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New Syllabus

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A team of alumni of department of accounting - University of Sri Jayewardenepura and a team of chartered accountants created this revision paper. This is only revision paper and these questions should not be considered as a target or model questions.

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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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General Certificate of Education (Adv. Level) Examination - 2022

Accounting

33 E I

Two Hours

Instructions:

* Answer all questions.

Select the correct answer for questions

* No. 1-30 and write its number on the dotted line.

* Write short answer for questions No.31-50 on the dotted lines.

* Each question carries equal marks.

* Write your Index Number in the space provided above.

Index No. :

For Examiner's Use Only

	Signature	Code No.	For Paper I	
			Q. No.	Marks
1st Examiner			1 - 30	
2nd Examiner				
Addl. Chief				
E.M.F			31 - 50	
Chief			TOTAL	

01. Which of the following statement best describes the importance of financial accounting?

- 1) To provide financial information needed by managers to make decisions.
- 2) Providing information to managers to take decision about assets of the business.
- 3) Provides economic information extracted from transactions and events to interested parties and managers of a business for decision making.
- 4) Informing only external parties about the financial performance and financial position of a business.
- 5) Providing non-financial information related to the accounting entity to interested parties.

02. In a business, Rs. 500,000 worth of goods were sold on credit. Customers returned Rs. 50,000 worth of goods mentioning that those are not agreed with the standards. Later, the customers paid and settled the remaining balance. The order of source documents used to record these transactions in the books of the business is,

- 1) Invoice, debit note and payment voucher
- 2) Invoice, credit note and payment voucher
- 3) Invoice, journal voucher and receipt
- 4) Invoice, debit note and receipt
- 5) Invoice, credit note and receipt

03. Consider the following journal entry.

	Rs.	Rs.
Payable account (creditor) Dr	10,000	
Receivable account (debtor) Cr		10,000

The reason for recording the above journal entry is,

- 1) Rs. 10,000 worth of a debtor and creditor each has been bankrupted.
- 2) Reverse the overprovision of Rs. 10,000 of doubtful debts.
- 3) Offsetting Rs.10,000 of each payable and receivable accounts between suppliers and customers.
- 4) Receive Rs. 10,000 money from debtors to pay creditors.
- 5) Recording accrued expense as an income receivable.

04. A business purchased goods on credit basis subject to a trade discount of 10% and value added tax (VAT) of 15% with a marked price of Rs. 200,000. The effect of this transaction is represented in the accounting equation,

Assets	Liabilities	Equity
1) Increase by Rs. 207,000	Increase by Rs. 207,000	-
2) Increase by Rs. 200,000	Increase by Rs. 200,000	-
3) Increase by Rs. 207,000	Increase by Rs. 180,000	Increase by Rs. 17,000
4) Increase by Rs. 200,000	Increase by Rs. 180,000	Increase by Rs. 20,000
5) Increase by Rs. 180,000	Increase by Rs. 207,000	Decrease by Rs. 17,000

05. A company's debtors control account balance exceeds the total debtor's ledger balance. This is due to the following reason/s,

- A. Discounts given to debtors not recorded in debtors control account
- B. Sales returns has been recorded twice in the debtor control account
- C. A sales invoice being recorded twice in the debtors ledger
- D. Allowance for expected impairment losses on trade receivables is not recorded in the debtors ledger
- E. The total of the credit sales book has been under recorded in the debtors control account

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

06. The following information has been disclosed for the year ended 31.03.2022 in a business that does not maintain proper books of accounts.

	(Rs.)
Sales	300,000
Purchases	240,000
Return outwards	10,000
Stock as at 01.04.2021	?
Stock as at 31.03.2022	20,000

The business policy is to determine the selling price with a gross profit margin of 20% on the selling price. Value of the opening (as at 01.04.2021) stock is,

- 1) Rs. 20,000
- 2) Rs. 30,000
- 3) Rs. 45,000
- 4) Rs. 50,000
- 5) Rs. 60,000

07. The profit for the period ended by 31.03.2022 of Enrich Business School PLC which was started business activities on 01.04.2021 was Rs. 1,160,000. The following additional information has been provided.

- A. Rs. 200,000 should be transferred to the general reserve.
- B. On 01.04.2021, 100,000 ordinary shares of Rs.10 each have been issued.
- C. Issued 50,000 bonus shares of Rs.10 each using retained earnings.

- D. A rights issue of 5,000 shares of Rs.10 each was made. All the rights were bought by the shareholders.
- E. Dividends paid during the year is as follows.
- Rs. 200,000 for ordinary shareholders
- F. The Board of Directors has decided to propose a final dividend to ordinary shareholders of Rs. 1.00 per share.

What is the balance of the retained earnings account after making all the above adjustments as at 31.03.2022?

- 1) Rs. 210,000 2) Rs. 260,000 3) Rs. 105,000
 4) Rs. 410,000 5) Rs. 212,000

08. Some statements regarding asset revaluation are given below.

- A. Surplus of first revaluation of an asset should be shown under other comprehensive income.
 B. Right-to-use assets cannot be revalued.
 C. After selling an asset with revaluation surplus at a loss, the revaluation surplus is first debited and only the remaining amount is recorded as a loss on sale of the asset.

The correct statement/(s) of the above,

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

Use the following information to answer below two questions.

The current account of partnership A, B and C as at 31.03.2022 is as follows.

Current account				Rs 000			
	A	B	C		A	B	C
B/B/F	-	-	80	B/B/F	500	400	-
Drawings	200	300	100	Capital interest	60	50	40
Salary payments	40	30	10	Salary	56	48	70
			-	Profit	100	60	40
B/C/D	476	28		B/C/D		-	40
	716	558	190		716	558	190

09. The total profit received by A, B and C from this business relevant for this year is,

- | | A | B | C |
|----|----------|-----------|----------|
| 1) | 716,000 | 558,000 | 190,000 |
| 2) | 476,000 | 28,000 | (40,000) |
| 3) | 216,000 | 158,000 | 150,000 |
| 4) | (24,000) | (172,000) | 40,000 |
| 5) | 496,000 | 264,000 | (40,000) |

10. D was admitted as a new partner in the partnership of A, B and C and he agreed to a profit share of 2/10. The profit and loss ratio of the new partnership is,

- | | A | B | C | D |
|----|----|---|---|---|
| 1) | 10 | 6 | 4 | 5 |
| 2) | 10 | 6 | 4 | 2 |

3)	5	3	2	2
4)	20	12	8	5
5)	10	4	6	5

11. Balances of Dinum Sports Club as at 01.04.2022 are given below.

	Rs.		Rs.
Membership fees in arrears	9,000	Building fund	120,000
cash	141,000	Accumulated fund	230,000
Building	200,000		
	350,000		350,000

On 15.04.2022, a part of the building was constructed by using Rs. 80,000 from the building fund and which answer correctly shows the values after making related adjustments?

	Accumulated fund	Building fund	Building	Cash
1)	230,000	40,000	200,000	221,000
2)	230,000	40,000	280,000	61,000
3)	230,000	120,000	200,000	141,000
4)	230,000	280,000	80,000	140,000
5)	310,000	40,000	280,000	61,000

12. Following are some of the adjustments used in accounting. Among these adjustments, What are the adjustments that can decrease the liabilities and increase the capital,

- A. Recording of accrued expenses
- B. Recording of overprovision of doubtful debts
- C. Owner settling creditors by using his personal money
- D. Recording creditors late payment interests
- E. Recording of discount received

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

Use the following information to answer below two questions.

A company which commenced its business on 01.04.2020 with a stated capital of 200 million rupees has provided the following information for the year 2021/22 and 2020/21.

Description	2021/22 (Rs. Mn)	2020/21 (Rs. Mn)
Total income	300	200
Total expenses (excluding income tax)	180	240
Income tax	40	-
Dividends paid	20	-
Revaluation reserve (as at 31 March)	30	-
Total assets (as at 31 March)	300	210

13. What is the value of total liabilities as at 31.03.2021?

- 1) Rs. 10 Mn 2) Rs. 30 Mn 3) Rs. 40 Mn
 4) Rs. 50 Mn 5) Rs. 120 Mn

14. What is the value of equity as at 31.03.2022?

1) Rs. 170 Mn
4) Rs. 230 Mn

2) Rs. 190 Mn
5) Rs. 240 Mn

3) Rs. 250 Mn

Use the following information to answer below two questions.

Below is the information related to purchases of MyEnrich.lk business in March 2020. The warehouse uses the first-in, first-out (FIFO) method for valuing goods.

- 2020.03.02 - 8,400 units at Rs. 20 each
- 2020.03.04 - 10,200 units at Rs. 26 each
- 2020.03.06 - 19,400 units at Rs. 28 each
- 2020.03.23 - 3,800 units at Rs. 30 each

At the beginning of the year, 3,200 units of goods costing Rs. 20 each remained in the business warehouse. 36,200 units of goods were sold during the year, and the business added a profit margin of 20% to the cost of goods sold to determine the selling price.

15. The sales revenue for the year and the stock value at the end of the year respectively are,

- 1) Rs. 1,173,600 and Rs. 176,000
- 2) Rs. 1,066,080 and Rs. 288,000
- 3) Rs. 1,080,480 and Rs. 254,000
- 4) Rs. 1,222,500 and Rs. 176,000
- 5) Rs. 1,800,840 and Rs. 254,400

16. Calculate the value of inventory at the end of the year if the business uses the weighted average cost (WAC) method instead of the first-in-first-out (FIFO) method. (Assume all sales are made at the end of the month)

- 1) Rs. 231,000
- 2) Rs. 235,000
- 3) Rs. 246,581
- 4) Rs. 225,749
- 5) Rs. 236,000

Use the following information related to Araliya PLC for the year ended 31.03.2022 to answer the below two questions.

Description	Rs.
Sales revenue	1,400,000
Depreciation on PPE (A)	200,000
Revaluation loss on building revaluation (B)	50,000
Profit from MV disposal	100,000
Total other expenses (excluding A and B above)	800,000

Revaluation surplus generated from building revaluation for the year ended 31.03.2021 was Rs. 80,000.

17. What is the amount of total income and other comprehensive income recognized by the company for the year ended 31.03.2022?

	Total income	Other comprehensive income
1)	1,530,000	(50,000)
2)	1,450,000	(30,000)
3)	1,450,000	-
4)	1,500,000	(30,000)
5)	1,500,000	(50,000)

18. What is the amount of 'Total comprehensive income' and the 'Increase in equity' of the company for the year ended 31.03.2022?

1)	450,000	450,000
2)	450,000	420,000
3)	500,000	500,000
4)	400,000	400,000
5)	450,000	500,000

19. Select the incorrect statement according to Accounting Standard of provisions, contingent liabilities and contingent assets (LKAS 37).

- 1) A provision is a liability with an uncertainty of time or amount.
- 2) Provisions should not be shown as liabilities in the statement of financial position.
- 3) Contingent assets should not be shown as assets in the statement of financial position.
- 4) Contingent liabilities should not be shown as liabilities in the statement of financial position.
- 5) Contingent liabilities are liabilities that may arise due to the occurrence or non-occurrence of one or more uncertain future events beyond the entity's control.

20. The accounting concept that relates to the use of generally accepted financial reporting standards, practices, principles and models by accounting entities in presenting their financial reports is,

- | | | |
|------------------------|--------------------------|---------------------|
| 1) Entity concept | 2) Going concern concept | 3) Prudence concept |
| 4) Realization concept | 5) Consistency concept | |

21. 'Enrich Business School' entered into an agreement with Access (Pvt) Ltd on 01.04.2021 to construct a building and the terms of the agreement are as follows.

- The estimated cost for the entire building is Rs. 200 million.
- The building consists of 5 floors.
- The construction of the building takes two years and two floors are completed during the first year and the remaining three floors are completed during the second year.
- Finished floors can be used immediately after completion.
- Total amount of Rs. 200 million should be given to Access (Pvt) Ltd on the day of commencement of the contract.

As per SLFRS 16, what is the amount of revenue to be recognized by Access (Pvt) Ltd for the year ended 31.03.2022, assuming that all activities have been carried out as per the agreement?

- 1) Rs. 80 Mn
4) Rs. 200 Mn
- 2) Rs. 100 Mn
5) Revenue cannot be recognized
- 3) Rs. 120 Mn

22. The accounting year of a company ended on 31.03.2022. The directors approved the publication of financial statements on 01.07.2022. The Annual General Meeting of the Company was held on 28.07.2022. After 31.03.2022 the following incidents occurred in relation to the company.

- A. As on 31.03.2022, Rs. 100,000 of stock valued at cost was returned to the supplier on 10.04.2022 due to non-conformance to specifications.
- B. As at 31.03.2022, Rs. 800,000 worth of closing stock was completely destroyed due to a sudden power leakage on 20.05.2022.
- C. Electricity bill of Rs. 15,000 payable as at 31.03.2022 was paid on 28.06.2022.
- D. During the period from 31.03.2022 to 28.07.2022, the market value of investments was decreased by Rs. 185,000.

Which of the above events should be recorded in the financial statements for the year ended 31.03.2022?

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

23. Conditions for making accounts compulsory in a business include in,

- 1) Partnership act of 1890.
2) Company act No. 07 of 2007.
3) Constitutional law.
4) Sale of goods ordinance.
5) Consumer protection act.

24. Which of the following information is usually included in a goods receipt note?

A – Date of the order placed B – Name of the supplier
C – No.of goods received D - Signature of the officer who received the goods

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

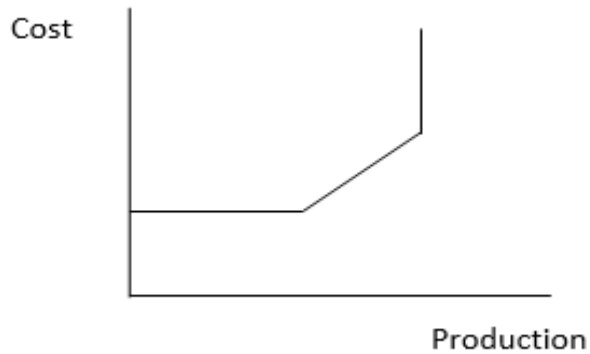
25. Following are some extracts from the financial reports of Dhanu PLC.

Annual depreciation	100,000
Royalty payments	200,000
Annual income tax	300,000
Loan interests	100,000
Paid interim Dividends – Ordinary Shares	200,000
Net-profit (after tax and interests)	450,000

Interest coverage ratio of the company is,

- 1) 8.4
- 2) 7.5
- 3) 8.5
- 4) 8.6
- 5) 12

26. Following graph relates to labour cost.



Most accurate statement according to the above graph is,

- 1) Payment of piece wages as the output varies
- 2) Paying high wages for high performance
- 3) Payment of wages for normal production
- 4) Paying higher wages as production increases
- 5) Paying a higher wage when production increases subject to a minimum wage

27. Following is the information regarding a product of a manufacturing company.

- Average usage per month - 2,000 units
- Maximum usage per month - 3,000 units
- Lead time,
 - Minimum 4 weeks
 - Maximum 6 weeks
- Economic order quantity 3,600 units

The re-order level and maximum stock level of the product are,

Reorder level	Maximum stock level
1) 18,000 units	17,600 units
2) 18,000 units	13,600 units
3) 3,600 units	6,100 units
4) 4,500 units	7,100 units
5) 4,500 units	5,600 units

28. The source document that records the time spent on the tasks of a group of employees and the costs related to those tasks is,

- 1) Daily time sheet.
- 2) Task slip.
- 3) Task sheet.
- 4) piece work slip.
- 5) idle time sheet.

29. A company produces a single product. The production cost per unit of this product is Rs. 200 of which 75% are variable. The company currently produces 14,000 units and its contribution to sales ratio is 50%. When the current operating level increases to 16,000 units, Rs. 260,000 of additional fixed manufacturing overhead cost had to be incurred.

Break-even point (in rupees) at the current operating level and production cost per unit at operating level of 16,000 units,

	Break even Point (Rs. 000)	Unit production cost (Rs.)
1)	1,400	200
2)	1,400	210
3)	1,400	216.25
4)	4,200	140
5)	4,200	210

30. A company is considering a new investment of Rs. 300,000 of initial investment. Its useful life is 10 years and the net cash flow arising over that period is shown below.

Year	1	2	3	4	5	6	7	8	9	10
Net cash flow	42,000	44,000	52,000	30,000	60,000	53,000	48,000	40,000	48,000	48,000
Present value	38,181	36,364	39,068	20,490	37,255	29,917	24,632	18,660	20,357	18,506

Payback period and Net present value of this investment is,

	Payback period	Net present value
1)	5 years and 2 months	Rs. 165,000
2)	6 years and 4 months	Rs. (16,568)
3)	08 years and 3 months	Rs. 16,568
4)	6 years	Rs. (16,568)
5)	8 years	Rs. 165,000

31. Indicate whether each of the following accounts is classified as an asset, liability, equity, income or expense.

Name of the account	Classification
A. Drawings account
B. Revaluation reserve account
C. Unearned revenue account
D. Sales returns

32. The value of the opening stock of a trading business was Rs. 190,000. At the end of the year, amount of cash sales deposited in the bank were Rs. 580,000. Before depositing cash sales in bank, Rs. 20,000 each of monthly wages and monthly electricity expenses of the business were paid. Purchases during the year were Rs. 500,000. Gross profit margin is $33 \frac{1}{3}$ on cost. What is the gross profit earned during the year and the closing stock of the year?

Gross profit :
 Closing stock of the year :

33. On 31.03.2022, part of the stock was destroyed due to a fire in the warehouse of Ravi's business. Cost of remaining stock was Rs. 100,000. The following information is provided.

- Cost of the stock as at 01 March 2022 was Rs. 300,000.
- Sales during the month of March was Rs. 150,000.
- Gross profit on cost of sales was 25%.
- No purchases have been made during this period.

What is the cost of the destroyed stock?

34. Danny, Maurice and Chris carry on a partnership business sharing profits in the ratio of 6:4:3. Chris retired from the partnership on 31.03.2022 and on that date the goodwill of the business was adjusted in the capital accounts. Danny and Maurice decided to continue the partnership.

Balances of capital accounts	Danny	Maurice
Before goodwill adjustment	350,000	425,000
After goodwill adjustment	275,000	380,000

What is the total goodwill amount agreed upon by the partners?

35. Ashan's bank statement as at 31.03.2022 shows an overdraft of Rs. 15,000. Rs. 1,000 of bank charges which was not recorded in the bank book has been included in the bank statement. Also standing order payment of Rs. 3,000 was found to be entered twice in the bank book. Rs. 4,000 of unrepresented cheques exists. Unrealized cheque deposit so far was Rs. 7,000. What is the balance to be shown in the statement of financial position as at 31.03.2022?

Rs.

36. In comparing the cash book and the bank statement, state two things which are on the debit side of the cash book but not on the credit side of the bank statement.

1.
2.

37. State whether the following statements are true or false.

True/False

A. All components of the financial statements are prepared on the accrual basis.

- B. As per Sri Lanka Accounting Standard 02, Assets in process of production, which are held for sale in the ordinary course of business, are not included in inventories.
- C. Goods sent on a sale or return basis should be recognized as revenue when they are sent to the agent.
- D. Depreciation of the asset is not required when the scrap value of a depreciable asset is less than its depreciable value.
- E. It is mandatory for all business entities to comply with Sri Lanka Accounting Standards.

38. State two essential criteria that must be met for an asset to be recognized in the financial statements.

- I.
- II.

39. Name two items that can be identified as provisions in a company's statement of financial position according to LKAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

- I.
- II.

40. The directors of a company signed the financial statements on 30.06.2022 for the year ended 31.03.2022. The financial statements were approved by the shareholders at the annual general meeting held on 15.07.2022. Information about the following events is given.

- A. On 20.05.2022, Rs. 1,000,000 worth of stock was damaged.
- B. In respect of a case filed by a customer against the company in 2018, it was decided on 15.06.2021 that a compensation of Rs. 150,000 should be paid by the company.

Write down with reasons whether above events A and B are events to be adjusted after the balance sheet date or not.

- A.
- B.

41. According to LKAS 1(Presentation of Financial Statements) Accounting standard, State which component of financial statements should be used to present below items.

Item	Component of financial statement
A - Cost of sales
B - Retained earnings
C - Income tax paid
D - Trade payables

42. What is an allowance for impairment losses on trade receivables? What is the concept that necessitates such a provision?

1.
2.

43. The inventory of a business consists of the following items.

Item	Quantity	Cost Rs.	Net realizable value Rs.
X	100	80	83
Y	200	60	50
Z	50	40	51

What is the value of the business's inventory based on the item method?

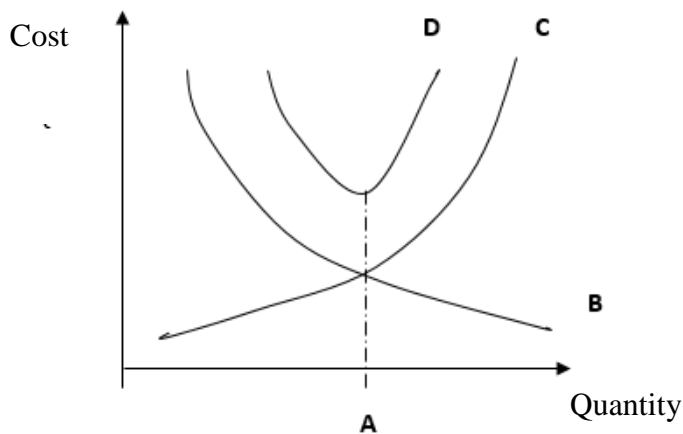
44. Below is the information related to monthly employees' salary of a business.

Gross Salary	2,000,000
10% employee provident	<u>(200,000)</u>
Net salary	<u>1,800,000</u>

The employer contributes 15% to the Employee Provident Fund and 3% to the Employee Trust Fund. All contributions will be remitted in the following month. What is the total cost spend related to the employees for the month?

.....

45. The costs related to inventory control in a business and the inventory level are shown in the following chart.



Name each of the curves above related to the annual inventory cost and economic order quantity shown in the above chart.

- A.
- B.
- C.
- D.

46. Which of the following statements about management accounting are true or false?

	True/False
A. Estimated information is not used in preparing accounting statements.
B. It is used to provide information to external parties.
C. Provides only financial information.
D. Provide information for managers to make decisions.

47. AB PLC's overhead costs are absorbed on the basis of direct labor hours. The following information relates to the year ended 31.03.2022.

	Budgeted	Actual
Overhead costs	350,000	400,000
Output units	70,000	60,000
Labour hours	35,000	30,000

What is the amount of overhead costs that was absorbed?

48. The following information was extracted from the financial statements from a limited liability company.

	2022.03.31	2021.03.31
Stock	240,000	160,000
Trade receivables	40,000	60,000

The total sales for the year ended 31.03.2022 were Rs. 800,000, out of which 62.5% were credit sales. The gross profit ratio is 25% on selling price. (Assume there are 360 days in the year.)

Calculate the following.

- I. Stock turnover ratio
- II. Debt collection period

49. Following information relates to a product.

Total cost when 100 units are sold	Rs. 130,000
Total cost when 200 units are sold	Rs. 180,000
Contribution sales ratio	50%

Calculate the no. of units to be sold to make a profit of Rs. 250,000.

.....

50. Following information relates to an investment project.

Description	Rs.
Present value of cash inflows	1,700,000
Initial investment	1,200,000
Present value of other cash outflows	500,000

- A. What is the net present value of this project?
- B. What is the accounting rate of return if annual profit is Rs. 250,000?

General Certificate of Education (Adv. Level) Examination - 2022

Accounting

33 E II

Three Hours

Additional Reading Time - 10 minutes

Index No:

Use additional time to go through the question paper,select the questions you will answer and decide which of them you will prioritise.

Use of non-programmable calculators is allowed.

Instructions:

- * Answer **five** questions only, including questions **one** and **two**.
- * Begin each answer on a **fresh sheet** of paper.
- * Relevant workings should be attached to the answer script.
- * This questions and paper carries **200** marks.

01. MyEnrich.lk PLC manufactures decorative items and sells them in the local market. Below is the trail balance extracted as at 31.03.2022.

	Dr (Rs.000)	Cr (Rs.000)
Finished goods purchases and sales	200	7,500
Trade receivables and trade payables	120	40
10% debentures		300
General reserve as at 01.04.2021		50
Retained earnings as at 01.04.2021	70	
PPE and Acc. depreciation as at 01.04.2021	5,200	1,700
Finished Good Stock as at 01.04.2021	270	
Building rent	160	
Employee salary	80	
Temporary lease account	500	
Sales commission	120	
Cash and cash equivalents	70	
Paid debenture interest	20	
Stated ordinary share capital		2,500
Bank charges	60	
Raw material stock as at 31.03.2022	50	
WIP as at 31.03.2022	200	
Production cost	4,600	
Allowance on impairment losses on receivable as at 01.04.2021		30
Suspense account	500	
Provision for warranty as at 01.04.2021	-	100
	12,220	12,220

Additional information

- I. The following errors were revealed while calculating the cost of production.
- Rs. 250,000 of raw material purchases has been credited to the sales account. This transaction has been correctly recorded in the creditors account.
 - 75% of employee salary relates to the production staff. Employee salary is not taken into account when calculating the cost of production.
 - Raw material stock as at 31.03.2022 has been under-estimated by Rs. 40,000.

- II. A Motor Vehicle has been acquired under a 4-year lease on 01.04.2021. The present value of the lease payments related to the lease agreement is Rs. 1,000,000 and the down payment is Rs. 200,000. At the end of the lease, ownership of the asset is transferred to the business. No entry was made other than the entries of down payment and the first lease installment recorded in temporary lease account. The useful life of the leased Motor vehicle is 6 years. The lease installment payable at the end of each year is Rs. 300,000 and the interest of the lease liability is as follows.

	Rs.
2021/2022	50,000
2022/2023	40,000
2023/2024	30,000
2024/2025	25,000

- III. The company provides one year warranty certificates on the products sold to the customers at the time of sale. A provision of 2% on the year's sales should be allocated for the repair of those goods.
- IV. Cost of stock as at 31.03.2022 is Rs. 90,000 and the expected net selling price is Rs. 70,000.
- V. From the year 2021 / 2022 onwards, 25% of the profit before tax should be paid as income tax.
- VI. In the composition of the above PPE, the land is worth Rs. 2,200,000 and the buildings cost Rs. 2,000,000 and machines Rs. 1,000,000. And in its accumulated depreciation composition, the accumulated depreciation of the building is Rs. 1,000,000 and the accumulated depreciation of the machine is Rs. 700,000. During this year, the following transactions have been taken place in relation to property plant and equipment.
- On 01.10.2012, a machine was purchased for Rs. 500,000 and this had to be removed from use on 01.10.2021 due to violation of an environmental law. There was no record been kept in relation to this.
 - The land owned by the business was revalued for Rs. 3,000,000 during the year. No record has been made regarding it.

The company's depreciable property plant and equipment is depreciated at the rate of 10% per annum on cost.

- VII. Rs. 20,000 should be written off as bad debt from the trade receivable balance and a provision of 10% on the balance should be made for allowance for impairment losses on trade receivables.
- VIII. Rs. 80,000 from retained earnings should be transferred to general reserves. Board of directors have proposed a final dividend of Rs. 150,000 for ordinary shareholders.
- IX. Some decorative items which the company is not able to manufacture are purchased from other suppliers.

Required,

The following financial statements (including notes) for publication in accordance with LKAS 01 (Presentation of Financial Statements)

1. Profit or loss and other comprehensive income statement for the year ended 31.03.2022
2. Statement of changes in equity for the year ended 31.03.2022
3. Statement of financial position as at 31.03.2022

02. (A) In a company manufacturing a particular type of pottery, the factory maintains two production centers, assembly and finishing, in one building. A service department is maintained separately and the following budgeted cost information is provided.

		(Rs.000)
Indirect wages	Assembly	159
	Finishing	171
	Service	120
Machine depreciation		90
Electricity expenses		60
Machinery insurance expenses		42
Factory building rent		84
Canteen expenses		54
		780
		780

Following information has been provided.

I.

Description	Assembly	Finishing	Service
Employee cost	400	200	-
Machinery cost (Rs.)	600,000	400,000	200,000
Floor area (square meters)	90,000	90,000	30,000
Electricity (kilowatt hours)	24,000	6,000	6,000
Machine hours	46,000	39,000	-
Labour hours	25,000	20,000	-

II. Service department has provided service to production departments as follows.

Assembly	hours	30,000
Finishing	hours	10,000

III. Overhead costs are absorbed for assembly department on machine hour basis and finishing department on labor hour basis.

IV. Production cost per clay pot is given below.

Direct material cost	338
Direct labour cost	150
Budgeted machine hours	3
Budgeted labour hours	2

Required,

1. Overhead cost allocation sheet (including re-apportionment)
2. Overhead cost absorption rates for assembly department and finishing department
3. Total production cost per clay pot

(B) Employee salary details related to student registration department of Enrich Business School for the month of March 2022 is given below.

I. No. of hours worked

Name of the employee	No. of hours worked in weekdays	No. of hours worked on sundays
Chalana	176	10
Hasan	168	10
Namal	160	-

II. The standard number of working hours for an employee is 160 per month. Rs. 100 per hour of basic salary is paid.

III. Overtime allowance is Rs. 150 per hour.

IV. Rs. 200 per hour is paid if working on Sundays.

V. The employee contributes 10% and the employer contributes 15% to the Employee Provident Fund on the basic salary. 3% must be contributed to the Employees Trust Fund by employer.

VI. Deductions from the salary,

- Rs. 300 per employee for welfare association
- Deductions of loan installments - Hasan Rs. 2,000 and Namal Rs. 1,000.

Required,

1. Salary sheet of Enrich Business School company for the month of March 2022
2. For the month of March
 - Salary control account
 - Payable EPF account
 - Payable ETF account
3. Total labour cost of Enrich Business School (Student Registration division) for the month of March 2022

03. (A) Thilan is an owner of a retail business. In the draft income statement for the year ended 31.03.2022 showed a profit of Rs. 600,000 and a cash balance of Rs. 200,000 was also shown as at 31.03.2022. However, he does not maintain proper books of account. It was later revealed that the following transactions were not recorded in the books of account.

No. Transaction

- I. Sold a stock worth of Rs. 60,000 for Rs. 80,000 on credit.
- II. Return of goods of Rs. 36,000 which was sold on credit. The cost of those goods were Rs. 30,000.
- III. Rs. 10,000 worth of goods were donated.
- IV. Maintenance expenses of the business were Rs. 10,000. Out of this Rs. 6,000 was paid by Thilan's personal money and the remaining was paid by the business.
- V. On 01.07.2021, obtained a bank loan of Rs. 300,000 on 12% annual interest. Interest has not been paid yet.
- VI. On 31.03.2022, Purchased Rs. 280,000 worth of a three-wheeler for cash.
- VII. Rs. 30,000 of a debtor balance receivable was offset with a payable creditor balance of Rs. 50,000 to same person. The balance was paid in cash.
- VIII. Thilan's life insurance installment of Rs. 12,000 was paid by the business.
- IX. Receivable balance in respect of transaction No. 1 was received after deducting a discount of 5%.
- X. Receipt of Rs. 15,000 back which was written off as bad debts in a previous year.

Required,

1. Show the effect of these transactions (with values) using the accounting equation and indicate (+) if it increases and (-) if it decreases in front of each value. (Use a similar format given below.)

Rs. 000

Trans No.	Assets				liability			Equity
	PPE	stock	Trade receivables	Cash	Long term loan	Trade payables	Other payables	

2. Adjusted cash balance as at 31.03.2022
3. Adjusted profit for the year ended 31.03.2022
(Based on the net effect of transactions on equity)

(B) The debtor details of the Guwana PLC for the year ended 31.03.2022 are as follows.

Rs.,000

Debtors	Balance	Sales	Return inwards	Cash receipts	Discount allowed	Bad debts
A	80	600	20	250	10	-
B	-20	450	30	330	-	-
C	40	350	10	280	40	-
D	50	280	40	250	-	30
E	10	300	-	280	20	-
Total	160	1,980	100	1,390	70	30

As at 31.03.2022, the balance in the debtor control account did not match with the balance in the debtors list prepared on that date. The reasons are as follows.

Additional information,

- I. Opening balance of 'B' has been debited to his account.
- II. Sales have been recorded in the debtors control account as Rs. 1,890,000.
- III. Return inwards have been debited to the debtors control account.
- IV. Return inwards of A has not been recorded in his account.
- V. Receipts from debtors has been recorded in the control account as Rs. 1,930,000.
- VI. Discount allowed of C has been recorded twice in his account.
- VII. Bad debts have not been recorded in the debtors control account.

Required,

1. Debtors control account before correcting the errors
2. Adjusted debtors control account

04. (A) Hiruni and Tharushi were partners in a service business, sharing profits equally. On 01.04.2021, Sewwandi was joined as a partner. Below is the partnership agreement of Hiruni, Tharushi and Sewwandi.

- Hiruni, Tharushi and Sewwandi share the profits in the ratio of 3:2:1 respectively.
- Partners are entitled to 12% annual interest on their capital account balance.
- Monthly salary will be paid for Hiruni Rs. 40,000, Tharushi Rs. 30,000 and Sewwandi Rs 50,000.
- An interest of 15% per annum is paid on loans provided in addition to the capital.

Trail balance of the partnership as at 31.03.2022 is given below.

Description	Dr (Rs.000)	Cr (Rs.000)
Service income		9,800
Cost on services	3,750	
Operating expenses	1,100	
Office expenses	98	
Salary paid - H	400	
T	280	
S	200	
Loan provided by sewwandi on 30.09.2021		2,400
Interest paid to sewwandi	260	
PPE as at 31.03.2022 (at carrying value)	5,000	
PPE annual depreciation	1,200	
Commission income		200
Cash and bank balance	12	
Capital accounts as at 01.04.2021 - H		200
T		1,200
Current accounts as at 01.04.2021 - H		200
T	100	
Cash brought by sewwandi		400
Bank fixed deposits (14%)	3,000	
	15,400	15,400

Additional information

- I. Sewwandi brought following assets.
 - MV and equipment Rs. 600,000
 - Cash Rs. 400,000
- II. The MV and equipment brought by sewwandi were not recorded in the books of accounts.
- III. PPE is depreciated on the straight-line method at 10% per annum on the cost.
- IV. As at 01.04.2021, the total goodwill of the partnership was valued and Sewwandi's share of goodwill was estimated as Rs. 200,000. All goodwill related adjustments are made through capital accounts.

Required,

1. Income statement of the partnership business for the year ended 31.03.2022 (including re-distribution)
2. Current accounts and capital accounts of the partners for the year ended 31.03.2022

(B) Few information regarding the Machinery of a business is given below.

- I. The value of a machine purchased on 01.04.2018 was Rs. 90,000 and at the end of 10 years its scrap value was estimated as Rs. 10,000.
- II. On 01.10.2020 to increase the efficiency of the above machine, Rs. 40,000 worth of a new part was installed. It was estimated that due to the installation, the useful life of the machine would be 10 years from then, with no change in scrap value.
- III. On 01.01.2022, the above machine was exchanged with another similar machine worth of Rs. 120,000. Along with the old machine additionally Rs. 20,000 had to be paid in cash to buy new machine.
- IV. It was estimated that the useful life of the new machine was 10 years and no scrap value.

Required,

1. Journal entries to record the machinery exchange
2. Show the effect on profit for the year ended 31.03.2022 due to the machinery exchange

05. (A) Some of the assets and liabilities of MyEnrich.lk PLC are listed below.

	2022.03.31	2021.04.01
	Rs.000	Rs.000
Trade receivables	1,050	840
Trade payables	860	720
Stock	470	530
Accrued operating expenses	50	160
Receivable FD interest	50	80
Accrued tax	150	100
Accrued bank loan interest	100	60
Cash and cash equivalents	2,485	850
Bank laon	850	950

Following are details extracted from the income statement for the year ended 31.03.2022.

	Rs.000
Profit from computer sales	50
Fixed deposit interest	70
Loan interests	160
Profit for the period	1,220
Income tax	900

Additional information,

- I. Carrying value of the computer sold was Rs. 100,000.
- II. During the year Rs. 150,000 worth of office equipment has been purchased.
- III. During the year, 25,000 of ordinary shares have been issued for Rs. 25 each.
- IV. Rs. 250,000 of dividends have been paid during the year.
- V. Depreciation expenses included in the operating expenses was Rs. 200,000.

Required,

Cash Flow Statement of Myenrich.lk PLC for the year ended 31.03.2022 as per LKAS – 7 (Cash Flow Statement)

(B) Past pupil's association of a school was established on 01.04.2020. Its founding members contributed Rs. 500,000 and joined as lifetime members. The following information was extracted from the books of this association.

Description	as at 31.03.2022	as at 31.03.2021
	(Rs.000)	(Rs.000)
Receivable membership fees	20	15
Membership fees received in advance	30	25
Accumulated fund	?	200
Lifetime membership fund	?	400
T-shirt stock - at cost	40	-

Hall booking advance	-	25
Receivables from musical show	?	-
Cash	?	50

Additional information

- I. The annual membership fee per member is Rs. 500. As at 31.03.2022, there were 600 members (excluding lifetime members).
- II. Lifetime membership fees are recognized in income over a period of 10 years.
- III. The following information relates to the musical show held on 01.10.2021 to raise funds for the association.

Description	Cash receipts / payments (Rs. 000)
Ticket sales	
• 100 tickets of Rs. 1,000 each	100
• 400 tickets of Rs. 500 each (received only 80%)	160
Sponsorships for the show (collected only 75%.)	375
Payment for musicians	
5 singers - Rs. 40,000 per singer	200
Musical band	80
Hall rent	50
Entertainment expenses	30

- I. The association bought 500 t-shirts for Rs. 200 each for cash. 300 of these were sold among the members at Rs. 250 each for cash.
- II. Rs. 30,000 of a monthly salary is paid for the administrative assistant.

Required,

1. Cash account for the year ended 31.03.2022
2. Following for the year ended 31.03.2022
 - i. Membership fee income
 - ii. Surplus/deficit of the musical show
 - iii. Surplus/deficit of T-shirt sale
3. Balances of following items as at 31.03.2022
 - i. Accumulated fund
 - ii. Lifetime membership fund
 - iii. Receivables from musical show

06. (A) Following information relates to a raw material used by a company.

- I. Summary of the inventory ledger for the month of March 2022

Date	Description	Quantity (units)	Price per unit (Rs.)
2022.03.31	Balance	4,000	12
2022.03.10	Purchases	8,000	15
2022.03.20	Issues	7,000	?
2022.03.25	Purchases	8,000	20
2022.03.31	Balance	13,000	

- II. The company uses the Weighted Average method for pricing stock issues.
 III. Other information

	Usage (Units per month)	Lead time (months)
Maximum	3,000	4
Minimum	1,000	2

Required,

1. Re-order quantity
2. Value of the stock issued on 20.03.2022
3. Re-order level
4. Maximum stock level
5. Minimum stock level

(B) ABC Sports Club is considering to organize a Rice Dansal and the following information has been provided to you in relation to it.

Rent for the cooking equipment	Rs. 30,000
General expenses on gas, firewood, spices and other materials	Rs. 18,000
Rent per generators (Two generators are needed)	Rs. 5,000
Per chef (4 chefs will be participating)	Rs. 8,000
Rent per hut (5 huts are required)	Rs. 12,000
For decorations	Rs. 15,000
For one advertisement banner (4 banners are required)	Rs. 5,000
For sound equipments	Rs. 15,000
Donations from the community	Rs. 50,000
No. of members in the sports club	120
Expected no. of people who will participate for the dansal	1200 members

Values spend on foods given to a person,

A 50kg bundle of rice costs Rs. 5,000 (This bundle of rice is enough for 100 people.) The cost of vegetables per person is Rs. 100.

Additional information:

- Donations received from people are decided to be used for huts.
- Assume all 1,200 expected people will participate.

Required,

1. Total fixed cost to be borne by sports club for the Dansala.
2. The amount to be collected from one member to cover the total cost.
3. What is the surplus amount for the sports club after conducting the Dansala if Rs. 1,800 collected from each member?

Suggested Answers

1) 3	2) 5	3) 3
4) 1	5) 1	6) 2
7) 2	8) 5	9) 3
10) 1	11) 5	12) 5
13) 4	14) 3	15) 3
16) 4	17) 5	18) 1
19) 2	20) 5	21) 1
22) 2	23) 2	24) 5
25) 3	26) 5	27) 4
28) 3	29) 2	30) 2

31)

- A equity account
- B equity account
- C liability account
- D sales account

32) gross profit : Rs. 205,000
closing stock of the year : Rs. 75,000

33) Rs. 130,000

34) Rs. 520,000

35) Rs. (12,000).

36)

- Cheques deposited but not realized
- Dishonoured deposited cheques
- Debiting the errors of bank book

37)

- A. false
- B. false
- C. false
- D. false
- E. false

38)

- Compliance with the definition of an asset.

- The potential for future inflows of economic benefits
- Ability to reliably measure the value of resources
- Controllable by the business

39)

- doubtful debt provision
- warranty provision

40)

- A. not adjusted - No additional evidence is provided of the position as at the balance sheet date.
B. should be adjusted - Provides additional evidence of the position as at the balance sheet date.

41)

- A. profit or loss and other comprehensive income statement
B. statement of changes in equity / financial position statement
C. cash flow statement
D. financial position statement

42)

1. Set off of doubtful debtors against profits.
2. prudence concept

43) Rs. 20,000

44) Rs. 2,360,000

45)

- A. economic order quantity
B. ordering cost
C. stock holding cost
D. total inventory cost

46)

- A. false
B. false
C. false
D. true

47) Rs. 300,000

48)

- 3 times
- 36 days

49) 660 units

50)

- (A) Rs. 0
(B) Rs. $(250 / 1200) \times 100 = 20\%$ or closer amount.

Suggested Answers

(01)

01.

MyEnrich.lk
Statement of profit or loss and other
comprehensive income Statement
for the year ended 31.03.2022 (,000)

Sales		7,000
Cost of sales	1	(5,250)
Gross profit		1,750
Other income		
Factory and administration		(505)
Sales and distribution		(370)
Finance expenses		(140)
Other expenses		(70)
Profit before tax		665
Income tax		(166.25)
Profit For the Period		498.75
Other comprehensive income		
Land revaluation income		800
Total comprehensive income		1,298.75

02.

MyEnrich.lk
Statement of changes in equity
for the year ended 31.03.2022 (,000)

	Ordinary shares	General reserve	Revaluation reserve	Retained earnings
B/f Balance	2,000	50		(70)
profit for the year				498.75
land revaluation			800	
transfers to the general reserve		80		(80)
	2,000	130	800	348.75

03.

MyEnrich.lk
Statement of financial position
as at 31.03.2022 (,000)

Non current assets			
PPE	2	3,925	
Right to use assets	3	1,000	4,925

Current assets		
Raw material stock	90	
Finished goods	70	
Debtors	90	
WIP	200	
Cash and cash equivalents	70	520
		<u>5,445</u>
Equity and liabilities		
Ordinary shares	2,500	
Revaluation reserve	800	
General reserve	130	
Retained earnings	348.75	3,778.75
Non current liabilities		
Lease creditors	490	
10 % debentures	300	790
Current liabilities		
Creditors	290	
Lease creditors	260	
Provision for warranty	150	
Payable debenture interest	10	
Payable income tax	166.25	1,001.25
		<u>5,445</u>

Notes:

property plant and equipment

Description	Land	Building	Machinery
B/f	2,200	2,000	1,000
Disposals			(500)
Revaluation	800		
B/f		1,000	700
Disposals			(450)
Depreciation		200	125
Net value	3,000	800	125

Cost of sales		Right to use assets	1,200,000
Opening stock	270,000	Depreciation	<u>(200,000)</u>
Purchases	200,000		<u>1,000,000</u>
Production cost	4,870,000		
	<u>5,340,000</u>		
Closing stock	<u>(90,000)</u>		
	<u>5,250,000</u>		

(2) (A)

01.

Cost	Allocation base	Total cost	Assembly	Finishing	Service
Indirect wages	provided	450,000	159,000	171,000	120,000
Machinery	machinery cost	90,000	45,000	30,000	15,000
Depreciation					
Electricity	KWH	60,000	40,000	10,000	10,000
Insurance	machinery cost	42,000	21,000	14,000	7,000
Rent	floor area	84,000	36,000	36,000	12,000
Canteen	no.of employees	54,000	36,000	18,000	
			123,000	41,000	-164,000
		780,000	460,000	320,000	

02. overhead cost absorption rates

assembly	= $\frac{460,000}{46,000}$	finishing	= $\frac{320,000}{20,000}$
department	=10	department	=16

03.

Total production cost per clay pot = 550

DIRECT MATERIAL COST = 338

direct labour cost = 150

overhead cost

assembly department = 30 (3 x 10)

finishing department = 32 (2 x 16)

=550

(B)

01.

Name	Additions			Deductions			net salary
	basic salary	OT	gross salary	EPF	welfare	loan installment	
chalana	16,000	4,400	20,400	1,600	300	-	18,500
hasan	16,000	3,200	19,200	1,600	300	2,000	15,300
namal	16,000	-	16,000	1,600	300	1,000	13,100
ashan	15,000	-	15,000	1,500	300	-	13,200
	63,000	7,600	70,600	6,300	1,200	3,000	60,100

salary control account			
welfare	1,200	salary	70,600
loan install	3,000		
EPF	6,300		

payable EPF account			
		employee	6,300
		employer	9,450
c/d	15,750		

cash	60,100		15,750	15,750
	<u>70,600</u>	<u>70,600</u>		

payable ETF account			
		employer	1,890
c/d	1,890		
	<u>1,890</u>		<u>1,890</u>

03. Total labour cost of the company = 81,940

salary	=	70,600
EPF employer	=	9,450
ETF employer	=	1,890
	=	81,940

(03) (A)

01.

Trans No.	assets				liabilities			equity
	PPE	stock	trade receivables	cash	long term loan	trade payables	other payables	
I.		(60)	80					20
II.		30	(36)					(6)
III.		(10)						(10)
IV.			(4)					6 (10)
V.				300	300		27	(27)
VI.	280			(280)				
VII.			(30)	(20)		(50)		
VIII.				(12)				(12)
IX.			(80)	76				(4)
X.				15				15
	280	(40)	(66)	(75)	300	(50)	27	(28)

02. Adjusted cash balance as at 31.03.2022 Rs. 125,000

03.

Calculation of adjusted profit

	Rs. 000
draft profit	600
(-) decrease in equity	-28
(+) drawings	12
(-) additional capital	-6
adjusted profit	<u>578</u>

(B)

01.

debtors control account before correcting errors

b/f	160	receipts from debtors	1,930
sales	1,890	discount allowed	70
sales inwards	100		
	<u>2,150</u>	c/d	<u>150</u>
			<u>2,150</u>

02.

adjusted debtors control account

b/f	150	return inwards	200
sales	90	bad debts	30
receipts from debtors	540		
	<u>780</u>	c/d	<u>550</u>
			<u>780</u>

(4) (A)

01.

H T S partnership
income statement and profit distribution statement (,000)

service income		9,800
service expenses		(3,750)
gross profit		<u>6,050</u>
+ other income		
commission income	200	
FD interest	420	620
operating expenses		<u>6,670</u>
MV and equipment depreciation	60	
PPE depreciation	1,200	
15% loan interest	180	
operating expenses	1,100	
office expenses	200	(2700)
Distributable profit		<u>3,930</u>

Distributions			
capital interests- H		144	
- T		168	
- S		96	(408)
salary - H		480	
- T		360	
- S		600	(1,440)
			2,082
profit shares - H		1,041	
- T		694	
- S		347	(2,082)
			-

02.

capital accounts

(Rs. 000)

	H	T	S		H	T	S
goodwill	600	400	200	balance	1,200	1,200	
				cash			400
				MV			600
				goodwill	600	600	
c/d	1,200	1,400	800				
	1,800	1,800	1,000		1,800	1,800	1,000

Current account

(Rs. 000)

	H	T	S		H	T	S
balance				balance	200		
salary drawings	400	280	200	loan interest			180
				capital interest	144	168	96
				salary	480	360	600
				profit shares	1041	694	347
balance c/d	1,865	1,222	1,223		1,865	1,222	1,223

(B)

01.

General journal

Rs.

(1) machine exchange account Dr		130,000	
machine account	Cr		130,000
(Transferring the cost of the exchange machine to machine exchange account)			
(2) provision for machine deprecation account	Dr	32,500	

machine exchange account	Cr		32,500
(Transferring the accu. depreciation of the exchange machine to machine exchange account)			
(3) machine account	Dr	120,000	
machine exchange account	Cr		100,000
cash account	Cr		20,000
(exchange the machine by transferring the old machine and paying the balance in cash)			
(4) machine exchange account	Dr	2,500	
p & l / income statement	Cr		2,500
(recording the gains from machine exchange)			

02. deduction in the profit if machine exchange was not done (machine depreciation)		Rs. 10,000
- deduction in the profit due to machine exchange		
- (dep - Rs. 7,500 + Rs. 3,000)		Rs. 10,500
- increase in the profit due to machine exchange gains		Rs. 2,500
		<u>Rs. 8,000</u>
- increase in the profit		10,000 – 8,000
		<u>Rs. 2,000</u>

(5) (A)

Myenrich.lk
cash flow statement
for the year ended 31.03.2022 (Rs. 000)

profit before tax		2,120
workings		
- depreciation	200	
- loan interests	160	
- profit from computer sales	(50)	
working capital changes		
stock	60	
trade receivables	(210)	
trade payables	140	
operating expenses	(110)	
cash flows from operating activities		
interest paid	(100)	
tax paid	(950)	
net cash flows generated from operating activities		(860)
Investment activities		

Fixed deposits	100	
computer sale	150	
office equipment	(150)	
Net cash flows from investment activities		100
Financing activities		
share issue	625	
dividends paid	(250)	
bank loan	(100)	275
net cash flows from financing activities		
changes in cash and cash equivalents		1,635
opening cash balance		850
closing cash balance		2,485

(B)

01.

cash account (Rs. 000)

balance b/f	50	singers	200
tickets	260	musical band	80
sponsorships	375	entertainment	50
membership fees	300	t-shirt purchases	30
t-shirt sales	75	salary	100
		balance c/d	360
			240
	<u>1,060</u>		<u>1,060</u>

02.

- i. membership fee income = Rs. 350,000
- ii. surplus from musical show = Rs. 415,000
- iii. surplus from t-shirt sales = Rs. 15,000

03.

- i. accumulated fund as at 31.03.2022 = Rs. 620,000
- ii. lifetime membership fund = Rs. 350,000
- iii. cash receivable from musical show = Rs. 165,000

(6) (A)

1. Rs. 8,000
2. Rs. 98,000
3. Rs. 12,000
4. Rs. 18,000
5. Rs. 6,000

(B)

1. Fixed cost Rs. 150,000

2. total cost if 1,200 people participate TVC (1,200 x 150) = 180,000

TFC = 150,000

= 330,000

Amount to be collected from one member 330,000

120

3.

Rs. 2,750

receipts (membership (1,800 x 120) 216,000

(-) total cost -330,000

-114,000

Nothing remains.



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