Electricity	200	
10% fixed deposits	2,000	
Impairment loss on trade receivable	50	

Cash	260	
Dividends paid – ordinary shares	400	
Sales distribution expenses	400	
Bank OD interest	50	
Stock damages	60	
Fixed deposit interests		150
10% debentures		1,400
Debenture interests	80	
	25,000	25,000

Additional information:-

- I. Company issue a one year warranty certificate for the goods sold as a practice. Rs. 30,000 has been spent to repair goods under warranty certificates for the year 2020/2021. This amount is included in the sales distribution expenses. For the warranty certificates, 2% out of total sales should be provided as at 31.03.2021.
- II. Property, plant & equipment as at 31.03.2021 are as follows.

	Cost Rs.000	Acc dep Rs.000
Land	4,500	
Building	4,000	1,500
Motor vehicle	3,000	2,000
Office equipment	1,700	500
	13,200	4,000

- On 01.04.2020, lands of the company has been estimated for Rs. 5 Mn by the chartered valuer
 - A new MV has been purchased for Rs. 500,000 on 01.01.2021 and that has been correctly recorded.
- III. Fixed assets are depreciated under the following rates.
 - Buildings on cost 5%
 - Office equipment 10%
 - MV (excluding lease MV) 20%
 - IV. On 01.04.2020, the company has purchased a MV of Rs. 2,000,000 under a lease and the present value of the minimum lease installments is equaling to the purchase value. Rs. 500,000 should be paid annually over five years in order to paid off the lease. Annual interest rate is 10% and useful lifetime of the asset is 5 years. Installment paid on 31.03.2021 has been debited to the administration expenses a/c.
 - V. Cost of the closing stocks of the company is Rs. 600,000 and this is expected to be sold for Rs. 650,000 by spending Rs. 70,000 to repair this stock.

- VI. A special provision of Rs. 10,000 should be made from the debtor balance as at 31.03.2021 and from the remaining debtor balance 5% should be provided as allowance for expected losses on trade receivables.
- VII. Income tax for the year 2020/2021 is estimated as Rs. 400,000 and the tax liability for the year 2019/2020 has been paid in this year.
- VIII. A bonus share issue of 1 for every 10 shares was given to all the shareholders who held shares on 31.03.2021 at Rs. 15 each.
- IX. Following expenses were accrued as at 31.03.2021.
- Directors salary Rs. 60,000
 - Audit fees Rs. 80,000
 -
- X. Directors took the following decisions on 31.03.2021.
- Transfer Rs. 100,000 to general reserve.
 - Pay a dividend of Rs. 2 per share for ordinary shares.

Required,

1. Profit or loss and other comprehensive income statement for the year ended 31.03.2021
2. Statement of changes in equity for the year ended 31.03.2021
3. Statement Financial position as at 31.03.2021
4. Notes to the financial Statements

(21) Trail balance of ACCA PLC as at 31.03.2021 is as follows.

Trail balance

	Rs. 000	Rs. 000
Sales		13,500
Purchases	6,500	
Right to use assets (carrying value -01.04.2020)		
Land	1,000	
Building	1,800	
MV	1,600	
Furniture	400	
Opening stock	950	
Debtors and creditors	1,100	1,050
Paid income tax 2019/20	180	
2020/21	260	
Provision for income tax 2019/20		200
Allowance for Expected losses on trade receivables - 01.04.2020		110
Provision for warranty certificates 01.04.2020		1,400
Payment for warranty certificates 2020/21	1,100	
Lease Liability		2,800
Ordinary shares (100,000)		1,000
Retained earnings		200

General reserve		400
Share issue A/C		1,500
Salaries and wages	1,200	
Other administration expenses	1,700	
Distribution expenses	1,800	
Finance expenses	80	
Cash and cash equivalents	2,490	
	22,160	22,160

Additional Information,

- I. Physical closing stock of the company as at 31.03.2021 was Rs. 645,000. A stock worth of Rs. 120,000 which was still on the transit has been destroyed by an accident on 31.03.2021 and the remainings of those damaged goods were sold to Rs. 25,000 on 02.04.2021.
- II. All the existing fixed assets of the company were purchased under lease basis. Summary of those information are as follows. Ownership of these leased assets are transferred to the company at the end of the lease period.

Item	Date of purchase	Lease percentage on Fair value of the asset	Lease period	Useful lifetime of the asset	Fair value of the asset (date of purchase)
Land	4/1/2018	80%	5	-	1,000,000
Building	4/1/2019	75%	5	10	2,000,000
Motor Vehicle	4/1/2020	50%	4	8	1,600,000
Furniture	4/1/2020	40%	2	5	400,000

Item	value of annual installment	Interest			
		2018/2019	2019/20	2020/21	2021/22
Land	200,000	80,000	60,000	30,000	20,000
Building	400,000	-	200,000	150,000	80,000
MV	250,000	-	-	100,000	50,000
Furniture	100,000	-	-	30,000	10,000

Lease installment of all the items should be paid at the end of each year and no any installments had been paid yet for the year 2020/21. (consider no any residual value for these assets).

- III. Company sells goods under warranty certificates and the company policy is to provide 5% on total sales revenue of the company.
- IV. In order to purchase a new car under a lease basis, the company made a rights issue of 1 to every 5 shares held on 01.04.2020. The market price per share on 01.04.2020 was Rs. 100 and the issue price of the right issue was $\frac{3}{4}$ on the market price. Rs. 800,000 out of the cash received from the right issue was used to purchase the car mentioned in note number two. All the money received related to this right issue was only credited to the share issue A/C. (All the rights were subscribed by the shareholders).

- V. The company should pay 25% on profit as income tax.
- VI. Rs. 500,000 of salary advance paid for the employees for Christmas festival was incorrectly included in the salaries and wages as an expense. This should be re-paid by the employees during the month of April 2021 to the company.
- VII. 10% of year end debtors balance should be provided as allowance for losses from the trade receivables.
- VIII. An employee who was terminated from his job by the company has filled a case against the company asking for a compensation of Rs. 200,000. Final decision of this case was not given by the court until 31.03.2021. According to the lawyers of the company, it is reliably estimated that 50% of the requested compensation will have to be paid by the company.
- IX. Directors have presented the following proposals on 31.03.2021.
- To pay a dividend of Rs. 3 per share for ordinary shareholders
 - Transfer Rs. 100,000 to general reserve

Required,

According to LKAS 01,

1. Profit & Loss and other Comprehensive income statement of ACCA PLC for the year ended 31.03.2021.
2. Statement of changes in equity of ACCA PLC for the year ended 31.03.2021.
3. Statement of Financial position of ACCA PLC as at 31.03.2021.

(22) Trial balance of CINEC Campus PLC as at 31.03.2021 is as follows.

Trial balance

	Rs. 000	Rs. 000
Sales and purchases	13,000	19,000
PPE (carrying value)	3,700	
Income tax paid -2019/20	300	
2020/21	400	
Provision for income tax-2019/20		350
Impairment of trade receivables	60	
Allowance for expected losses from trade receivables - 01.04.2020		160
EPF expenses	300	
ETF expenses	30	
Payable EPF		160
Payable ETF		10
Interim dividends-ordinary shares	170	
Opening stock 01.04.2020	1,800	
Retained earnings		1,200

ordinary shares-(100,000 shares)		3,000
General reserve		400
Administration expenses	1,200	
Down payment paid-Lease A/C	200	
Distribution expenses	1,100	
Finance expenses	100	
10% debentures		3,000
Debenture interets paid	190	
Debtors and creditors	1,800	900
15% fixed deposit interests	1,000	
Fixed deposit interets received		100
Cash and cash equivalent	2,930	
	28,280	28,280

Additional Information,

- I. The physical stock verification conducted on 31.03.2021 identified that there was Rs. 50,000 discrepancy between physical stock and balance of stock ledger. The reason for the discrepancy could not be determined, so it was decided to write off the discrepancy from books of accounts. Stock balance as per the stock ledger as at 31.03.2021 was Rs. 280,000.
- II. Property plant and equipment of the company as at 31.03.2021 is as follows.

Item	Carrying value	Acc: Dep	Usefull lifetime	Carrying value
Land	1,000,000	-	-	-
Building	500,000	500,000	10	-
MV	1,200,000	800,000	4	400,000
Computer	1,000,000	500,000	7	100,000

- III. On 01.10.2020, the company came into an agreement with a leasing company to purchase a new motor vehicle. Conditions of that agreement is as follows.

- Carrying value of the assets is Rs. 1,000,000.
- 80% of the fair value of the asset should be financed by the leasing company.
- Lease period is 5 years.
- At the end of the lease period, ownership of the asset is transferred to the company.
- Lease installment is Rs. 200,000 and it should be paid on 09/30 each year.
- Interest amounts releted to the lease is as follows,

First year	80,000
Second year	50,000
Third year	40,000
Fourth year	20,000
Fifth year	10,000

- Useful lifetime of MV is 5 years and no residual value. Only the down payment has been recorded in the books of accounts.

IV. Income tax for the year 2020/21 should be 30% from the profit before tax.

V. Company policy is to provide 5% from year end debtor balance as an allowance for expected losses from trade receivables. Furthermore, a debtor who had a balance of Rs. 200,000 as at 31.03.2021 has been bankrupted and it was informed by the court on 28.04.2021. Directors have given their approval for the financial statements on 08.05.2021.

VI. Rs. 240,000 of building rent was included in the administration expenses and it is relevant for 2 years from 01.04.2020 to 31.03.2022

VII. On 01.01.2021, a team of new employees were recruited for the company and the net salary paid for those employees was Rs. 180,000 (to the entire quarter) and it was included in the administration expenses. EPF/ETF relevant for them was not paid or provisioned. Contributions of EPF and ETF are as follows.

EPF employer 15%

-

EPF employee - 10%

ETF employer 3%

-

VIII. As at 31.03.2021, the balance of bank statement and the bank account of the business was not equal and the followings are the reasons for the difference.

- Payment of distribution vehicle rent of Rs. 60,000 under a standing order has not been recorded in the company bank account.
- Rs. 200,000 of a cheque deposited in the bank which was received from debtors has been dishonoured and that was not recorded in the bank account.
- Rs. 2,000 and Rs. 19,000 of cheque book charges and bank charges respectively have not been recorded in the bank account.

IX. Directors have come to the following decisions on 31.03.2020.

- To give ordinary share holders a dividend of Rs. 10 per share
- To transfer Rs. 100,000 to the general reserve

Required,

1. Profit & Loss and other Comprehensive income statement of CINEC Campus PLC for the year ended 31.03.2021.
2. Statement of changes in equity of CINEC Campus PLC for the year ended 31.03.2021.
3. Statement of Financial position of CINEC Campus PLC as at 31.03.2021.

Suggested Answers

(1)	1	(2)	3
(3)	4	(4)	4
(5)	5	(6)	1
(7)	4	(8)	2
(9)	2	(10)	2
(11)	4	(12)	1
(13)	2	(14)	3
(15)	3	(16)	4
(17)	3	(18)	5

(19)
01.

ACCA PLC
Profit & Loss and other Comprehensive income statement
for the year ended 31.03.2021 **(Rs.000)**

Sales	19,600.00
Cost of sales	(12,733.70)
Gross profit	6,866.30
Other income	460.00
Administration	(2,932.00)
Sales and distribution	(2,027.25)
Finance expenses	(60.00)
Other	(92.20)
Profit before tax	2,214.85
Income tax	(433.00)
Profit for the period	1,781.85
Other comprehensive income	
Total comprehensive income	1,781.85

02.

ACCA PLC
Statement of changes in equity
as at 31.03.2021 **(000)**

	Ordinary shares	General reserve	Retained profits
B/F	3,000.00	120.00	380.00
Profit for the period			1,781.85
Transfer to general rese.		100.00	(100.00)
	3,000.00	220.00	2,061.85

03.

ACCA PLC
Statement of financial position
as at 31.03.2021

(000)

Non current assets		
PPE	2,120.00	
Right to use assets	700.00	
10% fixed deposits	4,000.00	6,820
Current assets		
Closing stock	204.10	
Debtors	1,562.75	
Receivable FD interests	320.00	
Cash and bank	(994.00)	1,092.85
		<u>7,912.85</u>
Equity and liabilities		
Ordinary shares	3,000.00	
General reserves	220.00	
Retained earnings	2,061.85	5,181.85
Non current liabilities		
Lease Liability	500.00	500
Current liabilities		
Creditors	800.00	
Lease Liability	200.00	
Provision for warranty certificates	830.00	
Payable	150.00	
Payable	18.00	
Payable income tax amount	133.00	
		2,131
		<u>7,912.85</u>

Notes

Asset disposals	50,000	Right to use assets	
Discount received	10,000	Cost	800,000
FD	400,000	Depreciation	(100,000)
			700,000
Income tax		Opening stock	450,000
Last year over provision	(120,000)	Purchases	12,500,000
Income tax for the year	553,000	Closing stock	(216,300)
	433,000		12,733,700

	Land	Building	MV	Furniture
B/F	1,200.00	2,400.00	1,300.00	200.00
Disposals		(1,200.00)		
	1,200.00	1,200.00	1,300.00	200.00
B/F		1,200.00	1,000.00	40.00

Disposals		(850.00)		
Annual dep		150.00	200.00	40.00
		500.00	1,200.00	80.00
	1,200.00	700.00	100.00	120.00

(20)

01.

CINEC Campus PLC
Profit & Loss and other Comprehensive income statement
for the year ended 31.03.2021

	Notes	Rs. '000'
Sales		13,000
Cost of sales		(7,900)
Gross profit		5,100
Other income		200
Distribution expenses		(1,569.50)
Administration expenses		(2,110)
Other expenses		(80)
Finance expenses		(390)
Net profit before tax		1,150
Income tax		(450)
Net profit for the period		701
Other comprehensive income		
Revaluation profit		500
Total comprehensive income for the year		1,201

02.

CINEC Campus PLC
statement of changes in equity
for the year ended 31.03.2021

Description	Stated capital	Revaluation reserve	General reserve	Retained earnings
	Ordinary shares			
Balance B/F	8,000	100	300	150
Total comprehensive income for the period	-	500	-	700.5
Capitalizing reserves	150	-150	-	-
Transfers to general reserve	-	-	100	-100
Interim dividends	-	-	-	-
- ordinary shares	-	-	-	-400
	8,150	450	400	350.5

03.

CINEC Campus PLC
Statement of financial position
as at 31.03.2021

	Notes	Rs. '000'	Rs. '000'
Non current assets			
PPE			8,805
Right to use assets			1,600
Fixed deposits 10%			2,000
			12,405

Current assets			
Stocks		580	
Trade receivables		1,415.50	
Receivable interets		50	
Cash and assets equivalent to cash		260	2,305.5
			14,710.50
Stated ordinary share capital	8,150		
Revaluation reserve	450		
General reserve	400		
Retained earnings	350.5		9,350.50
			9,350.50
Non current liabilities			
Debentures 10%	1,400		
Lease Liability	1,370		2,770
Current liabilities			
Trade payables	1,600		
Provision for warranty certificates	260		
Lease liability	330		
Payable income tax	200		
Acc directors salary	60		
Acc audit fees	80		
Payable debenture interests	60		
			2,590
			14,710.50

Accounting notes

Other income

FD interets income	<u>200</u>
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Income tax

Income tax for the year	400
Under provision	50
tax for the period	<u>450</u>

Right to use assets

Cost	2,000
Depreciation	<u>(400)</u>
	<u>1,600</u>

	Land	Building	MV	Office equipment
B/B/F	4,500	4,000	2,500	1,700
Additions	-	-	500	-
Revaluation	500	-	-	-
Disposals	-	-	-	-
Balance	5,000	4,000	3,000	1,700
Acc dep				
Balance	-	1,500	2,000	500

Annual dep	-	200	525	170
Disposals	-	-	-	-
Balance	-	1,700	2,525	670
Net value	5,000	2,300	475	1,030

(21)

01.

ACCA PLC
Profit & Loss and other Comprehensive income statement
for the year ended 31.03.2021 (Rs. 000)

Sales		13,500
Cost of sales		(6,685)
Gross profit		6,815
Other income		
Administration		(2,680)
Sales and distribution		(2,375)
Finance expenses		(390)
Other		(195)
Profit before tax		1,175
Income tax		(274)
Profit for the period		901
Other comprehensive income		
Total comprehensive income		901

02.

ACCA PLC
Statement of changes in equity
as at 31.03.2021 (,000)

	Ordinary shares		General reserves	Retained profits
B/F	1,000		400	200.00
Profit for the period				901.25
Transfers to the general reserve			100	(100.00)
Right issue	1,500			
	2,500	-	500	1,001.2

03.

ACCA PLC
Statement of financial position
as at 31.03.2021 (,000)

Non current assets		
Right to use assets	4,320	4,320
Current assets		
Closing stock	670	
Receivable salary advance	500	
Debtors	990	

Cash and bank	2,490	4,650
		8,970
Equity and liabilities		
Ordinary shares	2,500	
General reserve	500	
Retained earnings	1,001.25	4,001.25
Non current liabilities		
Lease Liability	1,370	1,370
Current liabilities		
Creditors	1,050	
Lease Liability	790	
Payable lease installments	950	
Provision for warranty	675	
Provision for employee compensation	100	
Payable income tax	33.75	3,598.75
		8,970

Notes

	Land	Building	MV	Furniture
B/F Purchases	1,000	2,000	1,600	400
	1,000	2,000	1,600	400
B/F Annual depreciation	-	200	200	80
		400	200	80
	1,000	1,600	1,400	320

Opening stock	950,000
Purchases	6,500,000
Closing stock	-765,000
	<u>6,685,000</u>

Income tax	
Last year under provision	-20,000
Income tax for the period	293,750
	<u>273,750</u>

(22)

01.

CINEC Campus PLC
Profit & Loss and other Comprehensive income statement
For the year ended 31.03.2021 (Rs.000)

Sales	19,000.00
Cost of sales	(14,520.00)
Gross profit	4,480.00

Other income	150.00
Factory and administration	(1,887.00)
Sales and distribution	(1,750.00)
Finance expenses	(440.00)
Other	(50.00)
profit before tax	503.00
Income tax	(100.90)
Profit for the period	402.10
Other comprehensive income	
Total comprehensive income	402.10

02.

CINEC Campus PLC
Statement of changes in equity
as at 31.03.2021

(,000)

	Ordinary shares	General reserve	Retained earnings
B/F	3,000	400	1,200.00
Profit for the year			402.10
Transfers to general reserve		100	(100.00)
Dividends – ordinary shares			(170.00)
	3,000.00	500.00	1,332.10

03.

CINEC Campus PLC
Statement of Financial position
as at 31.03.2021

(,000)

Non current assets		
PPE	3,000	
Right to use assets	900	
15% Fixed deposit	1,000	4,900.00
Current assets		
Closing stock	230	
Debtors	1,710	
Prepaid building rent	120	
Receivable FD interest	50	
Cash and cash equivalents	2,649	
Pre-paid Income tax payments	249.1	5,008.10
		9,908.10
Equity and liabilities		
Ordinary shares	3,000	
General reserve	500	
Retained earnings	1,332.10	4,832.10
Non current liabilities		
Lease Liability	680	
10% debentures	3,000	3,680

Current liabilities		
Creditors	900	
Lease liability	120	
Payable lease interests	40	
Payable EPF	210	
Payable ETF	16	
Payable debenture interest	110	1,396
		<u>9,908.10</u>

Right to use assets

Cost	1,000
Depreciation	(100)
	<u>900</u>

Opening stock	1,800,000
Purchases	13,000,000
Closing stock	(280,000)
	<u>14,520,000</u>

Income tax	
Last year under provision	(50,000)
Income tax for the year	150,900
	<u>100,900</u>

Notes

	Land	Building	MV	Furniture
B/F	1,000	1,000	2,000	1,500
	1,000	1,000	2,000	1,500
B/F	-	500	800	500
Annual depreciation		100	400	200
		600	1,200	700
	1,000	400	800	800

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