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Provincial Department of Education - NWP

33 E I

Second Term Test - Grade 13 - 2018

Index No : ....

Accounting I

Two Hours

Important

- Select the correct answers for questions no. 01 - 30 and write its number on the dotted line given.
- Write short answers for questions No. 31 - 50 on the dotted line given.
- Each question carries 02 marks
- Write your index number in the space provided above.

Question No.	Marks
01 - 30	
31 - 50	
Total	

01. General purpose financial statements of a business are prepared for the purpose of,
    1. Following up common accepted accounting principles.
    2. Taking decisions to the managers.
    3. Recording business transactions and events in the accounts
    4. Providing information to the stakeholders to take decisions.
    5. Controlling business transactions & events. (.......)

02. The concept/ concepts which is/ are based to prepare the financial statements according to the conceptual framework for financial reporting.
    1. Going concern 2. Accrual base
    3. Money measurement concept 4. Going concern & accrual base
    5. Business entity concept

(.......)

03. The group of accounting concepts that are related to record the inventory of a business
    1. Realization, accrual, business entity
    2. Prudence, matching, money measurement
    3. Prudence, money measurement, consistency
    4. Realization, disclosure, substance over form
    5. Accrual, prudence, business entity (.......)

04. A business obtained a bank loan Rs. 600,000 at a 12% annual interest on 01.03.2017 and the loan should be paid within 05 years as installments.

The net impact of this transactions as at 31.032017 is represented in accounting equation

	Assets (Rs)	=	Equity (Rs)	+	Non current liabilities (Rs)	+ Current liabilities (Rs
1.	+ 600000	=	0	+	600000	+ 0
2.	+ 600000	=	+ 600000	+	0	+ 0
3.	+ 500000	=	- 100000	+	500000	+ 100000
4.	+ 428000	=	- 72000	+	300000	+ 100000
5.	+ 584000	=	- 6000	+	470000	+ 120000 (.......)

05. Perera & company produces garments and purchased a motor vehicle Rs. 1,500,000 from Indra Traders. What is the current sequence of the following activities take place in accounting process of above transaction.

A. Posting to the motor vehicle account
B. Preparing the journal voucher
C. Recording in the general journal
D. Preparing the Trial balance

1. ABCD 2. BCAD 3. ADBC 4. ACBD 5. BCDA (.......)

06. Credit sales of Saranga PLC was Rs. 50,000. After returning inward Rs. 10,000 from debtors and cash received Rs. 38,000. The remaining balance could not be received.

The relevant source documents to record above transaction respectively are,

1. Invoice, debit note, receipt, journal voucher
2. Receipt, credit note, journal voucher, invoice
3. Invoice, credit note, receipt, journal voucher.
4. Invoice, credit note, receipt, voucher (.......)

- **Using following transaction answer the question no. 07 & 08**
  VAt registered Pehesara PLC sold goods on credit Rs. 345000 with 15% VAT.

07. The record which should be kept in the debtors control account is,

1. debited Rs.300,000
2. credited Rs. 345,000
3. debited Rs. 345,000
4. credited Rs. 396750
5. debited Rs. 396,750 (.......)

08. The journal entry to record VAT is,

		Rs.			Rs.
1.	Debtors control Acc	Dr, 45000	-	VAT control Acc	Cr. 45000
2.	VAT control Acc.	Dr. 45000	-	Debtors control Acc.	Cr. 45000
3.	Debtors control Acc	Dr 51750	-	VAT control Acc	Cr. 51750
4.	Debtors control Acc	Dr. 34500	-	VAT Control Acc	Cr. 345000
5.	Debtors control Acc	Dr. 396750	-	VAT Control Acc	Cr. 396750 (.......)

09. As at 31.03.2017 The Trial balance of Ransara PLC didn't tally and the balance was transferred to a suspense account and later revealed following errors.

- The total of the return outward journal was undercast by Rs. 3000
- Rent received Rs. 2500 has been recorded in the rent payment account.
- The balance of the stationary account Rs. 1000 has not been extracted to the Trial balance.
- A sales invoice Rs. 6000 has been completely omitted from books.

As above errors, the difference occurred of the Trial balance is,

1. Decreases Rs. 7000 of the credit column
2. Decreases Rs. 7000 of the debit column
3. Decreases Rs. 5000 of the debit column
4. Decreases Rs. 4000 of the credit column
5. Decreases Rs. 1000 of the credit column (.......)

10. The balance of the creditors control account of Nalika PLC as at 31.03.2017 was Rs' 86,000 but the total of the balances of creditors ledger was different to it. Later followings were revealed.

- Discount received Rs. 1000 has not been recorded in the general leader
- The total of return outward journal has been undercast by Rs. 3000
- Paid Rs. 12000 to a creditor has been recorded of his personal account as credit purchases.
- Issued a cheque to a creditor Rs. 8100 has been dishonoured and forfeiture of its 10% discount received has been recorded correctly in the creditors control account but has not been recorded in creditors ledger.

- Trade payables should be shown in the statement of financial position as at 31.03.2017 and the total of creditors balances list on the same day are,

	Trade payables as at 31.03.2017 (Rs.)	The total of creditors ledger balances as at 31.03.2017 (Rs.)
1.	74,000	79,000
2.	74,000	79,090
3.	74,000	89,000
4.	86,000	101,000
5.	86,000	110,000

(.......)

11. The balance of the bank statement received to a business had a bank overdraft Rs. 20,000 on 31.01.2017 but the balance of the bank account was different for that. Following reasons ware revealed.

1. Issued but presented cheques Rs. 80,000
2. Deposited but unrealized cheques Rs. 130,000
3. Bank charges Rs. 10,000 and direct remittance Rs. 80,000

The bank balance should be shown in the statement of financial position as at 31.03.2017 is,

1. Rs.30000 2. Rs. 27000 3. Rs. 44000 4. Rs. 60000 5. Rs. 100000 (.......)

12. Following information relates to the inventory of a company

Description	No. of units	Unit price
Inventory as at 01.01.2017	500	100
Purchases 10.01.2017	8000	120
Sales 20.01.2017	6000	140

- The business uses FIFO method (First In First Out) for issuing and pricing the inventory. End of the month the closing stock was estimated per unit Rs. 130 each after incurring an expense Rs. 15 for unit.

What is the amount of cost of sales for the month ended 31.01.2017 and the value of inventory shown in the statement of financial position as at 31.03.2017

	Cost of sales (Rs.)	Inventory (Rs.)	
1.	50 000	300 000	
2.	600 000	287 500	
3.	600 000	300 000	
4.	710 000	325 000	
5.	710 000	287 500	(.......)

13. Following balances can be seen in Randunu PLC as at 01.04.2016

- Motor vehicle (on cost) Rs. 1,200,000 - Motor Vehicle – provision for depreciation Rs. 600,000

This motor vehicle was purchased on 01.04.2011 and revalued at first on 01.04.2016 for Rs. 520,000. The revaluation surplus or deficit for the year ending 31.03.2017 and the amount of annual depreciation are.

	Revaluation surplus / deficit (Rs)	Annual Depreciation (Rs.)	
1.	80000 Deficit	52000	
2.	80 000 Deficit	104 000	
3.	80 000 Deficit	120 000	
4.	80 000 Deficit	140 000	
5.	120 000 Surplus	104 000	(.......)

14. Following information relates to Nalaka PLC

- Carrying amount of property plant and equipment,

Rs.'000 – as at 2017.03.31	as at 2016.03.31 Rs' 000
1350	1300

- A machine has purchased Rs. 500,000 on 0110.2016
- On 01.01.2017 a part of furniture which cost Rs. 300,000 has been sold and the amount of accumulated depreciation of its Rs. 125,000 on that day.

The amount of depreciation of PPE for the year ends 31.03.2017 is,

1. Rs.125,000 2. Rs. 150,000 3. Rs. 200,000
4. Rs. 250,000 5. Rs. 275,000 (.......)

15. On 01.04.2014 it was started a sports club with 36 members and out of them the 06 members were life members.

- Annual subscription fee is Rs. 2000 and the life membership fee is ten times of it.
- Life membership fees are introduced as income within 05 years
- As at 31.03.2016,
    - Accrued membership fees Rs. 6000
    - Life membership fees Rs. 72000
- As at 31.03.2017, 04 members have not been paid the membership fees and out of them 03 members have not been paid the membership fees for the year 2015/2016. So their membership was cancelled. There are 02 members have been paid subscription fees for the year 2017/2018. What is the amount of subscription fee income for the year ending 31.03.2017 and the amount of subscription fees received in cash?

	Subscription fee income (Rs.)	**Received subscription fee (Rs.)**	
1.	24,000	54,000	
2.	54,000	54,000	
3.	54,000	56,000	
4.	78,000	56,000	
5.	78,000	62,000	(.......)

16. On 01.04.2015 Rantharu Youth Club has been received a motor vehicle Rs. 800,000 as a special donation. Special donations are recognized as income within 10 years. The scrap value of motor vehicle is Rs. 60,000 and the useful life time is estimated as 10 years.
The balance of the motor vehicle donation account as at 31.03.2017 and the balance of the provision for motor vehicle depreciation account are,

	Motor vehicle donation Acc (Rs.)	**Motor vehicle provision for Depreciation Acc (Rs.)**	
1.	600,000	74,000	
2.	640,000	74,000	
3.	640,000	148,000	
4.	800,000	160,000	
5.	800,000	240,000	(.......)

17. It is not attend to the statement 24 of the partnership Act.

A - 10% interest on capital should be paid to the partners

B - Profits or losses should be shared equally among the partners

C - Partners are entitled to salaries

D - 5% interest is payable on the provided loans by the partners to the business

1. B, only 2. D only 3. A & C only

4. B,C & D only 5. A,B,C & D only (.......)

18. Nalaka & Malaka are partners of a business sharing profits & losses in the ratio of 2:1. On 01.04.2016 Renuka was admitted as a partner and he had bought Rs. 400,000 as capital. The profits or losses of the new partnership is in the ratio of 3:2:1.
The goodwill is adjusted through the partners capital accounts.

- The Balances of capital accounts as at 31.03.2017
  - Nalaka 640,000 - Malaka 500,000 - Renuka 360,000
- The goodwill as at the admission date of Renuka and the balance of the capital account of Nalaka as at 01.04.2016 are,

	Good will (Rs)	**Capital Acc. of Nalaka (Rs)**
1.	120,000	160,000
2.	120,000	240,000
3.	240,000	360,000
4.	240,000	600,000
5.	360,000	640,000

(.......)

19. Which of the following conditions are fulfilled to recognize as provisions in the statement of financial position of a company as per LKAS 37. (Provisions, contingent liabilities and contingent assets)
A - Having a present obligation as a result of a past event
B - Having a probability to outflow resources of the business when settling the bond .
C - It can bee estimated faithfully the amount of the bond
D - The bond can be controlled by the business
1. A only 2. A & B only 3. A & D only
4. B,C & D only 5. A,B & C only (.......)

20. Which of the following events should not be adjusted in the financial statements according to LKAS 10 (events after the reporting period)
A - A debtor who had provision for doubtful debts on the reporting date was declared bankrupt later.
B - The final dividend for ordinary shareholders was declared
C - Inventory with cost on the reporting date has to be sold for less than cost
1. A only 2. B only 3. C only 4. A & B only 5. A,B,C all (.......)

21. Parami PLC has the stated ordinary share capital Rs. 3,000,000 of 60,000 shares as at 01.04.2016. The company capitalized reserves by issuing 1 share for every 5 shares on that day at a price of Rs. 20 per share.
Further a right issue was made issuing 1 share for every 8 shares held on 01.01.2017 at a price of Rs. 50 per share.

- What is the difference of the ordinary share capital and the difference of total equity for the year ending?

	Difference of ordinary share capital (Rs.)		Difference of total equity (Rs)		
1.	Increases	450,000	Decrease	240,000	
2.	Increases	690,000	Increases	450,000	
3.	Decreases	690,000	Increases	690,000	
4.	Increases	3,690,000	Decreases	690,000	
5.	Decreases	3,690,000	Increases	690,000	(.......)

22. Following information can be seen in Ama PLC as at 31.03.2017 (Rs'000).
Profit for the year 1300
Total comprehensive income for the year 1500
- On 31.03.2017 the cost of land Rs. 6,200,000 was revalued of Rs. 6,800,000 but it is not recorded in books.
- The amount of total comprehensive income for the year ending 31.03.2017 and the value of the revaluation surplus as at 31.03.2017 are,

	Total comprehensive income (Rs.)	Revaluation surplus (Rs.)	
1.	1,300,000	200,000	
2.	1,300,000	300,000	
3.	1,500,000	450,000	
4.	2,100,000	450,000	
5.	2,100,000	600,000	(.......)

- **Using following Trail balance of Saranga PLC as at 31.03.2017, Answer the question No 23 - 25**

	(Rs.'000)
Sales	**6,500**
Provision for income tax (as at 01.04.2016)	**300**
Profit before tax	**1,200**
Ordinary share capital	**7,000**
Retained earnings	**6,000**

- **It should be adjusted the estimated income tax for the year 2016/2017 is 1/3 of the profit before tax and the actual payable tax liability is Rs. 450,000 for the accounting year 2015/2016**

23. The amount of income tax can be seen in the statement of profit or loss and other comprehensive income of Saranga PLC,

1. Rs. 300,000 2. Rs. 400,000 4. Rs. 550,000
4. Rs. 750,000 5. Rs. 800,000 (.......)

24. The net profit ratio of Saranga PLC is,

1. 8% 2. 10% 3. 12% 4. 15% 5. 20% (.......)

25. The ratio of return on equity of Saranga PLC is,

1. 2% 2. 4% 3. 5% 4. 6% 5. 8% (.......)

- **Using following information of Parami PLC, answer question no. 26 & 27**

	as at 31.03.2016 (Rs'000)	**as at 31.03.2017 (Rs'000)**
Ordinary share capital	**1,600**	**1,700**
Retained earnings	**600**	**900**
P.P.E (on carrying amount)	**550**	**490**
Trade receivables	**150**	**100**
Trade payables	**90**	**75**

- **The income tax for the year is 1/3 of profit before tax**
- **It was capitalized the reserves during the year**
- **It was not any sales or disposals of PPE**
- **It was paid interim dividend Rs. 50,000**

26. The profit before tax of the company for the year ending 31.03.2017 is,
1. Rs. 300,000 2. Rs. 450,000 3. Rs. 675,000
4. Rs. 900,000 ` 5. Rs. 1,200,000 (.......)

27. The net cash flow generated from the operational activities for the year ending 31.03.2017 is,
1. Rs. 545,000 2. Rs. 675,000 3. Rs. 770,000
4. Rs. 785,000 5. Rs. 792,000 (.......)

28. Following cost of production information relates to a shoe producing company for the month of January 2018.

	(Rs. '000)
Raw Material - leather	5000
Other	2000
Salaries - Direct	1600
Indirect	1000
Shoe designing expenses	1800
Administration expenses	5000
Advertising expenses	2500

- It has been produced 10,000 pair of shoes during the month of January 2018.
- The total production cost and the cost of a pair of shoe for the month of January are,

	Total production cost (Rs'000)	**Cost of a pair of shoes (Rs.)**
1.	8,400	840
2.	10,400	840
3.	10,400	1,040
4.	11,400	1,140
5.	18,900	1,890

(.......)

29. Production cost of a good is equal to,
1. The total of prime cost and the production cost.
2. The total of direct cost and the overhead cost.
3. The total of material cost and the labour cost
4. The prime cost and the overhead cost.
5. The prime cost and the production overhead cost. (.......)

30. Select the answer that the overhead cost and the basis of apportionment is correctly represented.

	Cost		Allocation Basic
1.	Factory rent	-	book value of non current assents
2.	Expenses of canteen	-	No. of employees
3.	Factory electricity	-	Amount of used raw material
4.	Machinery depreciation	-	Floor space
5.	Supervision salaries	-	Floor space

(.......)

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

31. Indicate the following financial statements are prepared under financial accounting or managerial accounting.
    1. Profit or loss and other comprehensive statement ....
    2. Overhead apportionment sheet ....
    3. Pay sheet of the employees ....
    4. Statement of equity changes ....

32. The transactions which are affected to change the equity of a business.
    1. ....
    2. ....
    3. ....
    4. ....

33. Select the most suitable accounting concept for following occasions.

    1. Realization 2. Matching 3. Accruals 4. Going concern

	Occasion	Accounting concept
1.	Classifying assets as current and non current	....
2.	The occasion of exchanging goods to the customer is recognized as sales revenue	....
3.	Indicating annual depreciation of non-current assets in income statement	....
4.	Introducing debtors and creditors in the financial statements	....

34. State the following accounts are in which type of accounts in the ledger.

	Account	The type of account
1.	Provision for doubtful debts	....
2.	Return outward of trade goods	....
3.	Revaluation reserve	....
4.	Lease creditors	....

35. Perera PLC a VAT registered company purchased Rs. 690,000 stock on credit with 15% VAT and those goods were sold with 20% profit margin on credit.

(a) What is the amount of profit earned by the business from this transaction? ....

(b) What is the amount of VAT liability created from this transaction? ....

- Using following information answer question No. 36-37

It was shown a loss Re. 175,000 of Nandana PLC from its drafted financial statements. Later following accounting errors were revealed.

A - The total of the purchases journal has been overcast by Rs. 50,000

B - Return inward Rs.50,000 has been debited to the sales account.

C - The balance of the sales account Rs. 120,000 has been extracted to the trial balance as Rs. 12,000

D - Discount received Rs. 16,500 has been recorded in discount allowed account

36. (a) State the errors which are affected to create a difference in the Trial balance:

....

(b) What should be the balance created in suspense account as the above errors?

....

37. What is the corrected net profit of Nandana PLC?

....

38. The useful life time is 08 years and the scrap value is Rs. 80,000 of a machine which was purchased on 01.04.2011 with cost Rs. 800,000.

On 31.03.2016 it was re estimated and the useful lifetime was increased by another 02 years.

(a) (1) What is the amount of machine depreciation for the year ending 31.03.2011?

....

(2) What is the amount of accumulated depreciation as at 31.03.2017?

....

(b) What is the carrying amount of the machine as at 31.03.2017?

....

39. State whether the following statements are true or false which is related to payable amount for a retired partner of a partnership

A - The amount of payable can't hold as a loan ....

B - If the amount of payable is held as a loan and it should be paid 5% annual interest

....

C - The amount of payable should be paid to the relevant partner...

D - The amount of payable should be credited to the current account ....

40. What are the 02 main financial statements which are prepared by a limited company according to the LKAS 01

1. ....

2 ....

41. State two statutory bodies that have been established under the Sri Lanka Accounting and auditing standards Act no. 15 of 1995

1. .... 2. ....

42. Ranathunga PLC bought a machine Rs. 900,000 under a finance lease on 01.04.2015.

A down payment of Rs.150,000 has to be paid. Further, an annual lease instalment of Rs, 170 ,000 should be paid within 05 years with a fixed interest. The ownership of the asset is not passed to the company at the end of the lease period.

(a) For the year ended 31.03.2017

1. The amount of lease interest ....
2. The amount of machine depreciation ....

(b) The amount of non current lease creditors ....

43. Classify cash inflows and outflows relating to the following transactions of a trading company under operating, investing & financing activities according to LKAS 07, indicating with a "✓" in the appropriate column.

	Transaction	**Operating**	**Investing**	**Financing**
A-	Payment of income tax	....	....	....
B-	Payment of operational expenses	....	....	....
C-	receiving dividend income	....	....	....
D-	receiving cash from a right issue	....	....	....

44. Monthly demand of material "Q" is 500 units. The ordering cost and the holding cost of a unit of this inventory are Rs. 300 and Rs. 10 respectively. The economic order quantity (EOQ) of this material is,

Units ....

- **Using following information answer question no. 45- 46**

- Material consumption maximum 400 units, minimum 300 units.
- Ordering period maximum 04 months, minimum 02 months.
- Re order quantity 600 units.

45. What is the re order level? ....

46. What is the maximum stock level ? ....

47. What is the document which is prepared by the manufacturing department to inform the required material to the store.? ....

48. State the 02 main methods used to pay salaries to the employees of a firm

1. .... 2. ....

49. Following information can be seen in the Trial balance of Peramaga PLC as at 31.03.2017

	Rs.
Salary & wages	1,800,000
(EPE) Employees provided fund	202,500
(ETF) Employees trust fund	40,500
Accrued EPF	45,000

- The company has not made any record except the recording of the employees EPF contribution for the last quarter for the year ends 31.03.2017
- The employee and the employer contribution to the EPF are 10% and 15% respectively and the employer contributes 3% to ETF.

(1) What is the amount of EPF expenses for the year ending 31.03.2017? ....

(2) The total expense incurred by the company relates to employees for the year ending 31.03.2017 is, ...

50. Following information can be seen is Kandurata PLC

1.

	Rs.
Factory rent	42000
Employees insurance	36000
Electricity	54000
Canteen expenses	24000

2. The company has a factory consisting of 02 production departments (assembly & finishing) and a service department.
Following information relates to them

	Assembly	**Finishing**	**Service**
Floor space (sqmeters)	3000	2000	1000
No of employees	20	10	10
Electricity consumption (kilowatt hours)	40	30	20
Service hours	15	15	-

(a) State the total overhead cost of the assembly department after the secondary apportionment ....

(b) State the total overhead cost of the finishing department after the secondary apportionment ....

❋❋❋

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Provincial Department of Education - NWP

33 E II

Second Term Test - Grade 13 - 2018

Accounting II

Three Hours

Important

- Answer six questions only. Including question No. 01 and 02.
- Begin each answer on a fresh sheet of paper.
- Relevant workings should be attached to the answer script.

01. Migara PLC a VAT registered company presents following Trial balance as at 31.03.2017

Description	Dr Rs.'000	Cr Rs. '000
Inventory as at 01.04.2016	400	
Building rent	300	
Property plant & Equipment	10500	
Purchases	4400	
Lease instalment Account	450	
Trade receivables	2390	
Distribution expenses	845	
Administration expenses	1800	
Tax paid	750	
VAT on purchases & expenses	1100	
Cash & cash equivalents	610	
Sales		10100
Accumulated depreciation of PPE as at 01.04.2016		800
Land revaluation reserve		700
Provision for income tax as at 01.04.2016		130
Retained earnings as at 01.04.2016		2500
VAT on sales		1515
Stated capital – ordinary shares		6000
Right issue account		1800
	23545	**23545**

Additional Information

Before preparation of the financial statements for the year ending 31.03.2017 adjustments for the following have to be made.

(i) A sales invoice Rs. 115,000 with 15% VAT has been completely omitted from the books

(ii) As at 31.03.2017 the cost and the net realizable value of the inventory were Rs. 600,000 and Rs. 575,000 respectively. However, this inventory was sold before the approval of financial statements at Rs. 550,000.

(iii) The composition of property plant and equipment is as follows

	Cost/value (Rs'000) as at 31.03.2017	Accumulated depreciation as at 01.04.2016 (Rs.'000)
Land - at fair value	6000	-
Building	3000	600
Motor vehicle (leasehold basis)	500	-
Office equipment	1000	200
	10500	**800**

Building and office equipments are depreciated on cost / value at 5% per annum

(iii) The land and building was revalued on 31.03.2017 at Rs. 5,500,000 and Rs. 2,000,000 respectively by a professional valuer and not recorded in books.

(v) The motor vehicle was acquired on 01.04.2016 at fair value Rs. 2,000,000 under a finance lease. Paid Rs. 500,000 for down payment has been debited to motor vehicle only. The lease period is 04 years and the useful life time is 05 years. The ownership of the asset is not passed to the company at the end of the lease period. Annual lease instalment of Rs. 450,000 is to be paid at the end of every year with the interest. The current year's lease installment has been paid and debited to the lease interest account only. Lease interest is as follows,

2016/2017	- Rs. 120,000	2018/2019	- Rs. 60,000
2017/2018	- Rs. 90,000	2019/2020	- Rs. 30,000

(vi) The store complex of the company was shifted to a new premises on 01.012017 . Annual rent was paid and it is represented in building rent account.

(vii) The company's contribution for EPF and ETF has not yet been provided for the current year. The company contributes for EPF and ETF at 15% and 3% respectively on the gross salary of employees. Employees salary has paid by deducting 10% employees contribution.
Paying annual employees salary Rs. 900,000 is included in administration expenses.

(viii) Income tax paid during the year Rs.120,000 is related to the pervious year .
It has been estimated that the income tax for the current year is ¼ of the profit before tax.

(ix) It has been made a right issue on 31.03.2017 and the received cash has been credited to right issue account

Required

The following financial statements (including notes) of Migara PLC for publication as per LKAS 01. (Presentation of financial statements)

1) Statement of profit or loss and other comprehensive income for the year ending 31.03.2017
2) Statement of financial position as at 31.03.2017
3) Statement of changes in equity for the year ending 31.03.2017 **(Total 20 marks)**

02. (a) Ranga, Suranga and Viranga commenced a partnership in the ratio of 3:2:1 and the following information provides you.

1. The balances of capital accounts and the current accounts as at 31.03.2016

	Capital Accounts (Rs.'000)	Current Accounts (Rs.'000)
Ranga	500	100-
Suranga	300	50
Viranga	200	(25)

2. Viranga retired from the partnership on 01.04.2016. on that day the goodwill of partnership was estimated as Rs. 150,000 and all adjustments relating to it should be done through the partners capital accounts. It was agreed to transfer the amount payable to him to a loan account and to pay an annual interest of 10% on it.
3. Ranga and Suranga agreed to continue the partnership on following conditions.
   01. Sharing profits and losses in the ratio of 3:2.
   02. Each partner,
       i) is entitled to 10% interest on the balance of their capital account
       ii) Is entitled to an annual salary Rs. 150,000
4. The drafted net profit for the year ending was Rs. 504,000 and later revealed following accounting errors.
   i. A sales invoice Rs.15,000 has been recorded in the prime entry book as Rs.5000
   ii. The total of a page of purchases Journal Rs. 54,000 has been carried to next page as Rs. 45,000
   iii. Salary has received by Ranga 8 months and Suranga 04 months has been recorded in salary account.
   iv. It is not considered the interest which is paid to Viranga
   v. The mother vehicle purchased on 01.01.2016 and on the same day, before using the motor vehicle, it was incurred a repairing cost Rs. 50,000 has been considered as an expense. The motor vehicles are depreciated 20% on cost per annuam.

Required

1) A Statement of correction of the net profit for the year ending 31.03.2017
2) Income statement (including appropriations to partners) for the year ending 31.03.2017
3) Partners capital accounts and the current accounts for the year ending 31.03.2017

(10 marks)

b) Navoda PLC produces two types of washing machines as 'FO' and 'MS'. The factory has two production departments (assembly and finishing) and a store. The related costs are as following.

Item	Total	Assembly	Finishing	store
1. Budgeted overhead cost for the year	**Rs. '000**			
Indirect material cost		152	61	27
Indirect labour cost		130	90	10
Electricity	120			
Building maintainances	100			
Store rent	40			
Building insurance	300			
Machinery depreciation	50			
Machinery Insurance	200			
Employees Insurance	130			
2. Relevant other information				
Machinery cost (Rs)	1,000,000	400,000	600,000	
Building cost (Rs.)	1,500,000	700,000	500,000	300,000
Kilo watt hours	600	200	350	50
Floor space (square meters)	20,000	10,000	6,000	4,000
No of employees	40	24	12	4
No of stores requisitions	18	10	08	-

Required

1). The overhead analysis sheet with reapportionment giving the basis of apportionment.

(10 marks)

(20 marks)

03. "Darshana Furniture" was opened on 01.04.2017 and carrying out all transaction through the cheques. The following transactions took place during the first month.

1. 04.01 - Invested Rs. 1,100,000 worth building and Rs. 500,000 in cash to the business.
2. 04.01 - Purchased furniture Rs. 300,000 and out of Rs. 100,000 furniture are bought to use of the business.
3. 04.07 - Sold furniture with a cost of Rs. 100,000 ofr Rs. 150,000 on credit.
4. 04.12 - Purchased furniture on credit Rs. 150,000 from Dambulu Furniture
5. 04.15 - Received cheques from debtors Rs. 54,000 discount allowed Rs. 6000
6. 04.16 - Return inwards Rs. 9000
7. 04-18 - Paid a cheque to Dambulu Furniture Rs. 70,000 Discount received Rs.5000
8. 04.22 - Acquired a lorry by receiving a bank loan Rs. 2,400,000
9. 04.25 - Paid electricity bill Rs. 5000
10. 04.26 - Sold furniture with a cost of Rs. 50000 for Rs. 75000.
11. 04.27 - The cheque received from debtors Rs. 9000 was dishonoured – cancelled discount allowed Rs. 1000
12. 04.29 - The cheque issued to electricity bill was dishonoured

Other information

Following adjustments should be made as at 30.04.2017

(i) Property plant and equipment are depreciated on cost 10% per annum.

(ii) Rs. 1000 is written off as bad debts from debtors and 10% provision for doubtful debts to be held form remaining debtors balance

Required

1) Using the accounting equation show the impact of above transactions from 1 to 12 with values. Indicate decreases (-) or ( ).

Use the following format for this purpose

Transaction No	**Assets**				**Liability**		**Equity**
	Property plant and equipment	**Inventory**	**Trade receivables**	**Bank**	**Non current liabilities**	**Current liabilities**	**Capital**

2) Prepare the income statement for the year ending 30.04.2017 **(15 marks)**

04. a) Sagara PLC started operational activities on 01.03.2017 and the summarized information relates to debtors for the for the month of March is as follows,

	Rs.
The total of the sales journal	245,000
The total of return inward journal	25000
From the cash receipt journal	
The total of discount allowed column	5600
The total of debtors analysis column	174000
Information from general journal	
Written off bad debts	8000
Dishonoured cheques which are received from debtors.	6000
Cancelled discount allowed	500

As at 31.03.2017 the balance of the debtors control account was not agreed to the total of debtors balances list. Later following errors were disclosed.

(i) The total of sales journal has been undercast by Rs. 1000
(ii) A debtor with a credit balance Rs. 500 has been omitted from balances list.
(iii) The total of discount allowed column has been recorded in debtors control account as Rs 6500
(iv) The written off bad debts has not been recorded in general ledger
(v) A credit not Rs. 5000 has been completely omitted from books.
(vi) A cheque has been dishonoured which is received from a debtor Rs. 2500 has not been recorded in debtors sub ledger.

Required

1) The debtors control account before rectifying above errors.
2) Relevant journal entries which are rectifying in the general ledger. (with narrations)
3) The reconciliation statement between the balance of the corrected control account with the total of debtors balances list as at 31.03.2017 **(10 marks)**

b) Pubudu PLC a tile manufacturing company has been started to produce a special type of a tile on 01.01.2017

- To produce a tile it needs 2 kg of direct material.
- The company purchases 2000 Kg of raw materials on the 1st day of every months.
- It has purchased 1 Kg for Rs. 20 each from January to the month of May 2017 and in the month of June it has purchased 1 Kg for 15 Rs each from a new supplier.

Related other information is as follows,

(i) It is incurred to produce a tile Rs. 25 for direct labour and Rs. 15 for direct other production cost.
(ii) It is produced 800 tiles in every month.
(iii) It was sold 4200 tiles during the period.
(iv) Incurred production overhead cost Rs. 96000 during the month
(v) The company is valued its raw material inventory on FIFO method

Required

1) The statement of calculating production cost for the 6 months ending 30.06.2017
2) The value of the closing stock as at 30.06.2017 **(05 marks)**

(Total 15 marks

05. a) Following information is extracted from the financial statements for the year ending 31.03.2018 of Yashodha PLC

		Rs. '000
Cost of sales		720
Profit for the period		180
Ordinary share capital		1,700
Income tax		60
Reserves		100
10% bank loan (obtained on 01.04.2017)		400
Assets turn over ratio - times	0.5	
Gross profit ratio	40%	

Required

1) Amount of sales
2) Net profit ratio
3) Interest coverage ratio
4) Return on equity ratio **(05 marks)**

b) Following information relates to employees salary of "A" division of Sithara Garments for the first two weeks of January 2018.

Name of the employee	Amount of days of the two weeks	Excess hours worked	Week end hours worked
Aruni	9	5	-
Waruni	8	-	6
Hiruni	9	6	4
Theruni	7	-	-

1. Employees should be worked 08 hours of the day during the week days and following are the salary rates.
   i. Normal rate for the week days is Rs. 100 per an hour
   ii. Over time rate for the week days is Rs. 150 per an hour and the week ends Rs. 200 per an hour
   iii. Theruni is paid Rs. 600 per day as an untrained employee.
2. The company's contribution for EPF and ETF at 15% and 3% respectively on the gross salary of employees.
   Monthly EPF and ETF liability should be settled within the first week of next month.
   (When calculates the EPF would not be considered over time)
3. Deductions
   - Every employee contributes Rs. 200 each to the welfare society.
   - loan instalment of Hiruni Rs. 1500 should be deducted.
4. On 01.01.2018 the EPF and ETF liability represents respectively as Rs. 5000 and Rs. 500

Required

1) Prepare the salary sheet of department "A" of Sithara Garment for the first two weeks of January 2018

3) Prepare salary control Account, accrued EPF account, Accrued ETF account and balancing off them as at 15.01.2018 **(10 marks)**

(Total 15 marks)

06. a) The receipts and payments account of 'Shakthi Sports Club" for the year ending 31.03.2017 is as follows,

Receipts & Payments Acc **Rs.**

04.01.2016 B/B/F	55000	Playground maintenance	12000
Income received from canteen	100000	Canteen – Food	48000
Subscription fee	44600	Canteen – expenses	36000
Playground rent income	150000	Stationary expenses	15000
Life membership income	120000	Spoils equipment 01.10.2016	40000
		Sports events – expenses	12000
		b/c/f	306600
	469600		469600

The assets and liabilities are as follows on 01.04.2016

	Rs.
Sports equipment's	120000
Playground	400000
Pavilion	250000
accrued subscription fees	8000
Food stock – canteen	2000
Subscription fees – received in advance	4200
accumulated depreciation – Sports equipment	30000
- Pavilion	12500

Other Information

(i) Introduced life membership from the date of 01.04.2016 and identifying the life membership fees within 10 years is the police of the company

(ii) Annual subscription fees of a member is Rs. 1200 and the life membership fees is Rs. 12000. There are 50 members are in the sports club and out of 10 are life members.

(iii) 03 members who left the club on 31.03.2017 did not pay the subscription for the previous year. All other members have completely paid the subscription fees.

(iv) Sports equipment's are depreciated by 25% and the pavilion is depreciated by 5% on cost per annum.

(v) Food stock of canteen Rs. 8000 and the remaining stationary Rs. 3000 were in the club as at 31.03.2017

(vi) End of the year, sports equipment Rs. 200,000 has been donated from the sports ministry. This donation should be recognized as income equally over a period of 10 years.

Required

1) The accumulated fund as at 01.04.2016
2) Subscription fees account.
3) The net profit or loss of the canteen
4) The income statement for the year ending 31.03.2017 **(10 marks)**

b) Following information relates to a raw material used in a production company
Monthly consumption 3000 Kg
Stock holding cost Rs. 8 per unit
Ordering cost per unit Rs. 10/-

	Minimum	Average
Consumption	50 Kg	100 Kg
Ordering period (weeks)	2	3

Required

1) Economic order quantity (re-order quantity)
2) Re order level
3) Maximum stock level
4) Minimum stock level **(05 marks)**

(Total 15 marks)

07. The summarized statements of financial positions of Kavindu PLC as at 31.03.2017 and 31.03.2016 are given below.

	As at 31.03.2017 (Rs.'000)	As at 31.03.2016 (Rs.' 000)
Property, Plant & Equipment - carrying amount	19800	10200
Inventory	1200	1000
Trade receivables (Net)	1080	1800
Cash & cash equivalents	570	200
Total assets	**22650**	**13200**
Stated ordinary share capital	11600	7200
Land revaluation reserve	500	-
General Reserve	1500	1000
Retained earnings	6000	3500
Bank loan	1600	-
Trade payables	1150	1100
Accrued loan interest	50	-
Accrued tax	250	400
Total equity and liabilities	22650	13200

Additional Information

(i) The land was revalued at first during the year and has built a building worth Rs. 8,000,000 on it.

(ii) A motor vehicle which is having Rs. 2,000,000 of carrying amount has been sold with a profit of Rs.200,000 as at 01.04.2016. Further a new motor vehicle has been acquired during the year.

(iii) The amount of depreciation of property plant and equipment is Rs. 900,000 for the year ending 31.03.2017.

(iv) The bank loan has received on 01.04.2016 and it should be paid by 5 equal instalments begging from the current year. It has paid only a half of the annual interest.

(v) 10% provision for doubtful debts should be made on the closing debtors balance of every year.

(vi) Capitalized retained earnings Rs. 400,000 and right issues are caused to change the stated ordinary share capital.

(vii) Paid income tax Rs. 600,000 during the current year.

(viii) Paid interim dividend Rs. 500,000 during the year.

Required

The cash flow statement of Kavindu PLC for the year ending 31.03.2017 according to LKAS 07.

(Cash flow statements) **(15 marks)**

❊❊❊

Second Term Test - Answer Paper

Accounting - Grade 13

Part I

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

31 1. Financial Accounting
2. Managerial "
3. ~~managerial~~ "
4. Financial "

32 1. Income
2. Expenses
3. Capital /Extra Capital
4. drawings

33 1. going concern
2. realization
4. matching
5. accrual.

34 1. Assets
2. expenses
3. Equity
4. liabilities

35 a.) 120 000
b) 18 000

36 a) C & D
b) a ~~to~~ debit balance 75 000

(37) Rs. 150 000

(38) (a) i. Rs. 54 000
ii. Rs. 504 000
(b) Rs. 296 000

(39) A – false
B – True
C – True
D – false.

(40) 1. general purpose financial statements
2. special purpose " "

(41) (1) Sri Lanka Accounting standard committee
(2) Sri Lanka Auditing standard committee.

(42) (1) (a) Rs. 20 000
(b) Rs. 180 000
(2) Rs. 300 000

(43)

	operational	investing	financing
A	✓		
B	✓		
C		✓	
D			✓

(44) 600 units

(45) 1600 units

(46) 1600 units

(47) Material requisition Note (MRN)

(48) 1. Paying Salary on the basis of time
2. " " on the basis of produced units.

(49) 1. Rs. 270 000
2. Rs. 21 24 000

(50) (a) Rs. 92 000
(b) Rs. 4 000

Accounting II - Answer script.

2018 - 2nd Term Test.

(01) Migara PLC
Profit or Loss and comprehensive income statement for the year ending 31.03.2017 Rs'000 (01)

sales		10200	01
cost of sales		(4200)	01
gross profit		6000	
Distribution cost		(1345)	01
Administration cost		(2355)	06
other expenses		(300)	02
Financial cost		(120)	01
Profit befor tax	01	1880	
Incom tax for the year	02	(460)	02
Profit for the year	01	1420	
other comprehensive income			
Land revaluation loss		(500)	01
Total Comprehensive income	01	920	

Note 01
- Profit before tax has been kalculated after deducting following expenses.

	Rs'000
lease interest	480
stock loss	50
EPF	150
ETF	30
Depreciation of PPE	700
Land revaluation Loss	250

01 mark for (02)

20

Note 02

estimated tax	470 1
- tax over provision	(10) 1
	460

Migara PLC (01)
statement of Financial Position as at 31.03.2017 Rs'000

Non current Assets 03			
Property Plant & Equipment (01)			9750
Current Assets			
inventory	550	01	
Trade receivables	2505	01	
other current assets 04	225	01	
Prepaid tax	160	01	
cash & cash equivalent	610		4050
			13800
Total Assets.			
Equity & Liabilities			
stated capital - Ordinary shares			7800
revaluation reserve	200		
retained earnings	3920		4120
Non current liabilities			
lease creditors			810 01
current liabilities			
lease creditors	360	01	
Accrued EPF	250	01	
Accrued ETF	30	01	
Other current liabilities 05	430	01	1070
Total Equity & liabilities			13800

12+5

17

Note 04
other current assets.
Prepaid rent 225

Note 05
other current liabilities
VAT 430

Migara PLC
statement of Equity chages
for the year ending 31.03.2017 Rs'000

	ordinary share capital	revaluation surplus	retained earnings	Total
b/b/f	6000	700	2500	9200
right issues	1800 (01)	-	-	1800
Total Comprehensive income	-	(500) (01)	1420 (01)	920
	7800	200	3920	11920

03

Note 03 :- Property Plant & Equipment . Rs '000

	Land	buildings	Office equipment	Motor vecles	Total
b/b/f 04.01	6000	3000	1000	-	10 000
additions	-	(01)	-	2000 (01)	2000
revaluation loss	(500)	(250)	-	-	(750)
Accu. Dep. revaluation	-	(750)	-	-	(750)
b/c/f 03.31	5500	2000	1000	2000	10500
b/b/f 04.01	- (01)	600	200	-	800
additions	-	150	50	500	700
Accu. Dep. revaluation	-	(750)	(02)	-	(750)
b/c/F 03.31	-	~~1300~~	250	500	750
Carrying amount	5500	2000	750	1500	9750

(05)

Pre work

distribution expenses

Motor vehicle Dep.	500
distribution Ex	845
	1345

Administration expenses

building Dep.	150
Office equip Dep	50
rent	75
Salary	100
EPF	150
ETF	30
Admin. Ex.	1800
	2355

other ex.

Stock loss	50
Building rev. loss	250
	300

financial Ex.

lease interest 120

Cost of Sales

Opening stock	400
Perchases	4400
	4800
- closing stock	(600)
	4200

(01) - 20 + 03 + 17 = $\boxed{\frac{40}{40}}$

(02) The statement of correction of the net profit as at 31.03.2017

Drafted Net profit	504
Sales not recorded in accounts	10
~~Purcha~~ less amount of purchases	(9)
Partnership salaries	150
Motor vehicle repair	50
Motor vehicle depreciation	45 (5)
loan interest	(20)
Corrected Net profit	680

01

Ranga & Suranga Partnership
Income Statement for the year ended 31.03.2017

Profit for the year		01 680
interest on Capital Ranga	50	
Suranga	30	01 (80)
Salaries - Ranga	150	
Suranga	150	01 (300)
Profit shares - Ranga	180	
Suranga	01 120	(300)

(04)

Capital Account

	Ranga	Suranga	Viranga		Ranga	Suranga	Viranga
Goodwill	90	60 01		b/b/f	500	300	200
Current Acc - V	-	-	25 01	Goodwill	75	50	25
loan Acc - V	-	-	01 200			01	
b/c/f 01	485	290	-				
	575	350	225		575	350	225
				b/b/f	485	290	-

(05)

Current Acc.

	Ranga	Suranga	Viranga		Ranga	Suranga	Viranga
b/b/f	–	–	25	b/b/f	100	50	–
Salary	100	50	–	Capital Acc. Viranga	–	–	25
b/c/f	380	300	–	Capital interest	50	30	–
				Salary	150	150	–
				Profit shares	180	120	–
	480	350	25		480	350	25
				b/b/f	380	300	–

Analysis sheet of overhead cost.

description.	basis		Total overhead cost	Production assembly	Production finishing	Store
indirect material	direct		240	152	61	27
indirect salary	direct		230	130	90	10
rent - store	direct		40	–	–	40
electricity	kilo watt hours	4:7:1	120	40	70	10
building maintainance	floor area	5:3:2	100	50	30	20
building insurance	building cost	7:5:3	300	140	100	60
machinery depreciation	machinery cost	2:3	50	20	30	–
machinery insurance	" "	2:3	200	80	120	–
employees insurance	NO. of employees	6:3:1	130	78	39	13
			1410	690	540	180
re apportionment	material requisition notes	5:4		100	80	(180)
Total overhead cost			1410	790	620	

20

	(1)	(2)	(3)	Total
2 a)	06	04	10	20
b)	–	–	20	20
				40

(03)

Rs '000

Transaction NO.	Assets				Liabilities		Equity	
	PPE	Stock	Trade receivables	bank	Non current liabilities	current liabilities		
1	1100			500			1600	02
2	100	200		(300)				02
3		(100)	150				50	01
4		150				150		01
5			(60)	54			(6)	02
6		6	(9)				(3)	03
7				(70)		(75)	5	01
8	2400				2400			02
9				(5)			(5)	01
10		(50)		75			25	01
11			10	(9)			1	03
12				5		5		02
balance	3600	206	91	250	2400	80	1667	

21

Darshana Furniture
Income statement for the year ended 30.04.2017

sales		225	01
return in ward		(9)	01
		216	
purchases	350		
closing stock	(200)	(150)	01
cost of sales		66	
gross profit		5	01
Discount received		71	
PPE Depreciation	20	01	
Discount allowed	5	01	
bad and doubtful debts	10	01	
bank loan interest	2	01 (37)	
Net profit		01 34	

09

(03) 21 + 09 = $\boxed{30}$

(04) ① (a)

debtors control Acc

Sales	245000	Discount allowed	6500
dishonoured cheque	6000	return inwards	25000
Cancelled discounts	500	Cash	174000
		b/c/f	46000
	251500		251500

01 mark for 2 items (03) /03

② General Journal

① Debtors control Acc	1000	02
Sales Acc		1000
(- - -)		
② debtor control Acc	900	02
Suspense Acc		900
(- - -)		
③ bad debts Acc.	8000	02
debtors control Acc.		8000
(- - -)		
④ return inwards Acc	5000	02
debtors control Acc.		5000
(- - -)		

/08

③ Reconciliation Statement

balance of the adjusted con. Acc.	34900	03
+ omission of the credit balance	500	02
" of a credit note	5000	02
	40400	
- dishonoured cheques	(2500)	02
The balance of the balances list	37900	

/09

Prework Adjusted debtors control Acc.

b/b/f	46000	bad debts	8000
sales	1000	return inwards	5000
discount allowed	900	b/c/f	34900
	47900		47900

(b) (i)

Lak Tiles PLC
statement of Production cost
for the year ending 30.06.2017.

Purchasing raw material		230 000	02
- 2017.06.30 row material		(38 000)	02
used row material on cost		192 000	
direct labour cost	120000		
direct other cost	72000	192000	
Prime cost		384000	
+ production overhead cost		96 000	
Production cost		480 000	01

/07

Pre workings

- purchasing raw materials
  8000 kg × 5 × 20 = 200 000
  2000 kg × 15 = 30 000
  230 000
- raw materials as at 30.06.17
  4000 kg × 20 = 8000
  2000 kg × 15 = 30000
  38 000
- Direct other expenses
  800 × 6 × 15 = 72000
- Direct labour cost
  800 × 6 × 25 = 120 000

④ 3 + 8 + 9 + 7 + 3 = $\boxed{30}$

(ii) cost of finished goods as at 30.06.2017 = Rs 60 000 /03

Prework units produced 4800
- sales units (4200)
600 × 100

Prework
$\frac{480\,000}{4800} = 100$

(5) (a) i) Amount of sales $= \frac{720^{01}}{60^{01}} \times 100 = 1200$

(ii) Net profit ratio $= \frac{180^{01}}{1200_{01}} \times 100 = 15\%$

(iii) Total Assets $= \frac{1200^{01}}{0.5_{01}} = 2400$

(iv) Interest coverage ratio $= \frac{180+60+40^{01}}{40_{01}} = 7$ times

(v) return on equity ratio $= \frac{180^{01}}{1700+100_{01}} \times 100 = 10\%$

• only the answer give marks. 10

(b)

Salary sheet

Serial No.	Emp No	Name	earnings			deductions			Total deductions	Net Pay	15% employer contri.	3% employer contribution
			basic	O.T.	Gross Salary	EPF 10%	welfare	loan instalment				
1		Aruni	7200	750 01	7950	720	200	–	920	7030	1080	216
2		Waruni	6400	02 1200	7600	640	200	–	840	6760	960	192
3		Hiruni	7200	1700	01 8900	720	200	1500	2420	6480	1080	216
4		Theruni	4200	–	4200	420	200	–	620	3580	630	126
			20800	3650	24450	2080	800	1500	4380	20070	3120	624
						01	01			01	01	01

for received amounts 09

Salary control Acc.

Accrued EPF 01	2080	Salary Acc	24450
welfare	800 01		
loan installement	1500 01		
Cash	20070 01		
	24450		24450

Accrued ETF Acc

Cash Acc.	500 01	b/b/f	500
b/c/f	624 01	ETF Expenses 01	624
	1124		1124

11

Accrued EPF Acc.

Cash Acc	5000 01	b/b/f	5000
b/c/f	5200 01	Salary control	2080 01
		EPF expenses	3120 01
	10200		10200

05

Total = 10 + 9 + 11

[30]

(06) (a) (1) The Accumulated fund As At 01.04.2016 = Rs. 788 300 (03)

Preworking :- sports equipments 120 000
Pavilion - - 250 000
Play ground 400 000
accrued subscription fee 8 000
food stock - - 32 000
cash - - - 55 000 835000
− subscription fee received in advance (4200)
Accumulated Dep - sports equip. (30000)
− Pavilion (12500)
Accumulated fund - - . 788 300
01 mark for corrected 3 items (03)

(2)

subscription fee Acc.

b/b/f	8000 01	b/b/f	4200 01
Income statement	56400	life membership	12000
		written off	3600 01
		cash	46000 01
	64400		64400

(05)

(3) Profit of the canteen Rs. 22000 (03)

Prework canteen I/S. Rs'000

Income of canteen		100
opening stock	2	
+ Purchases	48	
- closing stock	(8) 1	
cost of sales		(42)
gross profit		58
- canteen expenses		(36)
Net profit of the canteen		22

1 mark for other corrected items maximum 2

(4) minimum stock level = 300kg

600 − (100 × 3) (02)
1 1

(b) (1) Shakthi sports club
Income statement for the year ended 31.03.2017

subscription fees		56400 01
profit of the canteen	01	22000
donations		20000 01
rent income - playground		150 000
		248 400
(−) write off subs fee.	3600 01	
dep. of office equip	35000 02	
Stationary	12000 01	
dep. of pavilion	12500 01	
Playground maintenance	12000	
Sports expenses	12000	
		(87100)
surplus	01	161300

(09)

(2) (1). EOQ = 300 kg (03)

$\sqrt{\frac{2 \times 36000 \times 10}{8}}$ 1

(2) re order level = 600 kg (02)

150 × 4
1 1

(10) (3) maximum stock level = 800 kg (03)

600 + 300 − (50 × 2)
1 1

(6) 3 + 5 + 3
9 + 10 = $\boxed{30}$

(07) Kavindu PLC cash flow Statement for the year ending 31.03.2017 Rs '000

Profit before Tax		4350 04
+ depreciation	900 01	
loan interest	100 01	
− Motor vehicle loss	(200) 01	
doubtful debts over provision	(80) 02	720
Operating cost before adjusting working capital		5070
increasing stock	(200) 01	
decreasing trade receivables	800 02	
increasing trade payables	50 01	650
received cashflows from operating activities after working capital		5720
− Paid loan interest	(50) 01	
tax Paid	(600) 01	(650)
Net cash flows generated from operating activities		01 5070
investment activities		
Constructing buildings	(8000) 01	
Purchasing motor vehicle	(4000) 02	
Sales of motor vehicle	2200 01	
Net cash flow ~~generated~~ invested from investment activities		01 (9800)
Financial activities		
right issues	4000 01	
obtained bank loans	2000 02	
settled bank loans	(400) 01	
Paid devidends	(500) 01	
Net cash flow generated from financial activities		01 5100
Net increasing of cash & cash equivalents		01 370
Cash and cash equivalents as at 01.04.2016		200 01
cash and cash equivalents as at 31.03.2017		570

Pre workings

retained earnings

for reserves	500 1	b/b/f	3500
Capitalize reserves	400 1	Profit for period	3900
Dividend	500 1		
b/c/f	6000		
	7400		7400

Profit for the period 3900

+ tax 450 1

Profit before tax 4350

30