



Department of Examinations - Sri Lanka
G.C.E. (A/L) Examination - 2018

33 - Accounting

Marking Scheme



This document has been prepared for the use of Marking Examiners. Some changes would be made according to the views presented at the Chief Examiners' meeting.

Amendments to be included



G.C.E. (A/L) Examination - August 2018

33 - Accounting

Part I

Question No.	Answer
1	3
2	3
3	4
4	2
5	2
6	2
7	5
8	5
9	2
10	4
11	3
12	4
13	4
14	4
15	3
16	2
17	3
18	3
19	4
20	1
21	3
22	3
23	5
24	3
25	2
26	2
27	1
28	5
29	5
30	5

(4 marks for each correct answer for questions 1-30, Total marks 120)

ව්‍යුහගත රචනා හා රචනා උත්තරපත්‍ර :

1. අපද්‍රව්‍යීකරුවන් විසින් උත්තරපත්‍රයේ නිශ්චිත තබා ඇති පිටු හරහා රේඛාවක් ඇඳ කපා හරින්න. වැරදි හෝ කුසලයුතු පිළිතුරු යටින් ඉරි අදින්න. ලකුණු දිය හැකි ස්ථානවල නව ලකුණු යෙදීමෙන් එය පෙන්වන්න.
2. ලකුණු සටහන් කිරීමේදී මිලර්ලන්ඩ් කඩදාසියේ දකුණු පස තීරය යොදා ගත යුතු වේ.
3. සෑම ප්‍රශ්නයකටම දෙන මුළු ලකුණු උත්තරපත්‍රයේ මුල් පිටුවේ ඇති අදාළ කොටුව තුළ ප්‍රශ්න අංකය ඉදිරියෙන් අංක දෙකකින් ලියා දක්වන්න. ප්‍රශ්න පත්‍රයේ දී ඇති උපදෙස් අනුව ප්‍රශ්න හෝ රා ගැනීම කළ යුතු වේ. සියලු ම උත්තර ලකුණු කර ලකුණු මුල් පිටුවේ සටහන් කරන්න. ප්‍රශ්න පත්‍රයේ දී ඇති උපදෙස්වලට පටහැනිව වැඩි ප්‍රශ්න ගණනකට පිළිතුරු ලියා ඇත්නම් අඩු ලකුණු සහිත පිළිතුරු කපා ඉවත් කරන්න.
4. පරීක්ෂාකාරීව මුළු ලකුණු ගණන එකතු කොට මුල් පිටුවේ නියමිත ස්ථානයේ ලියන්න. උත්තරපත්‍රයේ සෑම උත්තරයකටම දී ඇති ලකුණු ගණන උත්තරපත්‍රයේ පිටු පෙරළමින් නැවත එකතු කරන්න. එම ලකුණු මත විසින් මුල් පිටුවේ එකතුව ලෙස සටහන් කර ඇති මුළු ලකුණට සමාන දැයි නැවත පරීක්ෂා කර බලන්න.

ලකුණු ලැබියේද සකස් කිරීම :

මෙවර සියලු ම විෂයන්හි අවසාන ලකුණු ඇගයීම් මණ්ඩලය තුළදී ගණනය කරනු නොලැබේ. එබැවින් එක් එක් පත්‍රයට අදාළ අවසාන ලකුණු වෙත වෙනම ලකුණු ලැබියේදැයි ඇතුළත් කළ යුතු ය. I පත්‍රයට අදාළ ලකුණු ලකුණු ලැබියේදැයි "I වන පත්‍රය" තීරුවේ ඇතුළත් කර අතුරෙන් ද ලියන්න. අදාළ විෂයට ලකුණු ඇතුළත් කර "II වන පත්‍රය" තීරුවේ II පත්‍රයේ අවසාන ලකුණු ඇතුළත් කරන්න. 51 විත්‍ර විෂයයේ I, II හා III පත්‍රවලට අදාළ ලකුණු වෙත වෙනම ලකුණු ලැබියේදැයි ඇතුළත් කර අතුරෙන් ද ලියා යුතු වේ.

31. A - 3 (01)
 B - 2 (01)
 C - 4 (01)
 D - 1 (01)
32. A - 3 (01)
 B - 4 (02)
 C - 1 (01)
 D - 2 (01)
33. Transaction Price enter book
 1 Cash Receipt Journal (01)
 2 Purchase Journal (01)
 3 General Journal (01)
 4 General Journal (01)
34. Transaction Type of accounts
- | | Asset | Liability | Equity | Income | Expenses | |
|-----|------------|------------|------------|--------|------------|------|
| (1) | ✓
..... | | ✓
..... | | | (01) |
| (2) | | ✓
..... | | | ✓
..... | (01) |
| (3) | ✓
..... | | | | ✓
..... | (01) |
| (4) | | ✓
..... | | | ✓
..... | (01) |
35. (a) Rs.1 100 000 (02)
 (b.) Rs. 990 000 (02)
36. (a) Bad debts account Dr. 200
 Trade receivables control account Cr. 200 (02)
- (b) Doubtful debts / Profit or loss 20
 Allowance for doubtful debts / Provision for doubtful debts 20 (02)
37. (a) 28.01.2018 (1)
 (b) Rs. 350 000 (2)
 (c) Revenue recognition concept/ Realization concept (01)
38. A - D (02)
 B - I (01)
 C - I (01)
 D - NC (01)
39. (a) Rs. 240 000 (02)
 (b) Rs. 264 000 (02)

40. Current account - Bimal Dr. 8000 (04)
Current account - Anura Cr. 8000
41. (a) - රු. 1600 000 (02) (a) රු. 750 000 (02)
42. A - F (01)
B - T (01)
C - T (01)
D - F (01)
43. A - Statement of Profit or Loss and Other Comprehensive Income (01)
B - Statement of Changes in Equity / Statement of Financial Position (01)
C - Statement of Cash Flows (01)
D - Statement of Financial Position (01)
44. (a) 1. Purchase of property, plant and equipment (01)
2. Purchase of shares/ debentures (01)
3. Making Investments/ Opening fixed deposits
(b) 1. Debenture redemption (01)
2. Interim dividends paid (01)
3. Interest payments
4. Payment of lease instalments / Bank loan installments
45. Inventory turnover Current
Ratio Ratio
(a) I (01) I (01)
(b) D (01) D (01)
46. (a) 40 % (02)
(b) 12 % (02)
47. (a) Rs. 1 500 (01)
(b) Rs. 4 800 (02)
(c) Rs. 2 700 (01)
48. (a) 200 units (02)
(b) 50 times (02)
49. (a) Rs. 480 000 (02)
(b) Rs. 20 (01)
(c) 24 000 units (01)
50. (a) Rs. 360 000 (02)
(b) Rs. 60 000 (02)

33 - Accounting - Part II

Question 01

(1)

Hiruka PLC

Statement of Profit or Loss and other Comprehensive Income (01)
for the year ending 31.03.2018

	Note	Rs'000	
Sales		83 000	
Cost of sales		(41 100)	(02)
Gross profit	(01)	41 900	
Other income	1	3 250	(01)
Distribution cost		(9 680)	(03)
Administrative expenses		(7 850)	(02)
Finance cost		(1 650)	(03)
Profit before tax	2	25 970	
Profit for the period		(1 050)	(02)
		24 920	
<u>Other comprehensive income</u>			
Change in revaluation surplus		(5 000)	(01)
Total comprehensive income	(01)	19 920	

Note 01: Other income Rs' 000
Commission income 3 250

Note 02 : Profit before tax is computed after charging expenses including following

	Rs' 000
Inventory written off	400
E P F Expenses	450
E T F Expenses	90
Depreciation (1200 + 3800 + 1000)	6 000
Loss on land revaluation	1 000
Loss on disposal of motor vehicle	250
Provision for warranty	530
Directors' fees	1 500
Audit fees	610

(01 mark for any two items, maximum 02 marks)

(19 marks)

Note 03 :

Income Tax	Rs. 000	
Provision for the current year	4 150	(01)
Over provision for last year	(100)	(01)
	1 050	

(3)

Hiruka Plc

Statement of Financial Position as at 31.03.2018

01

	Notes	Rs' 000	Rs' 000
Non-Current assets			01
Property, plant and equipment	4		59 500
Current assets			
Inventory		10 100	01
Trade receivables		22 600	
Cash and cash equivalents		1 250	33 950
Total assets			93 450
Equity			
Stated capital			
Ordinary shares			35 000
Reserves			
Retained earnings			31 800
Non current liabilities			
Bank loan			10 220 01
Current liabilities			
Trade payables		12 500	01
Bank loan		1 780	01
Income tax payable		400	01
Other payables		1 750	03
Total equity and liabilities			93 450

(For other two items 01 mark - Maximum 02 marks)

Note 04 Property, plant and equipment

(Rs' 000)

	Land	Buildings	Motor vehicles	Office equipment	Total
Cost					
Balance as at 01.04.2017	25 500	24 000 01	19 000 01	10 000	8 500
Revaluation	(6 000) 01				(6 000)
Additions		4 000 01			4 000
Disposals			(2 500) 01		(2 500)
Balance as at 31.03.2018	19 500	28 000	16 500	16 000	74 000
Accumulated depreciation					
Balance as at 01.04.2017	-	6 800	1 450	1 000	9 250
Depreciation for the period	-	1 200	3 800	1 000	6 000
Disposals	-		(750) 01	02	(750)
Balance as at 31.03.2018	-	8 000	4 500	2 000	14 500
Carrying amount as at 31.03.2018	19 500	20 000	12 000	8 000	59 500

Note 05 -

Other payables

Payable EPF

Provision for warranty

Accrued administrative expenses

Rs' 000

750 01

750 01

250 01

1 750

(19 Marks)

(Total Marks 40)

Question No 1

1	2	3	Total
19	02	19	40

Question No 02

(a) (1)

Amal, Bimal and Chamal Partnership

Income Statement for the year ending 31.03.2018 (Rs.'000)

Sales		9 700	
Cost of sales		2 820	06
Gross profit		7 080	
Administrative and distribution Cost (2 350 - 700)	1 650	01	
Finance expenses (350 + 480)	830	01	(12 480)
Profit for the period		4 600	01
Interest on capital - Amal	1 000		
Bimal	600		
Chamal	400		
		12 000	01
Profit share - Amal	1 300		
Bimal	780		
Chamal	520		
		(2 800)	01

(11 marks)

Workings

Cost of sales for the year ended 31.03.2018

(Rs.' 000)

Inventory of raw materials as at 01.04.2017	800		
Raw material purchases	1400		
Inventory of raw materials as at 31.03.2018	(1 000)		
Cost of material consumed		1 000	02
Direct wages		700	
Prime cost		1 700	
Production overheads (300 + 20 + 700)		1 020	02
		2 720	
Working progress as at 01.04.2017	800		
Working progress as at 31.03.2018	(600)		
Total production cost		200	01
Finished goods as at 01.04.2017		2 920	
Finished goods as at 31.03.2018		1 200	
Cost of sales		(1 500)	01
		2 620	06

Question No.02

a (2)

Capital Account

(Rs' 000)

	Amal	Bimal	Chamal		Amal	Bimal	Chamal
Goodwill	5 000	-	2 000	Balance b/f	10 000	6 000	4 000
Cash		3 000		Current account - Bimal		2 380	
Loan account-Bimal		7 480		Goodwill	3 500	2 100	1 400
Balance c/d	8 500		3 400				
	13 500	10 480	5 400		13 500	10 480	5 400

Current Account

(Rs' 000)

	Amal	Bimal	Chamal		Amal	Bimal	Chamal
Salaries paid			100	Balance b/f	1 200	1 000	600
Capital account-Bimal		2 380		Interest on capital	1 000	800	400
				Profit share	1 300	780	520
				Loan interest	480		
Balance c/d	3 980		1 540	Manager's salary			120
	3 980	2 380	1 640		3 980	2 380	1 640

(07 marks)

(3)

Loan account - Bimal

Balance c/d	7 480	Capital account	7 480
	7 480		7 480

(02 marks)

(b) (1)

Overhead Analysis Sheet

(Rs' 000)

Item	Bases of apportionment	Total	Production divisions		Service division
			Processing	Bottling	
Stores rent	Direct	50			50
Stores electricity	Direct	30			30
Insurance - Cooling machine	Direct	20			20
Stores rate	Direct	30			30
Cooling machine depreciation	Direct	20			20
Factory rent	Floor area (2:3)	180	72	108	
Indirect wages	No. of indirect employees (2:3:3)	400	100	150	150
Factory electricity expenses	Kilowatt hours (3:2)	120	72	48	
Production machine insurance	Cost of production machinery (2:1)	90	60	30	
Factory rates	Floor area (2:3)	90	36	54	
Security service charges	No. of security personnel (1:1:4)	360	60	60	240
Production machine depreciation		60	40	20	
		1 450	440	470	540
Re-apportionment of service division overheads	Cost of machinery (2:1)		(01) 360	180	(540)
		1 450	800	650	

(01 mark for each two direct allocations, maximum 02 marks)

(01 mark for each two allocation bases, maximum 03 marks)

(01 mark for each two distributions, maximum 03 marks)

(10 marks)

(2) Overhead absorption rates - Processing Division, Rs.8 per machine hour

Bottling Division, Rs.10 per machine hour

(02)

(02)

(04 marks)

Workings

Processing Division

(01) 800

= Rs. 8

(01) 100

Bottling Division

(01) 650

= Rs. 10

(01) 65

(3) Cost of production per bottle of mango drink = Rs. 14 (03)

Workings				Rs.
Direct material				6.40
Direct labor				5.00
Overheads - Processing	$8 \times \frac{12}{60} =$	(01)		1.60
Bottling	$8 \times \frac{6}{60} =$	(01)		1.00
				<u>14.00</u>

(01)

(03 marks)

(4) Budgeted selling price per bottle of mango drink = Rs. 30 (03)

Workings				Rs.
Production cost		(01)		14
Non-production variable overheads				4
Non-production fixed overheads	$\frac{300}{50}$			6
Total production cost				24
Profit		(01)		6
Selling price				<u>30</u>
Selling price = $\frac{24}{80} \times 100 = \text{Rs. } 30$				(03)
(If any one answer is available, 01 mark)				

(03 marks)

Question No.2

	1	2	3	4	Total
a	11	07	02	-	20
b	10	04	03	03	20
					40

Question No. 03

(1)

Rs. 000

Transaction Number	Assets				Liability		Equity	
	Property, plant & equipment	Inventory	Trade receivables	Cash	Trade payables	Other payables	Capital	Retained earnings
1	+ 180			+ 600			+ 780	02
2		+ 300		- 300				01
3		- 100		+ 150				+ 50 02
4		- 150	+ 200					+ 50 02
5		+ 400			+ 400			01
6		- 300	+ 280					- 20 02
7			- 200	+ 200				01
8		- 150		+ 120				- 30 02
9				- 75				- 75 02
10				- 30		+10		- 40 02
11			- 280	+ 270				- 10 02
12				- 400	- 400			01

(20 marks)

(2)

Cash Receipts Journal

Rs. 000

Date	Cheque No.	Description	Discount Allowed	Amount	Analysis column		
					Cash sales	Receipt from debtors	Other
01/01	-	Capital introduced		600			600 01
07/01	4450	Cash sales		150	150	01	
15/01	6005	Cash receipts - Gamini		200		200 01	
18/01	2005	Cash sales		120	120	01	
29/01	3010	Cash receipts - Nimal	10 01	270		270 01	
31/01			10	1 340	270	470	600

(06 marks)

(3) Bank Reconciliation Statement for the month of January 2018 (Rs'000)

Balance as per bank statement	660	01
(+) Unrealized cheques	270	01
	930	
(-) Unpresented cheques	(400)	01
Balance as per cash account	530	01

(04 marks)

Question No. 03	1	2	3	Total
	20	06	04	30

Question 04

(1) Payroll for the month of March 2018

Employee name	Gross salary (Rs.)	Deductions (Rs.)		Total Deductions (Rs)	Net salary (Rs.)	Employer Contribution (Rs)	
		EPF	ETF			EPF	ETF
Jinadasa	70 000	5 600	1 400	7 000	63 000	8 400	2 100
Siripala	50 000	4 000	1 000	5 000	45 000	6 000	1 500
Sugath	30 000	2 400	600	3 000	27 000	3 600	900
Total	150 000	12 000	3 000	15 000	135 000	18 000	4 500

(At least there should be 4 additions, based on students' computation)

(2) Employee related total expenses

Gross salary	150 000
EPF Contribution	18 000
ETF Contribution	4 500
	<u>172 500</u>

(3) Purchase Journal for the month ended 31.03.2018

Date	Invoice No.	Supplier	(Rs.)
	15670	Nathan Publishers	650 000
	13209	Samanala Publishers	400 000
2018.03.31	Total		950 000

Cash Payment Journal for the month ended 31.03.2018

(Rs.)

Description	Discount received	Amount	Cash purchase	Payment to creditors	Expenses	Other payment
Payment to Nathan Publishers	25 000	475 000		475 000		
Cash purchases		100 000	100 000			
Payment to Samanala Publishers		300 000		300 000		
Cash purchases		150 000	150 000			
Salary payment		135 000			135 000	
Rent payment		72 000			72 000	
EPF payment		30 000				30 000
ETF payment		4 500				4 500
Payment to EWF		3 000				3 000
Total	25 000	1 288 500	250 000	775 000	207 000	37 500

(Except in the amount column, 01 mark for each two items, maximum 05 marks)

(07 marks)

(4) (i) Inventory of books Rs. 260 000 (02)

Workings	Rs.
Inventory as at 01.03.2018	150 000
Purchases	1 200 000
Return outwards	(5 000)
Cost of sales $\frac{1\,300\,000}{100} \times 80$	(1 040 000)
Inventory as at 31.03.2018	260 000

(For each two items 01 mark, maximum 02 marks)

(ii) Trade receivables Rs. 260 000 (02)

Workings			
Trade receivables			
Balance b/f	180 000	Cash	420 000
Sales	500 000	Balance c/d	260 000
	680 000		680 000

(01)

(01)

(iii) Trade payables Rs. 220 000 (03)

Workings			
Trade payables			
Return outwards	50 000	Balance b/f	120 000
Cash	775 000	Purchases	950 000
Discounts received	25 000		
	<u>220 000</u>		
Balance b/f	<u>1 070 000</u>		<u>1 070 000</u>

(iv) Other payables Rs. 37 500 (02)

Workings	
EPF (18 000 + 12 000)	30 000
ETF	4 500
Employee welfare fund	3 000
	<u>37 500</u>

(For 3 correct items 02 marks)

(For 2 correct items 01 mark)

(v) Prepaid expenses Rs. 60 000 (01)

Workings	
Rent paid	72 000
Rent for the month	01 (12 000)
Pre paid rent	<u>60 000</u>

(10 marks)

Question No. 04

1	2	3	4	Total
10	03	07	10	30

Question No. 05

(a) (1)

(Rs. '000)

Item	Year				
	0	1	2	3	4
1		+ 300	+ 300	+ 300	+ 300
2	+ 200	01	02		
3					+ 500 01
4	-1 200	01			
5		-200	-200	-200	-200

(07 marks)

(2) Revised Net Present Value (NPV) Rs. 257 000 (02)

Recommendation :- It is appropriate to accept the project as the revised NPV is positive. (01)

Workings

Year	0	1	2	3	4
Net cash flows	-1 000	+ 100	+ 100	+ 100	+ 600
Discount factor	1	0.91	0.83	0.75	0.68
Present value	-1 000	+91	+83	+75	+408

Present value of the items that had not been considered = Rs. 343 000

Revised NPV = 600 000 - 343 000 = 257 000

01

01

(03 marks)

(b) Cash Account for the year ending 31.12.2017

Rs. '000

Balance b/f	20●	Electricity	120●
Entrance fees	50 (01)	Refreshments	170●
Subscriptions	1 280 (01)	Stationery	200●
Fixed deposit	1 400 (01)	Maintenance	160●
Interest on fixed deposit	70 (01)	Building	1 000●
		Balance c/d	(01) 1 170
	2 820		2 820

(● 01 mark for each remaining two items, maximum 03 marks)

(08 marks)

(2)

Old Boys Association

Income Statement for the year ending 31.12.2017

(Rs. ' 000)

Income			
Entrance fee	50●		
Interest on fixed deposit	70●		
Subscriptions	1 600 (01)		
Expenses			
Electricity	100 (01)		
Refreshments	170●		1 720
Stationery expenses	240 (01)		
Maintenance expenses	160●		
Get together expenses	550 (01)		
Depreciation	450 (01)		1670
Surplus			(01) 60

(● For each of remaining two items 01 mark, maximum 02 marks)

(08 marks)

(3) Equity as at 31.12.2017

Description	Equity Items (Rs. '000)	
	Accumulated Fund	Building Construction Fund
Balance as at 01.01.2017	4 580	1 400
<u>Additions</u>		
Surplus	(01) 50	
From Building fund	(01) 1 400	
<u>Deduction</u>		(1 400) (01)
To Accumulated fund	(01) 6 030	
Balance as at 31.12.2017		

Question No. 05

	1	2	3	Total
a	07	03	-	10
b	08	08	04	20
				30

(04 marks)

Question No. - 06

(1)

Bowatta PLC

Statement of Cash Flows for the year ending 31.03.2018

(Rs. '000)

Cash flows from operating activities		
Profit before tax	6 000	01
Depreciation	1 250	01
Interest expenses	600	01
	7 850	
Increase in inventories	(880)	01
Decrease in trade receivables	1 000	01
Increase in trade payables	500	01
	8 470	
Cash generated from operating activities		
Interest paid	(200)	01
Income tax paid	(1 400)	02
Net cash flows generated from operating activities		01 6 870
Cash flows from investing activities		
Purchase of motor vehicles	(8 250)	02
Net cash used in investing activities		01 (8 250)
Cash flows from from financing activities		
Issue of shares	4 800	01
Dividend payments	(1 800)	01
Net cash generated from financing activities		01 3 000
Net increase in cash and cash equivalents		01 1 620
Cash and cash equivalents as at 01.04.2017:		
Cash and cash equivalents	2 200	
Bank overdraft	(1 400)	800 01
Cash and cash equivalents as at 31.03.2018:		
Cash and cash equivalents	5 020	
Bank overdraft	(2 600)	2 420 01

(20 marks)

Workings (Rs' 000)			
Property, plant and equipment account			
Balance b/f	19 000	Depreciation	1 250
Land revaluation	2 000		
Cash	8 250	Balance c/d	28 000
	29 250		29 250
Income tax account			
Cash	1 400	Balance b/f	400
Balance c/d	500	Balance c/d	1 500
	1 900		1 900

(2) (i) Current ratio = 2 : 1

(02 marks)

Workings - (Rs. 000)	01
Current assets = 24 200	
Current liabilities = 12 100	01

(ii) Quick assets ratio = 1.2:1

(02 marks)

workings - (rs. 000)	
Liquid assets = 14 520	01
Current liabilities = 12 100	01
(Liquid assets = 9 500 + 5 020 = 14 520)	

(iii) Return on equity ratio = 15%

(02 marks)

Workings - (Rs. 000)	
Profit after tax x 100 = 4 500	01
Total equity = 30 000	01
(Total equity = 22 800 + 2 000 + 5 200 = 30 000)	

(iv) Debt equity ratio = 0.33

(02 marks)

Workings - (Rs. 000)	
Debt capital = 10 100	01
Equity capital = 30 000	01
(Debt capital = 10 500 - 400 = 10 100)	

(10 marks)

(v) Interest cover ratio = 11 times

(02 marks)

Workings - (Rs. 000)			
Profit before tax + Interest	=	6 600	01
Interest		600	01

(10 marks)

Question No.6		1	2	3	4	5	Total
	a	20	-	-	-	-	20
	b	02	02	02	02	02	10
							30

Question No. 07

(a) (1) Variable cost per unit = Rs. 640 (02)

<u>Workings</u>	(Rs.)
Direct material	160
Direct labour	180
Variable production overheads	100
Variable non- production overheads	<u>200</u>
Variable cost per unit	<u>640</u>
(01 mark for each two items)	

(02 marks)

(2) Production cost per unit = Rs. 550 (02)

<u>Workings</u>	(Rs.)	
Direct material	160	} 01
Direct labour	180	
Variable production overheads	100	
Fixed non- production overheads	<u>110</u>	01
Production cost per unit	<u>550</u>	

(02 marks)

(3) Profit per unit = Rs. 300 (03)

Alternative 1	(Rs.)
Selling price	1200
Production cost	(550)
Variable non-production overheads	(200)
Fixed non-production overheads	(150)
Profit	300

Alternative 2	(Rs. 000)
Sales	1440
Direct material	(192)
Direct labour	(216)
Variable production overheads	(120)
Variable non-production overheads	(240)
Fixed production overheads	(132)
Fixed non-production overheads	(180)
Total profit	360
Profit per unit	$\frac{360\ 000}{1\ 200} = 300$

(03 marks)

(4) Total cost at the activity level of 1500 units = Rs. 1 272 000 (03)

Workings

At the activity level of 1500 units ;	(Rs.)
Variable cost = 640 X 1500	= 960 000
Fixed cost (132 000 + 180 000)	= 312 000
Total cost	= 1 272 000

(03 marks)

- (b) (1) Contribution per student = Rs.
- 40 000
- (06)

Workings

$$\begin{aligned} \text{Contribution} &= [\text{Income: (Programme fee + Examination fee)}] - \text{Variable cost} \\ &= \boxed{01} 60\,000 + \boxed{01} 5\,000 - \boxed{04} 25\,000 \\ &= \underline{40\,000} \end{aligned}$$

★ Variable cost :

Assignment marking fees	600 X 10	6 000	<u>01</u>
Study material cost	500 X 10	5 000	<u>01</u>
Project report evaluation fees		10 000	<u>01</u>
Examination Expenses	400 X 10	4 000	<u>01</u>
		<u>25 000</u>	

(06 marks)

- (2) Total fixed cost of the programme = Rs.
- 880 000
- (04)

Workings

	Rs.	
Lecture fees (2 000 X 10 X 15)	300 000	<u>01</u>
Programme manager's salary (45 000 X 6)	270 000	<u>01</u>
Building rent (40 000 X 6)	240 000	<u>01</u>
Operating expenses	<u>70 000</u>	<u>01</u>
	<u>880 000</u>	

(04 marks)

- (3) No. of students to be enrolled to cover the total cost of the programme =
- 22
- (02)

Workings

$$\frac{\text{Fixed cost}}{\text{Contribution}} = \frac{\boxed{01} 880\,000}{\boxed{01} 40\,000} = 22$$

(02 marks)

- (4) No. of students to be enrolled to earn a profit of Rs.200 000
- 27
- (03)

Workings

$$\begin{aligned} \frac{\text{Fixed cost} + \text{Expected profit}}{\text{Contribution}} &= \boxed{01} \frac{880\,000 + 200\,000}{\boxed{01} 40\,000} \quad \boxed{01} \\ &= \underline{27} \end{aligned}$$

(03 marks)

- (5) Minimum programme fee to be charged from a student if the expected profit is Rs. 350 000 and the students to be enrolled are 30 = Rs. 61 000 (05)

Workings

$$\frac{\text{Fixed cost} + \text{Profit}}{\text{Income} - \text{Variable cost}} = \text{No. of students}$$

$$\frac{880\,000 + 350\,000}{X(\text{Income}) - 25\,000} = 30$$

$$30x - 750\,000 = 880\,000 + 350\,000$$

$$\text{Income (x)} = 66\,000$$

$$\begin{aligned} \text{Programme fee} &= \text{Total Income} - \text{Examination fees} \\ &= 66\,000 - 5\,000 \\ &= \underline{61\,000} \end{aligned}$$

(05 marks)

Alternative working	(Rs.)
Income	1 980 000
Variable cost	(750 000)
Contribution	1 230 000
Fixed cost	(880 000)
Expected profit	<u>350 000</u>

$$\text{Fees per student} = \frac{1\,980\,000}{30} = 66\,000$$

$$\begin{aligned} \text{Programme fee of a student} &= 66\,000 - 5\,000 \\ &= \underline{61\,000} \end{aligned}$$

Question No. 7

	1	2	3	4	5	Total
a	02	02	03	03	-	10
b	06	04	02	03	05	20
						30

AL/2018/33/E-1

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ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
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 දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
 Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2018 අගෝස්තු
 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2018 ஆகஸ்ட்
 General Certificate of Education (Adv. Level) Examination, August 2018

21.08.2018 / 0830 - 1030

විෂයමාලය I
 கணக்கறி I
 Accounting I

33 E I

පැය දෙකයි
 இரண்டு மணித்தியாலம்
 Two hours

Instructions:

- * 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 two marks.
- * Write your Index Number in the space provided above.

Index No. :

For Examiner's Use Only

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

1. Which of the following statement/s is/are **correct** pertaining to general purpose financial statements prepared by a firm?

- A - They provide mainly past financial information of a firm.
 B - They are prepared on demand of the external users.
 C - They are prepared in compliance with accounting standards and legal requirements.

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

(.....)

- Use the following information to answer questions No. 2, 3 and 4.

The following transactions took place in Nihal's business.

- * 01.03.2018 - Purchase of goods costing Rs. 150 000 from Upasena on credit
- * 05.03.2018 - Return of goods costing Rs. 30 000 to Upasena
- * 20.03.2018 - Sale of goods costing Rs. 100 000 for Rs. 160 000 on credit
- * 20.03.2018 - Payment of sales commission of Rs. 10 000
- * 02.04.2018 - Settlement of the full amount due to Upasena

2. The accounting equation which shows the **net impact** of the above transactions in Nihal's business as at 31.03.2018:

	Assets (Rs.)	=	Liabilities (Rs.)	+	Equity (Rs.)
(1)	+ 50 000		-		+ 50 000
(2)	+ 60 000		-		+ 60 000
(3)	+ 170 000		+ 120 000		+ 50 000
(4)	+ 170 000		+ 150 000		+ 20 000
(5)	+ 180 000		+ 120 000		+ 60 000

(.....)

3. Owing to the above transactions the **increase** in the balances of creditors control account and debtors control account of Nihal's business as at 31.03.2018:

	Creditors control account (Rs.)	Debtors control account (Rs.)
(1)	20 000	150 000
(2)	20 000	160 000
(3)	120 000	150 000
(4)	120 000	160 000
(5)	150 000	160 000

(.....)