



**Provincial Department of Education**  
**Northern Province**  
**General Certificate of Education (Adv.Level) Examination**  
**Term Examination 2019 - March**  
**Accounting I**



Grade 13 (2019)

Time: 2 Hours

**Instructions:**

- Answer **all** the questions **on this question paper itself**.
- Write your **Index Number** clearly in the space provided above.
- Select the correct answers for the questions No. **1 – 30** and write its number on the dotted lines given.
- Write short answers for the questions No. **31 – 50** on the dotted lines given.
- Each question carries **two** marks.

Index Number:.....

**For examiner's use only**

Q.No.	Marks
1 – 30	
31 – 50	
<b>TOTAL</b>	

01. Main objective of accounting is,

- (1) to provide required information to manager to make correct decisions
- (2) recording, classifying and analyzing financial transaction
- (3) to provide required information to external parties for their decision making
- (4) to provide required information to make investment decisions
- (5) to provide economic information to stakeholders for their decision making

(.....)

02. Some stakeholders and the reasons for their interest on accounting entity are given below.

Stakeholders	Reasons for their interest
Owners	A – Financial contribution for national economy
Employees	B – Decision making for successful business activities
Customers	C – Analyzing salary increment and job security
Government	D – To purchase goods and services continuously
Manager	E – Examining profitability and investment security

Select the answer which contains the correct order of reasons for their interest in accordance with order of stakeholders.

(1) B, A, D, E, C

(2) E, C, D, A, B

(3) E, C, D, A, B

(4) B, C, E, A, D

(5) E, C, D, B, A

(.....)

03. Two transactions undertaken by Swetha business on 2019.01.01 are given below.

Credit purchase                      Rs. 80 000

Purchase return                      Rs. 6 000

Select the answer that shows the effects of the above transactions.

- (1) Assets increase by Rs. 74 000 and liability decrease by Rs. 74 000
- (2) Assets increase by Rs. 74 000 and liability increase by Rs. 74 000
- (3) Assets increase by Rs. 80 000 and liability increase by Rs. 80 000
- (4) Assets decrease by Rs. 80 000 and liability increase by Rs. 80 000
- (5) Equity increase by Rs. 80 000 and assets increase by Rs. 80 000

(.....)

04. The following are the functions of financial accounting.

- A – Recording in prime books
- B – Undertaking of transactions
- C – Preparing trial balance
- D – Recording in ledger accounts
- E – Preparing source documents

The correct order of financial accounting functions given above is,

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

- Use the following information given below to answer the questions 5 – 6.

- A – Comparability
- B – Timeliness
- C – Relevance
- D – Faithful representation
- E – Understandability
- F – Verifiability

05. Basic qualitative characteristics of accounting information are,

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

06. Property, plant and equipment of a business were reported in current market price. The qualitative characteristics of accounting information which comply with and which refrained this procedure are,

### Complying characteristic

### Refrained characteristics

- |                             |                         |         |
|-----------------------------|-------------------------|---------|
| (1) Comparability           | Timeliness              |         |
| (2) Timeliness              | Faithful representation |         |
| (3) Understandability       | Variability             |         |
| (4) Relevance               | Variability             |         |
| (5) Faithful representation | Comparability           | (.....) |

07. The information extracted from the sales invoice of Kamalini business is given below.

Date	Supplier	Value Rs. '000'
2019.01.05	Narmatha	800
	10% discount	(80)
		720
Condition: 10% discount available, if settled within one month.		

Money was collected on 2019.01.30. The journal entry to record the discount in the books of Kamalini business is,

	Dr. (Rs.)		Cr. (Rs.)	
(1) Discount allowed account	72 000	Debtor control account	72 000	
(2) Creditor control account	72 000	Discount received account	72 000	
(3) Creditor control account	80 000	Discount received account	80 000	
(4) Discount allowed account	152 000	Debtor control account	152 000	
(5) Creditor control account	152 000	Discount received account	152 000	(.....)

08. Chanthuru business maintains petty cash imprest system for petty expenses. Monthly petty imprest amount is Rs. 6 000. This imprest is reimburse at the beginning of each month. The total value of reimbursement made by main cashier separately during two months January and February of 2019 was Rs. 8 200. Cash balance in the hands of petty cashier before reimbursement on 2019.02.01 was Rs. 800. Cash balance in the hands of petty cashier before reimbursement on 2019.01.01 is,

- (1) Rs. 1 800                                      (2) Rs. 2 400                                      (3) Rs. 4 400  
(4) Rs. 2 000                                      (5) Rs. 3 000                                      (.....)

09. As trial balance of Sivan business was not balanced on 2019.03.31, the different amount was carried to a suspense account, draft financial statements were prepared and profit was calculated was Rs. 300 000. The suspense account was shown in statement of financial position. The following errors and omissions were discovered.

- Return inwards Rs. 20 000 was recorded only in creditor control account.
- Rent paid Rs. 8 000 was credited both in rent account and cash control account
- Bad debt recovered Rs. 5 000 was debited in debtor control account

Adjusted net profit and suspense account balance are,

	<b>Adjusted net profit (Rs.)</b>	<b>Suspense account balance (Rs.)</b>	
(1)	264 000	26 000 (credit)	
(2)	264 000	26 000 (debit)	
(3)	284 000	20 000 (credit)	
(4)	320 000	36 000 (debit)	
(5)	336 000	36 000 (credit)	(.....)

10. Creditor control account balance on 2019.03.31 was Rs. 100 000. Due to the following reasons, creditors list balance was not equal to creditor control account balance on the same date.

- An entry related to removal of discount received Rs. 5 000 by the business due to a cheque dishonoured was debited in creditor control account.
- Discount received Rs. 15 000 was debited in creditor control account as Rs. 1 500.
- A purchase invoice Rs. 10 000 was recorded in particular creditor account as Rs. 1 000.

The balance of adjusted creditor control account and the balance of creditor list balance before rectifying errors on 2019.03.31 are,

- (1) Rs. 67 500 and Rs. 67 500 respectively  
(2) Rs. 67 500 and Rs. 86 500 respectively  
(3) Rs. 86 500 and Rs. 76 500 respectively  
(4) Rs. 86 500 and Rs. 67 500 respectively  
(5) Rs. 113 500 and Rs. 105 500 respectively                                      (.....)

11. The accounting concept under which a motor vehicle purchased on lease is recognized under property, plant and equipment in the statement of financial position is,

- (1) entity concept                                      (2) Going concern                                      (3) Substance over form  
(4) matching concept                                      (5) Money measurement concept                                      (.....)

12. Consider the following facts.

- A – Disclosure of current market price of a machine
- B – Evaluation of inventory on group basis
- C – Evaluation of inventory on current market price
- D – Evaluation of value of land based on purchase price

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

	2019.03.31 (Rs.)	2018.04.01 (Rs.)
Prepaid rent income	120 000	240 000
Rent income receivable	420 000	380 000

(1) Rs. 1160 000                  (2) Rs. 1140 000                  (3) Rs. 1240 000  
(4) Rs. 1300 000                  (5) Rs. 1460 000                  (.....)

	Rs. '000'
Sales	5 000
Sales return	200
Debtor balance on 2018.04.01	450
Debtor balance on 2019.03.31	650

(1) Rs. 960 000 and Rs. 1600 000                      (2) Rs. 960 000 and Rs. 2600 000  
 (3) Rs. 960 000 and Rs. 3000 000                  (4) Rs. 1000 000 and Rs. 3000 000  
 (5) Rs. 1000 000 and Rs. 2600 000                      (.....)

	Rs. '000'
Opening stock of raw material	300
Closing stock of raw material	250
Raw material purchase	1 200
Custom duty and carriage inwards	150
Closing work-in-progress at production cost	200
Direct wage	1 400

(1) Rs. 3720 000 and Rs. 1200 000                      (2) Rs. 3720 000 and Rs. 1120 000  
 (3) Rs. 3920 000 and Rs. 1120 000                      (4) Rs. 3920 000 and Rs. 1200 000  
 (5) Rs. 4120 000 and Rs. 1120 000                      (.....)

- (1) Income exceeding expenses is recognized as surplus.
- (2) The fund generated through surplus is a part of equity of the business.
- (3) Receivable membership fee is recognized as an asset.
- (4) These businesses can maintain the various funds for special purposes.
- (5) Net income of these businesses is recognized in receipts and payments account. (.....)

● Use the following information to answer the questions 17 – 19.

Kamal, Nimal and Wimal started a business investing Rs. 2000 000 by each. Partners did not create any agreement at the beginning. The partnership business earned Rs. 600 000 for the year ending 31.03.2018 and each partners took Rs. 100 000 from the business as a part of their profit share.

Partners' current account is given below after sharing profit for the year ending 2019.03.31 based on the agreement created on 2018.04.01.

	Kamal	Nimal	Wimal		Kamal	Nimal	Wimal
Drawing	200	100	100	Salary	600	600	300
c/d	960	1 060	580	Capital interest (10%)	200	200	200
				Profit share	360	360	180
	<b>1 160</b>	<b>1 160</b>	<b>680</b>		<b>1 160</b>	<b>1 160</b>	<b>680</b>

17. The profit earned by partnership business during the year ending 2019.03.31 is,  
 (1) Rs. 3000 000 (2) Rs. 2600 000 (3) Rs. 2640 000  
 (4) Rs. 3200 000 (5) Rs. 900 000 (.....)
18. If the partners' capital account is maintained on fixed balance basis, the current account balances on 2019.03.31 are,  
 (1) Rs. 2600 000 (2) Rs. 2900 000 (3) Rs. 3000 000  
 (4) Rs. 3600 000 (5) Rs. 3300 000 (.....)
19. What is the total equity of partnership for the year ending 2019.03.31?  
 (1) Rs. 6000 000 (2) Rs. 8600 000 (3) Rs. 8900 000  
 (4) Rs. 9000 000 (5) Rs. 9300 000 (.....)
20. Which of the following can be considered as a change in accounting estimates according to LKAS-8 (Accounting Estimates and Errors)?  
 A – Useful life time of a machine was estimated as 12 from 10 years.  
 B – Net realizable value of stock was evaluated as Rs. 500 000, even the cost value was Rs. 800 000.  
 C – Calculation method of depreciation was changed from straight line method to reducing balance method.  
 (1) A only (2) A and C only (3) A, B and C only  
 (4) A and B only (5) B and C only (.....)
21. Select the answer which contains the items relevant for operating activities, investment activities and financing activities in order.  
 (1) Cash paid to creditors, purchase of shares, bank loan received  
 (2) Cash received from debtors, purchase of shares, dividend received  
 (3) Interest income received, sales by cash, bank loan received  
 (4) Purchase by cash, sales of property, plant and equipment, credit sales  
 (5) Payment of operating expenses, repayment of bank loan, purchase of property, plant and equipment (.....)
22. Financial statements of Kabil Dev PLC for the year ended 2019.03.31 were recognized by board of directors on 2019.06.15. The following transactions and events took place in the company during the period from 2019.03.31 to 2019.06.15.  
 A – Due to a fire caught in the business premises on 2019.05.10, an important machine was damaged and caused loss at value Rs. 500 000.  
 B – The debtor generated due to a credit sales made on 2019.02.28 for Rs. 50 000 was declared as bankrupt by court on 2019.04.05.

C – Court ordered the business to pay a compensation Rs. 100 000 on 2019.04.20 regarding a case filed by an employee on 2019.03.20.

D – The company declared final dividend Rs. 400 000 for the year ending 2019.03.31 for ordinary shareholders on 2019.06.10.

The transactions and events to be adjusted in the financial statements for the year ending 2019.03.31 according to LKAS-10 (Event after reporting period)

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

23. Kanagam company PLC registered for VAT purchased a machine for Rs. 1380 000 including 15% VAT on 2017.04.01. Residual value of this machine was estimated as Rs. 100 000 and life time was estimated as 10 years. Carrying value of this machine on 2019.03.31 in accordance with LKAS-16 (Property, plant and equipment) is,

- (1) Rs. 1380 000 (2) Rs. 1200 000 (3) Rs. 1100 000  
(4) RS. 1020 000 (5) Rs. 980 000 (.....)

● Use the following information to answer the questions 24 – 26.

Some information extracted from the financial statements of Dhanushan PLC is given below.

	As at 2019.03.31	As at 2018.03.31
	(Rs. '000')	(Rs. '000')
Stated ordinary share capital	6 000	4 000
Land revaluation surplus	800	-
General reserve	1 500	1 200
Retained earnings	3 500	2 300

**Other details:**

- Income tax for the year ending 2019.03.31 has been estimated as Rs. 600 000. Income tax provision for the year ending 2018.03.31 Rs. 400 000 has been agreed and paid as Rs. 250 000.
- Dividend paid during the year ending 2019.03.31 was Rs. 500 000 and a certain amount has been transferred to general reserve from the retained earnings of this current year.
- Land was revalued again on 2019.03.31. A revaluation deficit Rs. 500 000 was reported, when it was revalued on last year. All adjustments regarding revaluation for the current has been recorded correctly.
- Depreciation for this current year is Rs. 500 000 and increase in working capital is Rs. 800 000.

24. Profit before tax for the year ending 2019.03.31 is,

- (1) Rs. 2 000 000 (2) Rs. 2350 000 (3) Rs. 2200 000  
(4) Rs. 2450 000 (5) Rs. 2300 000 (.....)

25. Other comprehensive income of the company for the year ending 2019.03.31 is,

- (1) Rs. 200 000 (2) Rs. 800 000 (3) Rs. 300 000  
(4) Rs. 900 000 (5) Rs. 500 000 (.....)

26. Net cash flow generated from operating activities for the year ending 2019.03.31 is,

- (1) Rs. 2450 000 (2) Rs. 1450 000 (3) Rs. 1950 000  
(4) Rs. 1200 000 (5) Rs. 1650 000 (.....)

27. Details of Singaraj for the year ending 2019.03.31 are given below.

Credit sales	Rs. 400 000
Inventory turnover period	4 times
Debtor collection period	3 months
Gross profit ratio	25%

Average inventory and average debtors of the company are,

- (1) Rs. 75 000 and Rs. 100 000 respectively
- (2) Rs. 75 000 and Rs. 200 000 respectively
- (3) Rs. 60 000 and Rs. 100 000 respectively
- (4) Rs. 30 000 and Rs. 100 000 respectively
- (5) Rs. 7 500 and Rs. 10 000 respectively

(.....)

28. Some statements relating to the documents used by a business in relation to inventory control are given below.

A – Debit note is used to return goods by production section to warehouse section.

B – Goods receipt note is used to take over goods from suppliers after inspection.

C – Goods requisition note is forwarded by production section to warehouse section, requiring to send goods

D – Purchase order is used by warehouse section to order purchase division to purchase goods

Select the answer which contains the correct statements.

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

(.....)

29. The following information is related to raw material M1 of a business.

Average usage per week	60 kg
Minimum usage per week	20 kg
Re-order quantity	240 kg
Lead time	4 – 8 weeks

Select the answer that shows maximum and minimum inventory levels of raw material M1 in order.

- (1) 480 kg and 240 kg
- (2) 640 kg and 240 kg
- (3) 640 kg and 480 kg
- (4) 240 kg and 120 kg
- (5) 480 kg and 120 kg

(.....)

30. Details related to an item produced by a manufacturing company are given below.

Re-order quantity	200 units
Number of orders per year	40
Ordering cost per order	12.50

What is holding cost per unit?

- (1) Rs. 100
- (2) Rs. 12.50
- (3) Rs. 10
- (4) Rs. 5
- (5) Rs. 22.50

(.....)

• Provide short answers for the questions 31 – 50 in the dotted lines given.

31. Write the relevant elements of financial statements of the following ledger accounts.

Accounts	Elements
1. Rent income received in advance	.....
2. Membership fees receivable	.....
3. Allowance for impairment loss of trade receivables	.....
4. Provision for employee compensation	.....

32. Sales journal of Dhasan business for January 2019 is given below.

Date	Invoice No.	Customers	Value (Rs.'000')	VAT	Total value (Rs.'000')
10.01.2019	1002	Nimal	1 500	225	1 725
25.01.2019	1003	Kamal	1 200	180	1 380
31.01.2019		Transferred to general ledger	2 700	405	3 105

Write journal entries to post the balances of sales journal to general ledger.

Date	Details	Debit (Rs.'000')	Credit (Rs.'000')
.....	.....	.....	.....
	.....	.....	.....
	.....	.....	.....
	.....	.....	.....

33. Profit of ratio of Roxy company which purchases and sells office equipment is 40% on cost. Cost value of inventory on 2019.03.31 is Rs. 2500 000. As inventory at cost value Rs. 300 000 is outdated, it is expected that particular inventory can be sold at 40% discount on usual sales price with advertisement expense Rs. 80 000.

(a) Calculate net realizable value of inventory on 2019.03.31.

.....

(b) Write the journal entries to write off inventory.

Date	Details	Debit (Rs.million)	Credit (Rs.million)
.....	.....	.....	.....
	.....	.....	.....
	.....	.....	.....
	.....	.....	.....

34. The following details of Kamal business are related to January 2019.

	On 31.12.2018 (Rs.)	On 31.01.2019 (Rs.)
Unpresented cheque	50 000	62 000
Unrealized cheque	48 000	53 000

- Total value of cash and cheque deposited during January 2019 was Rs. 1200 000 and total value cheque issued for payment was Rs. 950 000.
- In January month bank statement, bank charge Rs. 4 000 and cheque book charge Rs. 2 000 were deducted.
- Cash control account balance on 2019.01.01 was Rs. 105 000.

1. Calculate the following for January 2019.

(a) The value of presented cheque: Rs. ....

(b) The value of realized cheque: Rs. ....

2. Calculate the value of bank statement on 2019.01.31: Rs. ....

35. As the trial balance of Praveen business did not balance on 2018.12.31, a suspense account was opened. Later the following errors were found.

- Total discount column of cash received journal Rs. 25 000 was credited in debtor control account discount allowed account.
- Purchase return Rs. 30 000 was credited in purchase account.
- Balance of rent received account Rs. 12 000 was listed as rent paid account in trial balance.

Calculate the following based on the above errors.

(a) Balance of suspense account created in trial balance: Rs. .... (debit / credit)  
(Cut off incorrect word.)

(b) Calculate the impact of on profit when the errors are rectified. : .....

36. Debtor control account balance Rs. 120 000 of Pranawan business on 31.03.2019 did not comply with debtor list balance. The following errors were found later.

- A sales invoice Rs. 76 000 was recorded as Rs. 67 000 in sales journal.
- Discount allowed to a debtor Rs. 5 500 was recorded as Rs. 550 in debtor ledger account
- Bad debt Rs. 3 500 written off was recorded in debit side of debtor control account.

Calculate the following.

(a) Value of debtors to be disclosed in the statement of financial position on 31.03.2019:

.....

(b) Debtors list balance before rectifying errors.

.....

37. Write the relevant accounting concept for each of the following activities.

No.	Activities	Relevant concept
1.	House rent of owner has not been recognized as an expense.	.....
2.	Accumulating annual depreciation as a reserve	.....
3.	Even if the asset does not belong to the business, it is recognized as asset, as its benefits flow to the business.	.....
4.	Disclosure of income not earned as a liability	.....

38. Details of Chinna business for the year ended 31.03.2019 are given below.

**Rs. '000'**

Cost of sales 4 500

Stock evaluated on 31.03.2019 1 000

All sales were made at 25% profit on sales. Goods at sales value Rs. 300 000 were sent to a customer on 'sale or return' basis. Any entry has not been made regarding it and the customer has informed only 50% of those goods have been sold on up to 31.03.2019. Sales period for these goods is over on 15.04.2019.

Calculate the following.

(a) Sales income for the year ended 31.03.2019: .....

(b) Value of stock on 31.03.2019: .....

39. Information related to a garment for the year ending 31.12.2018 is given below.

Cloth purchase (1 000 meters) Rs. 400 000

Direct wage (paid by cash) Rs. 80 000

Factory overheads Rs. 40 000

Other related information:

- 2 meter cloth is used to produce one unit sewed dress.
- There was stock of 75 sewed dresses at cost Rs. 75 000 on 01.01.2018. All these stocks were sold during the year 2018 and number of dresses sold during the year was 475.
- Direct wage Rs. 200 is paid to sew one unit of dress.

Calculate the following.

(a) Production cost per unit of dress: .....

(b) The value of stock of sewed clothes (finished goods): .....

● **Use the following information to answer the questions 40 – 41.**

The information related to 'Good Way Sports Club' for the year ended 2018.03.31 is given below.

- Number of members in the club on 2018.12.31 was 100. Quarter year membership fee per member is Rs. 500. 80 members paid current year subscription fees, 12 members paid their subscription fees for the year ended 2017.03.31 and 15 members paid their subscription fees for the quarter year ending 2018.06.30.
- On 2017.04.01, sports equipment at value Rs. 300 000 was obtained as donation. This donation should be recognized as income in 4 years and life time of sports equipment was estimated as 5 years.
- Operating expenses paid for this year were Rs. 30 000.

40. What is the value of income surplus or expenditure surplus?

.....

41. Calculate the value of income not earned on 2018.03.31.

.....

42. Seenu and Thenu shared profit and losses on 2:1 basis in partnership business. They joined Thanu in the partnership business as a new partner with 1/5 share in profit and losses. On this date, goodwill share of Thanu was evaluated as Rs. 60 000. Goodwill was adjusted through partners' capital account.

(a) What is new profit and loss sharing ratio between Seenu, Thenu and Thanu?

.....

(b) Write the journal entries to adjust goodwill of partnership business.

Details	Debit	Credit
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

● **Use the following information to answer the questions 43 – 44.**

Supiri Vasana PLC had stated capital Rs. 10 000 000 on 01.04.2017, containing the shares issued each at Rs. 20. The company made a right issue on basis of one share for every 5 shares held at Rs. 25 on 01.10.2017. Then, it capitalized retained earnings by issuing one share for every 5 shares held each at Rs. 20 on 31.03.2018. There was share issue expense Rs. 50 000.

43. Write the journal entry for the following. (narration not required.)

Details	Debit (Rs.)	Credit (Rs.)
Right issue:		
.....	.....	.....
.....	.....	.....
Capitalization of reserves:		
.....	.....	.....
.....	.....	.....

44. Calculate the following.

(a) Value of stated capital on 31.03.2018: .....

(b) Value of changes in total equity on 31.03.2018: .....

45. The information related to Ameen Company PLC for the year ended 31.03.2018 are given below.

	On 31.03.2018	On 01.04.2017
	Rs. '000'	Rs. '000'
Retained earnings	4 500	3 200
Cash & cash equivalents	(1 200)	800

- Interim dividend paid during the year is Rs. 500 000.
- Total income tax estimated for the current year is Rs. 600 000 but Rs. 300 000 has been paid.
- Annual depreciation of property, plant and equipment for the current year is Rs. 200 000 and increase in working capital was Rs. 400 000 excluding cash and cash equivalents and income tax liability.

Calculate the following.

- (a) Operating profit before income tax: .....
- (b) Net cash flow from financing and investment activities: .....

46. The following information was taken from a company for the year ended 31.03.2018.

	Rs. '000'
Sales	600 000
Cost of sales	300 000
Operating expenses (excluding interest)	120 000
Interest expenses	30 000
Income tax expense	60 000
Total assets	1200 000

Calculate the following accounting ratios.

- (a) Net profit ratio: ..... (b) Interest coverage ratio: .....

47. Provide sender, receiver and purpose of the following documents.

Documents	Sender	Receiver	Purpose
Goods requisition note	.....	.....	.....
Purchase order	.....	.....	.....
Goods consignment note	.....	.....	.....
Goods receipt note	.....	.....	.....

48. Write the relevant amount in the blanks given in the following store ledger. (Store ledger is prepared based on FIFO method.)

Date	Receipts		Issue		Inventory	
	Quantity	Value	Quantity	Value	Quantity	Value
2019.01.01					1 000	12 000
2019.01.05	2 000	26 000			3 000	38 000
2019.01.10			1 500	.....	.....	.....
2019.01.15	2 000	80 000			.....	.....
2019.01.22			2 000	.....	.....	.....
2019.01.25	2 000	28 000			.....	.....

49. The following information is related to raw material of a business.

- |                           |             |
|---------------------------|-------------|
| - Economic order quantity | 3 000 units |
| - Maximum inventory usage | 300 units   |
| - Minimum inventory usage | 200 units   |
| - Average ordering period | 20 days     |
| - Minimum ordering period | 10 days     |

Calculate the following.

(a) Maximum inventory level: .....

(b) Minimum inventory level: .....

50. Answer the following questions regarding calculation of economic order quantity.

(a) Write two factors which determine economic order quantity.

1. ....

2. ....

(b) Write two assumptions used to calculate economic order quantity.

1. ....

2. ....

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