

AL/2020/33/E-I(NEW)

සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved]

නව නිර්දේශය/புதிய பாடத்திட்டம்/New Syllabus

ඉංග්‍රීසි විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව  
 இலங்கைப் பரீட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம்  
 Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka  
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අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2020  
 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2020  
 General Certificate of Education (Adv. Level) Examination, 2020

ගිණුම්කරණය I  
 கணக்கீடு I  
 Accounting I

33 E I

පැය දෙකයි  
 இரண்டு மணித்தியாலம்  
 Two hours

**Instructions:**

- \* Answer all questions.
- \* Select the correct answers for questions No. 1-30 and write its number on the dotted line.
- \* Write short answers for questions No. 31-50 on the dotted lines.
- \* Each question carries equal marks.
- \* Write your Index Number in the space provided above.
- \* Use of non-programmable calculators is allowed.

Index No. : .....

**For Examiner's Use Only**

	Signature	Code No.	For paper I	
			Q. Nos.	Marks
1 <sup>st</sup> Examiner			01 - 30	
2 <sup>nd</sup> Examiner			31 - 50	
Addl. Chief			TOTAL	
E.M.F.				
Chief				

1. What is the main purpose of financial accounting of a firm?

- (1) Recording and reporting of transactions in compliance with legal requirements.
- (2) Preparation of the general-purpose financial statements in compliance with accounting standards.
- (3) Provision of information for the annual external audit through the financial statements.
- (4) Provision of information for decision making of the stakeholders.
- (5) Provision of financial information for decision making of the managers. (.....)

● Use the following information to answer questions no. 2, 3, 4 and 5.

Nuwan opened a stationery trading shop on 01.01.2020. His brother, Sujith is the sole employee of this business. The following transactions took place during the month of January 2020.

No.	Transaction	Amount (Rs.' 000)
1	Invested cash by Nuwan to commence the business	300
2	Purchased stationery on cash	200
3	Purchased stationery on credit	550
4	Returned a part of stationery purchased on credit due to defects	50
5	Sold stationery on credit - This includes Rs. 64 000 Valued Added Tax (VAT)	864
6	Paid the salary to Sujith	40

The cost of stationery sold during the month was Rs. 500 000. The electricity charges payable by the business as at 31.01.2020 was Rs. 30 000. Assume that there is no VAT on purchases and other expenses.

2. The order of source documents used to record the transaction Nos. 2, 3, 4 and 5:

- (1) Invoice, Goods Received Note, Debit Note, Invoice
- (2) Invoice, Goods Received Note, Credit Note, Invoice
- (3) Payment Voucher, Invoice, Debit Note, Invoice
- (4) Payment Voucher, Invoice, Credit Note, Invoice
- (5) Payment Voucher, Invoice, Credit Note, Journal Voucher (.....)

3. What is the accounting equation that reflects the net effect of transaction Nos. 1, 2, 3 and 4 ?

	Assets (Rs.' 000) =	Liabilities (Rs.' 000) +	Equity (Rs.' 000)
(1)	+ 800	+ 550	+ 250
(2)	+ 800	+ 500	+ 300
(3)	+ 850	+ 550	+ 300
(4)	+ 1 000	+ 700	+ 300
(5)	+ 1 000	+ 750	+ 250

(.....)

4. If this business maintains a debtors control account, what is the correct double entry to record the transaction No. 5 ?

	Dr. (Rs.' 000)	Cr. (Rs.' 000)
(1) Debtors Control Account	800	
Sales Account		800
(2) Debtors Control Account	864	
Sales Account		864
(3) Debtors Control Account	800	
VAT Expense Account	64	
Sales Account		864
(4) Debtors Control Account	864	
Sales Account		800
VAT Control Account		64
(5) Debtors Control Account	800	
VAT Expense Account	64	
Sales Account		800
VAT Control Account		64

(.....)

5. What is the gross profit and net profit of the business for the month ending 31.01.2020?

	Gross Profit (Rs.' 000)	Net Profit (Rs.' 000)
(1)	300	230
(2)	300	260
(3)	300	270
(4)	364	294
(5)	364	324

(.....)

● Use the following information to answer questions no. 6 and 7.

A business carries out all its cash transactions through a bank current account. There was no difference in the closing balance of the cash account and the bank statement of the month of February 2020 of this business. However, the cash account balance of Rs. 500 000 as at 31.03.2020 did not agree with the bank statement balance on this date. The bank statement for the month of March was received on 03.04.2020 and the following were revealed when it was examined.

A - A cheque of Rs. 100 000 deposited on 29.03.2020 has not been realized.

B - The loan installment of month of March paid on a standing order was Rs. 30 000.

(This includes an interest expense of Rs. 12 000.)

C - A cheque of Rs. 80 000 deposited in the bank on 30.03.2020 has been dishonoured on 31.03.2020.

D - An investment income of Rs. 120 000 has been credited directly to the bank account.

Direct remittances, standing order payments and dishonoured cheques are recorded in the books only after the receipt of the bank statement.

Above items 'A' and 'C' denote the cheques received from two debtors of the business to settle their outstanding balances.

6. The revised balance of the cash account and the balance of the bank statement as at 31.03.2020:

	Revised Balance of Cash Account (Rs.' 000)	Bank Statement Balance (Rs.' 000)	
(1)	410	510	
(2)	510	410	
(3)	510	510	
(4)	590	410	
(5)	590	510	(.....)

7. What is the net effect of items A, B, C and D on the profit for the month of March 2020 and the debtors control account balance as at 31.03.2020?

	Increase in Profit (Rs.' 000)	Increase/(Decrease) in Debtors Control Account Balance (Rs.' 000)	
(1)	90	(100)	
(2)	90	(20)	
(3)	108	(20)	
(4)	108	80	
(5)	120	80	(.....)

8. Which of the following statement/s is/are correct in relation to the application of accounting concepts?

A - The basis for recognition of debtors and creditors is provided by the accrual concept.

B - The basis for measuring inventories at lower of cost and net realizable value is provided by the matching concept.

C - The basis for classification of assets and liabilities as current and non-current in the Statement of Financial Position is provided by the going concern concept.

(1) A only.

(2) B only.

(3) C only.

(4) A and C only.

(5) All A, B and C.

(.....)

9. Which of the following accounting treatment/s reflect the application of substance over form concept ?

A - Recognition of income tax payable by an entity as a liability.

B - Recognition of a 'right-of-use asset' as an asset in the financial statements of a lessee.

C - Recognition of a constructive obligation of an entity as its liability.

(1) A only.

(2) B only.

(3) C only.

(4) B and C only.

(5) All A, B and C.

(.....)

10. Namal Traders commenced its operations on 01.04.2020. The following information is provided for the month of April 2020.

Total of prime entry books :	Rs.' 000	Other information :	Rs.' 000
Sales journal	220	Cost of sales	110
Purchase journal	200	Operating expenses (excluding discounts)	60
Sales return journal	20	Trade discounts received	20
Purchase return journal	10	Trade discounts allowed	8
		Cash discounts received	5
		Cash discounts allowed	10

The total income and total expenses recognized for the month of April 2020:

	Total Income (Rs.' 000)	Total Expenses (Rs.' 000)	
(1)	200	170	
(2)	205	170	
(3)	205	180	
(4)	220	180	
(5)	225	188	(.....)

11. Madhu commenced a business on 01.04.2020 to manufacture face masks. It is expected to manufacture 12 000 face masks during the year ending 31.03.2021. The budgeted manufacturing overheads for this year are Rs. 360 000.

The following actual costs were incurred during the month of April 2020.

Fabric cost (per unit)	Rs. 60
Direct processing cost (per unit)	Rs. 20
Manufacturing overheads	Rs. 30 000
Non-manufacturing overheads	Rs. 20 000

During the month of April, 1 000 units were manufactured and 800 units were sold for Rs. 150 per unit.

The profit for the month of April 2020 and the cost of finished goods inventory as at 30.04.2020:

	Profit for the month (Rs.)	Cost of Inventory (Rs.)	
(1)	6 000	16 000	
(2)	6 000	22 000	
(3)	12 000	16 000	
(4)	12 000	22 000	
(5)	16 000	26 000	(.....)

12. An entity reported a profit of Rs. 150 000 for the year ending 31.03.2020. However, in a subsequent investigation, the following errors were revealed in the accounting books.

- The total credit sales of Rs. 650 000 for the month of March 2020 has been recorded as Rs. 560 000 in the sales account and the debtors control account.
- A cash discount of Rs. 20 000 allowed to a trade debtor has been posted only in the debtors control account.
- An interest income of Rs. 25 000 received from a bank deposit has been credited to interest expenses account. However, this amount has been correctly recorded in the cash account.
- The depreciation on motor vehicles for the year Rs. 30 000 has not yet been provided.

What is the correct profit for the year ending 31.03.2020 after correcting the above errors ?

- |                 |                 |                 |         |
|-----------------|-----------------|-----------------|---------|
| (1) Rs. 165 000 | (2) Rs. 190 000 | (3) Rs. 210 000 |         |
| (4) Rs. 215 000 | (5) Rs. 235 000 |                 | (.....) |

13. The information of a sports club for the year ending 31.03.2020 is as follows.

	Rs.
• Subscription income recognized for the year	300 000
• Previous year subscription in arrears written off during the year	50 000
• Donation received to purchase sports equipment (of which Rs. 100 000 was used to purchase sports equipment on 31.03.2020)	500 000
• The balance amount received during the year from hiring the playground. (An advance of Rs. 150 000 was received on 30.03.2019 in this respect.)	100 000

The policy of the sports club is to recognize only the utilized amount of donations as income for the year.

The increase in the accumulated fund balance of the sports club as at 31.03.2020 due to above items:

- |                 |                 |                 |         |
|-----------------|-----------------|-----------------|---------|
| (1) Rs. 350 000 | (2) Rs. 450 000 | (3) Rs. 500 000 |         |
| (4) Rs. 600 000 | (5) Rs. 900 000 |                 | (.....) |

14. Which of the following statements are correct in relation to partnerships?

- A - The partnerships should not follow accounting standards when preparing the financial statements.
- B - The salaries paid to partners when they contribute to the management of the business as partners are treated as expenses of the partnership.
- C - In a written agreement, the partners can agree to share profits and losses based on their capital contribution ratio.
- D - When there is a change in the ownership of a partnership, its goodwill is estimated.

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

● Use the following information to answer questions no. 15 and 16.

The conditions of the partnership carried out by Meena and Radha are as follows:

- The profit or loss sharing ratio between Meena and Radha is 3 : 2 respectively.
- Meena and Radha are entitled to an annual salary of Rs. 450 000 and Rs. 350 000 respectively.

**Other Information:**

Credit balances of current accounts:

	As at 31.03.2020 (Rs.' 000)	As at 31.03.2019 (Rs.' 000)
Meena	600	250
Radha	480	200

Salaries paid and goods drawn during the year ending 31.03.2020 :

	Meena (Rs.' 000)	Radha (Rs.' 000)
Salaries	300	200
Goods drawn	100	120

An annual interest of Rs. 50 000 payable to Radha for a loan given to the partnership has been credited to her current account.

15. The profit of the partnership for the year ending 31.03.2020 :

- (1) Rs. 500 000 (2) Rs. 850 000 (3) Rs. 1 250 000  
 (4) Rs. 1 300 000 (5) Rs. 1 350 000 (.....)

16. The total profit appropriated to Radha for the year ending 31.03.2020 :

- (1) Rs. 200 000 (2) Rs. 250 000 (3) Rs. 280 000  
 (4) Rs. 550 000 (5) Rs. 600 000 (.....)

17. Which of the following statement/s is/are correct as per LKAS 16 (Property, Plant and Equipment) ?

- A - Depreciation amount for the period should always be recognized in profit or loss.
- B - An item of property, plant and equipment should be measured at cost at the initial recognition.
- C - The surplus resulting on the revaluation of an asset in the current year should be recognized in other comprehensive income in the absence of a previous revaluation deficit for the same asset.

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

18. The financial statements of Ajith PLC for the year ending 31.03.2020 were authorized for issue by the directors on 15.06.2020. The following events had taken place in the company during the period 31.03.2020 to 15.06.2020.

A - A machine with a carrying amount of Rs. 5 million as at 31.03.2020 was completely destroyed due to fire on 15.04.2020.

B - A trade debtor who owed Rs. 800 000 as at 31.03.2020 was declared bankrupt by the court on 10.05.2020.

C - A public issue of Rs. 10 million shares was made on 10.06.2020.

Which of the above should be considered as **non-adjusting** event/s of the company for the year ending 31.03.2020 as per LKAS 10 (Events after the Reporting Period) ?

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

19. Which of the following item/s should be classified as cash flows arising from the financing activities of a manufacturing business as per LKAS 7 (Statement of Cash Flows) ?

A - Cash received for dividends on the ordinary shares purchased in other entities.

B - Cash paid to purchase debentures of other entities.

C - Cash paid for the settlement of a lease liability.

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

20. Sumudu PLC purchased a machine on 01.01.2020 for Rs. 2 500 000 to use in manufacturing activities. The following costs were also incurred by the company in this respect.

	Rs.' 000
Site preparation cost	200
Installation cost	350
Annual premium for fire insurance	275
Cost of the initial test run	250

The net proceeds from the sale of items produced in the initial test run was Rs. 50 000.

What is the cost of this machine at recognition as per LKAS 16 (Property, Plant and Equipment)?

- (1) Rs. 3 050 000 (2) Rs. 3 250 000 (3) Rs. 3 300 000  
(4) Rs. 3 525 000 (5) Rs. 3 575 000 (.....)

21. Suranga PLC purchased a machine for Rs. 8 000 000 on 01.04.2017 and its estimated useful life and residual value were 8 years and Rs. 1 600 000 respectively. The useful life and the residual value of the asset were re-estimated on 01.04.2019. According to the new estimates, the remaining useful life and the residual value are 4 years and Rs. 1 000 000 respectively.

What is the depreciation of the machine for the year ending 31.03.2020 as per LKAS 16 (Property, Plant and Equipment)?

- (1) Rs. 900 000 (2) Rs. 1 166 777 (3) Rs. 1 350 000  
(4) Rs. 1 600 000 (5) Rs. 1 750 000 (.....)

22. Gamage PLC sells products with one-year warranty period. The provision for warranty as at 01.04.2019 was Rs. 525 000. The 'warranty expenses paid' and the 'warranty expenses recognized' for the year ending 31.03.2020 were Rs. 375 000 and Rs. 650 000 respectively.

What is the provision for warranty to be recognized in the Statement of Financial Position as at 31.03.2020 as per LKAS 37 (Provisions, Contingent Liabilities and Contingent Assets)?

- (1) Rs. 150 000 (2) Rs. 275 000 (3) Rs. 650 000  
(4) Rs. 800 000 (5) Rs. 1 175 000 (.....)

23. The profit and other comprehensive income for the year ending 31.03.2020 of Damitha PLC were Rs. 1 500 000 and Rs. 800 000 respectively. The other comprehensive income represents the surplus of Rs. 800 000 resulted from the revaluation of land and buildings for the second time during the current year. The revaluation of land and buildings for the first time on 31.03.2016 had resulted a deficit of Rs. 350 000.

The correct profit and total comprehensive income for the year ending 31.03.2020:

	Profit for the year (Rs.' 000)	Total Comprehensive Income (Rs.' 000)	
(1)	1 150	1 950	
(2)	1 500	1 950	
(3)	1 500	2 300	
(4)	1 850	1 950	
(5)	1 850	2 300	(.....)

- Use the following information to answer questions no. 24 and 25.

The following information is provided by Kavinga PLC for the year ending 31.03.2020.

	Rs.' 000
Sales	7 000
Cost of sales	4 200
Finished goods inventory as at 01.04.2019	800
Finished goods inventory as at 31.03.2020	600
Operating expenses	1 200
Interest expenses	320
Tax expense	400

The number of ordinary shares in issue was 400 000 and the equity of the business was Rs. 4 400 000 as at 31.03.2020.

24. The inventory turnover ratio and the interest cover ratio of the company:

	Inventory Turnover Ratio (Times)	Interest Cover Ratio (Times)	
(1)	6	4	
(2)	6	5	
(3)	6	5.6	
(4)	7	4	
(5)	7	5	(.....)

25. The return on equity ratio and earnings per share of the company:

	Return on Equity Ratio (%)	Earnings per Share (Rs.)	
(1)	5	2.20	
(2)	5	3.20	
(3)	20	2.20	
(4)	20	3.20	
(5)	20	4.00	(.....)

26. The following information relates to a product manufactured by a company.

	Cost per unit (Rs.)
Total cost	250
Direct cost	60
Non-production overheads	100

All direct costs are variable costs. Further, 50% of production overheads and 25% of non-production overheads are variable costs.

The cost of production per unit and variable cost per unit of this product:

	Cost of production per unit (Rs.)	Total variable cost per unit (Rs.)	
(1)	105	120	
(2)	105	130	
(3)	150	105	
(4)	150	120	
(5)	150	130	(.....)





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

31. State whether the following statements as to the general-purpose financial statements prepared by a business are **True (T)** or **False (F)** .

Statement	True/False
A - These statements are prepared in compliance with accounting standards.	.....
B - These statements are prepared primarily for the use of resource providers of the business.	.....
C - These statements provide information relating to a past period of the business.	.....
D - These statements provide information of the business measured only at historical cost basis.	.....

32: The following information has been extracted from the accounting records of a business.

	As at 31.03.2020 (Rs.' 000)	As at 31.03.2019 (Rs.' 000)
Assets	1700	1200
Liabilities	900	700

During the year ending 31.03.2020, the owner paid a loan installment of the business amounting to Rs. 120 000 from his personal funds. The owner obtains Rs. 90 000 from the business every year to pay the school fees of his children. He does not draw any other money from the business.

The following for the year ending 31.03.2020:

- (a) Profit : Rs. ....
- (b) Retained earnings : Rs. ....

33. Indicate the prime entry book used to record each of the following transactions of a motor vehicle trading company.

Transaction	Prime Entry Book
A - Purchase of motor vehicles on credit	.....
B - Purchase of a truck on credit to be used in the delivery of motor vehicles	.....
C - Sale of motor vehicles on credit	.....
D - Payment of sales commission	.....

34. Calculate the impact of the following transactions on the creditors control account balance and indicate whether the balance would **Increase (+)** or **Decrease (-)** in front of the value.

Transaction	Impact (Rs.' 000)
A - Purchase of goods with a list price of Rs. 100 000 on credit subject to a 10% trade discount.	.....
B - Payment of cash to settle a balance of Rs. 50 000 due to a creditor subject to a 5% cash discount.	.....

35. State **two** situations in which the historical cost concept is **not** followed when preparing the financial statements.

- (1) .....
- (2) .....

36. Write the journal entries to adjust the following two transactions in the preparation of financial statements of a business for the year ending 31.03.2020. (*Narration is not required*).

- A - Goods were sold on 31.03.2020 for an order of Rs. 180 000. This order was received in February 2020 with an advance of Rs. 60 000. The balance amount is yet to receive.
- B - An agreement was entered by paying Rs. 90 000 to conduct a sales promotion campaign for a three months period starting from 01.03.2020. It has been duly operated since 01.03.2020.

Transaction	Description	Dr. (Rs.'000)	Cr. (Rs.'000)
A			
B			

37. State the appropriate classification for following accounts maintained by a business in the general ledger.

Account	Classification
A - Bad debts	.....
B - Drawings	.....
C - Provision for gratuity	.....
D - Accumulated depreciation on office equipment	.....

38. Roshan and Hashan carry out a partnership namely; 'RH Associates' without a written agreement. Roshan and Hashan have invested Rs. 5 000 000 and Rs. 3 000 000 as capital respectively. Further, Roshan has also provided a loan of Rs. 2 000 000 to the business.

State whether the following statements are **True (T)** or **False (F)** as to this partnership.

	True/False
A - Roshan and Hashan are entitled to 5% interest on capital.	.....
B - An interest of 5% per annum should be payable on the loan provided by Roshan.	.....
C - Roshan and Hashan are not entitled to a salary as partners.	.....
D - Roshan and Hashan should share profits and losses in their capital ratio.	.....

39. State the reason for which the partners are entitled for each type of the following profit appropriations of a partnership.

Type of Appropriation	Reason
A - Interest on capital	.....
B - Salaries of partners	.....
C - Profit share	.....

40. State whether the following statements are **True (T)** or **False (F)** as per LKAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Statement	True/False
A - The changes in accounting estimates should be adjusted in financial statements prospectively.	.....
B - Accounting policy changes are always applied retrospectively.	.....
C - The change in the depreciation method of an asset is an accounting policy change.	.....
D - The change in the useful life of an asset is a change in an accounting estimate.	.....

41. Complete the following statements in accordance with the 'Conceptual Framework for Financial Reporting' introduced in year 2018.
- (a) Primary users of general-purpose financial statements are .....,  
..... and .....
- (b) An asset is defined as ..... controlled by the  
entity as a result of ..... events.

42. Sachin PLC entered into a lease agreement on 01.04.2019 to obtain the right-of-use of a machine for a period of 4 years. On this date, the initial measurement of the lease liability was Rs. 1 713 000. According to the lease agreement, the annual lease rental is Rs. 600 000 and the first installment was paid on 31.03.2020. The lease interest for the years ending 31.03.2020 and 31.03.2021 are Rs. 257 000 and Rs. 205 500 respectively. The lease liability presented in the Statement of Financial Position as at 31.03.2020 as per SLFRS 16 (Leases):
- (a) Current liability : Rs. ....
- (b) Non-current liability : Rs. ....

43. The following balances as at 01.04.2019 were extracted from the accounting records of Roshan PLC.

	<b>Rs.' 000</b>
Stated capital - ordinary shares	1 300
Retained earnings	1 600

During the year ending 31.03.2020, the company capitalized Rs. 800 000 retained earnings and also made a right issue of shares amounting to Rs. 400 000. All rights were subscribed by the existing shareholders. The profit for the year ending 31.03.2020 was Rs. 700 000 and the company paid an interim dividend of Rs. 300 000 during the year. The retained earnings is the only reserve maintained by the company.

State the following as at 31.03.2020:

- (a) Stated capital - ordinary shares : Rs. ....
- (b) Retained earnings : Rs. ....

44. State whether the following statements are **True (T)** or **False (F)** as per SLFRS 15 (Revenue from Contracts with Customers).

Statement	True/False
A - A contract with a customer could include several 'performance obligations'.	.....
B - Revenue and all other income of a business entity should be recognised in financial statements only as per this standard.	.....
C - An entity should recognise revenue on a contract only when each performance obligation in the contract is satisfied.	.....
D - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.	.....

45. The quick assets ratio of a company as at 31.03.2020 was 1.1 : 1. The current assets of the company include inventory of Rs. 250 000 and prepaid expenses of Rs. 50 000 in addition to other assets. On this day, the current liabilities were Rs. 500 000.

Calculate the following as at 31.03.2020:

- (a) Current Assets : Rs. ....
- (b) Current ratio : .....

46. State whether the following statements relating to management accounting reports prepared by an entity are **True (T)** or **False (F)**.

Statement	True/False
A - These reports are available for the use of all stakeholders of an entity.	.....
B - These reports provide present and future information required for management decision making.	.....
C - These reports are prepared annually on demand of managers.	.....
D - These reports are prepared based on the requirements of an entity.	.....

47. State the source document used to record each of the following activities of a manufacturing business.

Activity	Source Document
A - Request of material by the factory from the stores	.....
B - Receipt of material to the stores from a supplier	.....
C - Calculation of the time spent by a factory worker on a job	.....
D - Usage of electricity in the factory	.....

48. A company manufactures a product using a special type of raw material. To produce one unit of the product, 10 kgs of this raw material is required. The monthly production of the product varies from 50 to 75 units. The re-order quantity of this material is 5 000 kgs and its lead time varies from 2 to 4 months.

Indicate the following for this raw material.

Stock level	Quantity (kg)
A - Re-order level	.....
B - Maximum stock level	.....

49. A Welfare Society is organizing an awareness program on environment protection for people residing in flats. A media organization has agreed to pay the Welfare Society Rs. 2 000 for each person participating in this program. The Welfare Society has to incur a cost of Rs. 1 500 for each participant. The other estimated expenses are given below.

	Rs.
Hiring charges for the Conference Hall	45 000
Meal expenses of resource persons	9 000
Advertising expenses	6 000

Calculate the following.

- (a) Contribution per participant : Rs. ....
- (b) Fixed cost of the program : Rs. ....
- (c) No. of participants required to cover the total cost : .....

50. Alpha PLC is considering to acquire a new machine to diversify its business. The cost of this machine is estimated as Rs. 1 700 000 and its expected useful life and residual value are 5 years and Rs. 200 000 respectively. The Management Accountant of the company has evaluated the project and calculated its payback period as 2 years and 6 months. The net cash flow estimates of the project are as follows.

Year	Net Cash Flows (Rs.)
1	600 000
2	750 000
3	?
4	450 000
5	425 000

Indicate the following for the year three :

- (a) Net cash flow : Rs. .... (b) Profit : Rs. ....