

# QUESTION BANK

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G.C.E. A/L

## Accounting

Monthly Education Magazine

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### Special Revision Kit

- ✓ Question Paper - Part 01
- ✓ Question Paper - Part 02
- ✓ Suggested Answers - Part 01
- ✓ Suggested Answers - Part 02

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## **Why ACCA for the students?**

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General Certificate of Education (Adv. Level) Examination - 2025

Accounting

33 E I

Two Hours

Instructions:

\* Answer all questions.

Select the correct answer for questions

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

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

\* Each question carries equal marks.

\* Write your Index Number in the space provided above.

Index No. : .....

For Examiner's Use Only

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

- 1) Present & future investors, employees, creditors, customers, government & community can be identified as different users of financial statements. Each party has separate reasons for their interest.

Which of the followings can be identified as information required by investors

- To decide whether to make an investment, whether to sell an investment or whether to retain an investment
- To assess the ability of the enterprise regarding settling the liabilities
- To assess the ability of enterprise regarding the payment of dividends.
- To assess the ability of continuing the enterprise

- A & C
- A & B
- B & C
- A & D
- B & D

- 2) Which of the following statements is true regarding petty cash imprest?

- Debit note is used as the source document in recording petty cash payments
- The petty cash imprest system cannot be treated as an internal controlling system.
- At the end of each given period, an equal sum of money will be reimbursed in relation to the petty cash payments.

4. At the end of each period, an amount equivalent to the cash in hands of the petty cashier will be reimbursed.
5. At the end of a given period, sum of total amount remaining in the hands of the petty cashier & the total amount he has spent on petty cash payments is equal to the petty cash imprest.

3) Following information are given related to a particular business

	<b>2025.03.31</b>	<b>2024.04.01</b>
Creditors	Rs. 16,250	Rs 13,125
Inventory	Rs 10,000	Rs 11,250

Total amount paid to the creditors within the year is Rs 56 250. The business used to decide their selling price by adding 20% profit margin to the cost of sales.

Accordingly, what is the sales value that should be included in the income statement of the year 2024/25?

- |              |              |              |
|--------------|--------------|--------------|
| 1. Rs 60,625 | 2. Rs 65,250 | 3. Rs 69,750 |
| 4. Rs 67,850 | 5. Rs 72,750 |              |

4) Maduranga is a sole trader and he has received a discount of Rs 1,750 from a supplier. Which elements of the accounting equation will be affected by this transaction?

1. Only the assets.
2. Only the liabilities
3. Only the assets & liabilities
4. Only the equity & assets.
5. Only the liabilities & equity

5) Following information are related to a particular business

	<b>Rs ' 000</b>
Capital invested on 2025.01.01 when starting the business	300
Total assets on 2025.12.31	320
Total liabilities on 2025.12.31	30
Total drawings within the year	150
Total income (receipts) within the year	170
Total expenses recorded within the year	20

Accordingly, what is the total of expenses that have been not recorded for the year?

- |               |              |         |
|---------------|--------------|---------|
| 1. Rs 150,000 | 2. Rs 10,000 | 3. Null |
| 4. Rs 103,000 | 5. Rs 20,000 |         |

**Following information are related to a sole trader business.**

Balance of capital a/c on 2025.12.31	Rs 1,253,000
Balance of capital a/c on 2025.01.01	Rs 1,069,000
Additional capital invested within the year	Rs 20,000
Cash drawings of the owner	Rs 49,000
Goods (Sales price) of the owner	Rs 42,000

6) Above price is the price mentioned in the invoice & it has been calculated by adding 20% to the cost. What is the profit of the business relevant to the year 2025?

- |               |               |               |
|---------------|---------------|---------------|
| 1. Rs 118,000 | 2. Rs 246,000 | 3. Rs 255,000 |
| 4. Rs 248,000 | 5. Rs 186,000 |               |

**Use the following information in answering question no. 7 & 8**

- Total amount collected from the debtors within the year 2024/25 is Rs 210,000
- Credit sales within the year is Rs 240,000
- Balance of the debtor control a/c as per 2024.04.01 was Rs 55,000. But mistakenly it has been recorded as Rs 50,000
- Rs 5,000 worth allowed discounts has been recorded as Rs 15,000 in debtor ledger
- Rs 4,000 worth credit sales has not been recorded in debtor ledger.

7) What is the carrying value of debtors on 2025.03.31(before correcting the errors)?

- |              |              |              |
|--------------|--------------|--------------|
| 1. Rs 80,000 | 2. Rs 55,000 | 3. Rs 70,000 |
| 4. Rs 85,000 | 5. Rs 50,000 |              |

8) What is the total of debtor balance list on 2025.03.31 before correcting the errors

- |              |              |              |
|--------------|--------------|--------------|
| 1. Rs 74,000 | 2. Rs 66,000 | 3. Rs 80,000 |
| 4. Rs 84,000 | 5. Rs 70,000 |              |

**Use the following information in answering the question no 9, 10 & 11**

	Rs
Decrease in debtors	60,000
Increase in creditors	40,000
Decrease in inventory	15,000

For the tear 2024/25,

- Discount received is Rs 10,000 & discount allowed is Rs 15,000
- Return inwards( Sales return) is Rs 5,000 & return outwards (purchase return) is Rs 8,000
- Cash purchase is Rs 110,000 & credit purchase is Rs 120,000
- Cash sales is Rs 150,000 & credit sales is Rs 190,000

9) Total debtor receipts within the year 2024/25 is,

- |               |                      |               |
|---------------|----------------------|---------------|
| 1. Rs 210,000 | 2. Rs 180,000        | 3. Rs 260,000 |
| 4. Rs 230,000 | 5. None of the above |               |

10) Total creditor payments within the year 2024/25 is,

- |              |                      |               |
|--------------|----------------------|---------------|
| 1. Rs 62,000 | 2. Rs 85,000         | 3. Rs 100,000 |
| 4. Rs 70,000 | 5. None of the above |               |

11) Gross profit ratio of the year 2024/25 (approximately) is,

- |                 |                      |                 |
|-----------------|----------------------|-----------------|
| 1. 10% on cost  | 2. 0% on cost        | 3. 20% on sales |
| 4. 29% on sales | 5. None of the above |                 |

12) Balance of the debtor controlling a/c was Rs 165,000. Followings were identified as the reasons for creating a difference between balance of the debtor controlling a/c & debtor list.

- Rs 32,000 Debtor and creditor balance setting off has been recorded only in the debtor ledger.
- Total of discount allowed column has been over casted by Rs 18,000
- Rs 36,000 bad debts cut off has been recorded only in the controlling account

What is the balance of the adjusted debtor controlling a/c?

- |               |               |               |
|---------------|---------------|---------------|
| 1. Rs 151,000 | 2. Rs 115,000 | 3. Rs 165,000 |
| 4. Rs 183,000 | 5. Rs 197,000 |               |

**Use the following information in answering the question no 13 & 14**

**Purchase of raw materials by a manufacturing business in the month of April is as follows,**

04/05 – Purchase 6,000 units at Rs 20

04/10 – Purchase 6,000 units at Rs 23

04/12 – Returned 4,800 units purchased on 04/10

04/30 – Issued 4,000 units to the factory.

The business use weighted average methods in issuing stocks.

Calculate,

13) Cost of stocks issued and the value of remaining stocks as at 04/30

- |               |            |
|---------------|------------|
| 1. Rs 98,400  | Rs 132,000 |
| 2. Rs 82,000  | Rs 65,600  |
| 3. Rs 84,800  | Rs 127,200 |
| 4. Rs 92,222  | Rs 73,777  |
| 5. Rs 102,384 | Rs 92,222  |

14) Accordingly what will be the balance of stocks if FIFO method is used?

- |              |               |               |
|--------------|---------------|---------------|
| 1. Rs 67,600 | 2. Rs 88,400  | 3. Rs 120,000 |
| 4. Rs 72,000 | 5. Rs 132,000 |               |

15) Following information of Manel PLC is given relevant to the year ended by 31.03.2025

	2024.03.31	2025.03.31
Retained earnings	100,000	225,000

General reserves	50,000	120,000
Revaluation reserves	75,000	100,000
Paid interim dividends for the year 2024/25		
- Ordinary shareholders	30,000	
- Preference shareholders	45,000	

Relevant corporate tax for the company is 25% on net profit. What is the profit before tax for the year ended by 2025.03.31?

1. Rs 200,000	2. Rs 270,000	3. Rs 250,000
4. Rs 295,000	5. Rs 360,000	

16) A company has changed their depreciation policy from reducing balance method to straight line method for the year ended by 2025.03.31.

Accounting policy to be followed in relation to the above change is,

1. Adjust retrospectively
2. Adjust prospectively
3. Adjust to accounts on future years
4. Disclose impact in current and future years
5. Adjust account in current and future years

I.

17) Which of the followings contain the major qualitative characteristics that should be there in accounting information?

1. Credibility, Relevance, accuracy
2. Understandability, Comparability, Completeness
3. Understandability, Reliability, Relevance
4. Relevance, Comparability, Accuracy
5. Completeness, Accuracy, Reliability

18) Following information has been extracted from financial statements of a business.

Balance as per 2025.01.01	
Opening stocks	Rs 12,000
Purchase	Rs 48,000
Sales	Rs 54,000

60% of the closing stocks was damaged by a fire. Insurance company agreed to cover 80% of the loss. If the value of damaged stock is Rs 2,400, what is the gross profit margin on cost?

1. 35%
2. 25%
3. 28%
4. 25.92%
5. None of the above

19) If the assets of the business is required to be shown in a more realistic way in financial statements, it is necessary to show the real value of those assets in books.

By doing so, what is the qualitative characteristic that will be ensured and what is the accounting principle that will be violated?

1. Verification and matching concept
2. Relevance and matching concept
3. Relevance and historical cost concept
4. Relevance and going concern
5. Verification and historic cost concept

20) A stock worth Rs 250,000 had been sent on sales or return basis and it had been recorded as sales in the books. But it was not sold of the due period for returning was not over to the date of financial statements. What is the adjustment needed to be made for the financial statements regarding this? (Invoice price is decided by adding 25% to the cost)

1. No any adjustment needed to be made
2. Should deduct Rs. 250,000 from debtors and sales
3. Should deduct Rs 200,000 from debtors and sales
4. Should add Rs 200,000 to the closing stock
5. Should deduct Rs 250,000 from debtors and sales and should add Rs 200,000 to the closing stock.

21) Value of the assets of the Kasun & Indika partnership was Rs 1,000,000 as at 31.03.2025. Assets were revalued on 2025.03.31 and the revalued value obtained was Rs 800,000. Out of it Rs 100,000 was a profit obtained for the building and rest were relevant to the other assets.

What is the revaluation profit or loss of other assets?

- |                 |                 |               |
|-----------------|-----------------|---------------|
| 1. Rs (200,000) | 2. Rs 100,000   | 3. Rs 200,000 |
| 4. Rs 300,000   | 5. Rs (300,000) |               |

22) The profit calculated by a business on 2025.12.31 is Rs 600,000. The closing stock had been estimated as Rs 300,000. But later discovered that the net realizable value of that stock was only Rs 270,000.

What is the correct profit of the business for the year ended by 2025.12.31?

- |               |               |               |
|---------------|---------------|---------------|
| 1. Rs 525,000 | 2. Rs 600,000 | 3. Rs 675,000 |
| 4. Rs 325,000 | 5. Rs 550,000 |               |

23) The accounting period of a company ended on 2025.03.31. The board of directors has given approval to issue financial statements on 2025.07.01. Annual general meeting was held on 2025.07.28. Below events have happened after the reporting date.

- A. Rs 100,000 worth stock as at 31.03.2025 has been returned to supplier on 2025.04.10
- B. Rs 800,000 worth stock as at 31.03.2025 got fire on 2025.05.20
- C. Electricity expense which should have been paid as at 31.03.2025 was paid on 2025.06.28
- D. Value of the investment decreased during the period from 2025.03.31 to 2025.07.28

What are the event which should not be adjust as at 31<sup>st</sup> March 2025?

- |             |                |          |
|-------------|----------------|----------|
| 1. A & B    | 2. B & C       | 3. B & D |
| 4. A, C & D | 5. A, B, C & D |          |

24) What is the source document relevant for recording the time and task relevant to a particular job?

- |                      |                   |                   |
|----------------------|-------------------|-------------------|
| 1. Daily time card   | 2. Job card       | 3. Job cost sheet |
| 4. Piece work ticket | 5. Idle time card |                   |



25) Following information are given in relation to a material used by a business.

Reorder level (Units)	240
Average consumption (Units)	20
Average lead time (Weeks)	5

If the difference between maximum stock level and minimum stock level is 400, what is the maximum stock level?

- |              |              |              |
|--------------|--------------|--------------|
| 1. 400 Units | 2. 440 Units | 3. 480 Units |
| 4. 500 Units | 5. 540 Units |              |

26) Select the answer which contains the correct impact on working capital and quick ratio from receiving cash from the debtors.

Working capital	Ration	Quick ratio
1.	Increase	Increase
2.	No change	No change
3.	Decrease	Decrease
4.	Increase	No change
5.	No change	Increase

27) Following information are given in relation to the material "AB".

- Monthly consumption – 12,000 units
- Cost of unit – Rs 20
- Annual holding cost – 5% from cost of units
- Ordering cost – Rs 500 per an order

What is the economic order quantity?

- |                 |                 |                 |
|-----------------|-----------------|-----------------|
| 1. 10,954 units | 2. 37,947 units | 3. 16,971 units |
| 4. 8,485 units  | 5. 12,000 units |                 |

28) Which of the following is not a terminal cash flow?

1. Purchasing of assets required for a capital project
2. Cash received from sales
3. Payment of taxes in relation to the purchasing of a new asset
4. Income received by selling the residuals of assets
5. Payments made to the creditors

29) Select the correct statement according to the cost volume profit analysis.

1. Total cost can be classified as fixed cost and semi variable cost.
2. The only factor effect on revenue and cost is level of activity
3. There is an uncertainty about things like price and cost
4. Efficiency can be changed with the change of technology
5. Fixed cost and variable cost simultaneously change with the level of activity

30) Following information are given relevant to the product “X”.

Production level (Units)	Total cost (Rs)
5,000	500,000
6,000	540,000

The per unit variable cost and the fixed cost respectively are,

Per unit variable cost (Rs)	Total fixed cost (Rs)
1. 40	200,000
2. 40	300,000
3. 50	300,000
4. 90	200,000
5. 100	300,000

31) Following are some reasons for creating a difference between bank a/c balance of the business and the bank statement balance. State whether the bank a/c balance of the business will either increase or decrease relative to the bank statement balance due to following reasons.

Item	Increase/ Decrease
I. Unpresented cheques	.....
II. Unrealized cheques	.....
III. Bank charges that are not recorded in the cash book	.....
IV. Direct remittance of debtors that are not recorded in the cash book	.....

32) Following are the costs involved in manufacturing a particular product.

- Direct material cost – Rs. 150,000
- Sales & distribution expenses – Rs 5,000
- Indirect wages – Rs 7,000
- Administrative expenses – Rs 10,000
- Depreciation of factory equipments – Rs. 70,000
- Direct labor cost – Rs 10,000
- Indirect material cost – Rs 45,000
- Over time payments to factory workers – Rs 20,000

What is total manufacturing cost?.....

33) Nayagara PLC is maintaining a petty cash imprest of Rs 8,000. The value of total expense column of the petty cash book on 2025.03.31 was Rs 7,600 & it was reimbursed. The total of the expenses copied to the general ledger was Rs 7,200. Explain the effect created on trial balance from this error.

.....

34) Chathura purchased 200 books at Rs 50 each. If VAT is 12%, record the journal entries relevant for the transaction.

.....

---

---

35) Starting cash balance of Marina Company was Rs 50,000. The bank balance was Rs 450,000. Payments made through the bank was Rs 80,000 and the bank balance had been increased by Rs 300,000 within the year. If the cash receipt within the year is Rs 500,000, what is the ending cash balance of the business? (All payments are made through the bank and all receipts are taken over the business counter in terms of notes and coins).

---

36) Debtor balance of Yatinuwara business has been over casted by Rs 80,000 due to recording the same sales invoice twice in sales journal. Write down the journal entries to rectify this error.

---

37) State whether “True” or “False”.

- I. All accounting errors effect on suspense A/C:  
.....
- II. Pre payments and accrued expenses recorded in a/c based on the entity concept:  
.....
- III. Cost involved in painting the business name on the vehicle is a capital expense:  
.....
- IV. Cost of production test run can be capitalizes to the asset;  
.....

38) Following information are given related to a particular business. Calculate the bad debts expense that should be included in the statement of comprehensive income for the year ended by 2025.03.31.

	Rs
Bad debts cut off within the year	14,000
Provision for doubtful debts	
Balance as at 2024.04.01	28,000
Balance as at 2025.03.31	54,000
Receipt of bad debts written off in previous years	14,000

Bad & doubtful debt expense:

---

39) Name two impacts that would be create on financial statements of a business which continuously ignores the consistency concept.

---

---

40) Following information has been given as at 2025.03.31 in relation to a business which started on 2024.09.30

	<b>Rs</b>
Credit sales	60,000
Money collected	40,000
Bad debts written off	3,000

Business policy is to provide 2% from debtor balance for bad & doubtful debts. Calculate the bad & doubtful debt expense for the year ended by 2025.03.31.

---

41) A business purchased a machine on 2024.04.01 of which the useful life is 10 years for Rs 100,000. The efficiency of this machine increased due to the addition of Rs 20,000 worth extra part to this machine on 2024.10.01. The useful life of this extra part is 5 years.  
State the net value of the machine as per 2025.03.31

---

42) State a similarity and dissimilarity between capitalization of reserves and right issue.

Similarity: .....

Dissimilarity: .....

43) Sales of a business which commenced on 2025.01.01, in the months of January, February & March is Rs 20,000, Rs 45,000, and Rs 60,000 respectively. 30% of sales is made on cash basis. 20% of credit sales is going to be collected in the following month and the rest will be collected month after the following month. Anyway the business policy is to collect back full amount within 2 months after the sales.

I. Total amount received from debtors in the month of February: .....

II. Debtor balance as at 2025.03.31: .....

44) A company purchased a plant on 2023.04.01. It was depreciated on reducing balance method where the rate is 20%. If the net book value of the plant on 2025.03.31 is Rs 640,000, calculate the initial value of the plant.

---

45) Dhanushka's business has purchased a land to be paid on installment basis. The monthly installment is Rs. 36,000 and 72 such installments are needed to be paid. First installment was needed to be paid on 2024.01.01. The business has not paid 1/10<sup>th</sup> of the total installments that is needed to be paid from then until 2025.03.31. What is the current liability needed to be stated in the statement of financial position as at 2025.03.31?

46) Following information are given in related to the material “X” of Madhura PLC.

Monthly consumption	10,000 units
Purchasing price of a unit	Rs. 600
Holding cost per unit	Rs 12
Ordering cost per unit	Rs. 7,200

Calculate the economic order quantity of “X” ?

47) Differentiates financial accounting and management accounting according to the following bases.

Base	Financial accounting	Management Accounting
Period of focus		
Number of times recording		
Users		
Application of generally accepted principles		

48) Gross salaries of the employees of Ranwan PLC is Rs 450,000. Contribution of employer & employee to the EPF is 12% & 8% respectively. If 55% of the net salaries has been paid to the employees, but EPF is not yet paid to the relevant authorities, what is the journal entry to record salaries?

49) AB PLC absorb overhead based on direct labor hours. Following information are given relevant to the year ended by 2025.03.31

	Budgeted	Actual
Overhead cost	350,000	400,000
Output (Units)	70,000	60,000
Labor hours	35,000	30,000

What is the value of Overhead absorbed: -----

50) Suppose that you are going to enter into the university in another 3 years from today. After that you have to continue your studies for another 4 years in order to obtain a special degree. If you have to incur Rs 50,000 for each year in the university, calculate the present value of cash flows using 12% discount factor. (Assume that the expense is needed to be incurred at the end of each year).

## General Certificate of Education (Adv. Level) Examination - 2025

**Accounting**

**33 E I**

**Three Hours**

### Instructions:

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Index No. : .....

### For Examiner's Use Only

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

01. Following details are given related to Achiever's Plc as at 31.03.2025.

### Trial Balance

	(Rs.000)	(Rs.000)
Stated Capital - Ordinary shares (200,000)		5,000
General reserve		500
Retained profits		300
Purchases and Sales	4,000	6,000
Opening stock	400	
Trade receivables and Trade payables	2,300	900
Income tax Paid (2024/25)	250	
Provision for impairment losses on Trade Receivables (01.04.2024)		300
Salaries and wages	270	
Other administration expenses	420	
Distribution expenses	160	
Debenture interests	75	
20% debentures (issued on 30.09.2024)		1,000
Paid interim dividends	200	
Temporary asset account	150	
Asset disposal profit		300
Property Plant and Equipment	2,420	
Provision for accumulated depreciation		640
Received investment income		25
15% Investments	560	
Cash and bank	3,732.5	
Expenses paid in advance	57.5	
Income tax paid and provisions (2023/24)	320	350



### Additional Information,

- I. The following stocks in transit have been omitted during the stock calculation conducted on 31.03.2025. Apart from the following stocks, the company had a stock that cost Rs. 120,000 as at 31.03.2025

Item	Cost	Net Realizable Value
A	300,000	260,000
B	400,000	390,000
C	220,000	400,000

The company uses item basis to record inventory.

- II. Rs. 400,000 worth of a motor vehicle purchased for cash on 01.04.2023 has been accounted as an expense. It was revealed by the 2023/24 financial year audit on 31.10.2024. The company depreciates motor vehicle at a rate of 10% per annum under the straight line method and this vehicle has no residual value.
- III. A motor vehicle which was purchased two years ago from 30.09.2024, with a carrying value of Rs. 350,000 as at that date was sold by the company for Rs. 300,000. No other record has been kept except that the money received from it has been recorded as a profit.
- IV. Property, Plant and Equipment of the company as at 01.04.2024 is as follows.

Item	Cost	Acc depreciation	Dep rate
Land	1,000,000	-	-
Buildings	500,000	200,000	20%
Motor vehicle	800,000	420,000	10%
Furniture	120,000	20,000	15%

The company uses straight line method to depreciate its assets.

- V. On 30.09.2024 Buildings were revalued for the first time for Rs. 420,000. Useful life of the building as at that date were estimated as 2.5 years.
- VI. The company purchased a special production machine on 31.12.2024 under a lease arrangement. The following details are related to the lease.
- The leasing company should pay 80% of the purchase price of the machine.
  - Lease period is 3 years.
  - Purchase price of the machine is Rs. 750,000.
  - The useful life of the machine is 4 years and it has no residual value at the end of it.
  - At the end of the useful life, Rs. 250,000 is required to dismantle it. (During this period the time value of the price remains unchanged).

The interest payment for the lease period is given below.

01/01/2025 – 31/12/2025 – Rs. 70,000
01/01/2026 – 31/12/2026 – Rs. 30,000
01/01/2027 – 31/12/2027 – Rs. 20,000

In relation to the above transaction, the company debited the paid Rs. 150,000 to a temporary asset account and no any other transactions were recorded. Value of the lease installment is Rs. 240,000 and

each of the installment should be paid on 31<sup>st</sup> December. Ownership of the asset at the end of the period is transferred to the company.

- VII. A debtor which had a balance of Rs. 30,000 at the reporting date died due to a heart attack on 05.04.2025. It is the company's policy to provide 10% of the year end debtor balance as provision for doubtful debts.
- VIII. Company has not properly accounted for Employer and Employee EPF / ETF or not yet paid. According to government regulations, the employer must contribute 15% to the EPF, 3% to the ETF and 10% by the employee. Wages and salaries in the financial position shows the net salary paid.
- IX. A debit note issued by the company of Rs. 100,000 has been omitted from the books of accounts.
- X. The tax rate of the company is 30%, but according to the tax reforms carried out on 01.01.2025, that rate was reduced to 20% from 01.01.2025. (Assume that profits are evenly distributed throughout the year).
- XI. The Board of Directors had decided the followings.
- Transfer of 100,000 to the general reserve
  - To pay a dividend of Rs. 10 per share for Ordinary shareholders

### Required,

Financial statements of Achiever's PLC according to the standard LKAS 01 (including notes).

1. Statement of Profit or Loss and other comprehensive income for the year ended 31.03.2025
2. Statement of Changes in Equity for the year ended 31.03.2025
3. Statement of Financial Position as at 31.03.2025

02. A). Following are the overhead costs related to a Business.

Equipment depreciation	12,000	AC	7,800
Factory building rent	10,000	Employee insurance	18,000
Canteen expenses	9,000	Electricity charges	2,000
Rates	1,000	Power	5,000
Quality control costs	5,000	Factory Manager's salary	27,000

Details related to the production and service department is given below.

	<b>Production department</b>		<b>Service department</b>
	<b>P</b>	<b>Q</b>	<b>Stores</b>
Floor area	1,200	1,600	1,200
Area (cubic meters)	4,000	6,000	3,000
No. of employees	40	30	20
Book value of equipment	30,000	20,000	10,000
Machine capacity	12	8	-
No. of materail requisition notes	60	40	-
No. of quality tests	20	30	-
Light bulbs	6	8	6

### Required,

1. Statement showing the allocation of overhead costs between the production and service departments and the re-apportionment of service departments overheads to production departments.

B). Following are the salary details of the showroom employees of a trading company for the month of March 2025.

Employee name	No. of hours worked in week days	No. of hours worked in week ends	Salary advance taken on March 25 <sup>th</sup> (Rs.)	Salary on Attendance(Rs.)
Nimshi	196	15	16,000	5,000
Nishini	184	26	12,000	5,000
Sithumi	140	30	13,000	-
Total	520	71	41,000	10,000

- I. For an employee who worked 160 hours in a month receives Rs. 40,000 flat salary. Overtime worked on weekdays is paid 150% of the normal hourly rate and 200% of the normal hourly rate is paid for overtime on weekends.
- II. Account balances as at 01.03.2025.
- |                  |             |
|------------------|-------------|
| Payable salaries | Rs. 145,500 |
| Payable EPF      | Rs. 24,000  |
| Payable ETF      | Rs. 3,600   |
- III. Contribution for Employee Provident Fund (EPF) and Employee Trust Fund (ETF) based on the basic salary should be calculated as below.
- |                |     |
|----------------|-----|
| EPF – Employer | 12% |
| Employee       | 8%  |
| ETF - Employer | 3%  |
- ETF & EPF are paid on 10<sup>th</sup> of the following month.

Required,

- Salary sheet
- Employee expenses for March 2025  
(Show each item separately)
- Below ledger accounts
  - Payable EPF account
  - Payable ETF account
  - Payable salary account
  - Salary control account

03. A). The financial position statement of Mobitel Services as at 01.04.2025 is as follows. The business is VAT registered and pays 5% VAT on the value of the service for each service provided by the business.

Asset	Rs. 000
Office equipment (Cost 288,000)	250
Service stock	50
Trade receivables	30
Bank	80
	<b>410</b>
<b>Equity</b>	380
<b>Liabilities</b>	
VAT Payable	10
Trade payables	20
	<b>410</b>

Transactions occurred in the month of April 2025 is as follows.

I	04/03	Rs. 100,000 of services provided for cash.
II	04/05	Marked price Rs. 22,000 worth of service goods were purchased for Rs. 20,000 on credit.
III	04/08	Half of the inventory borrowed on 04/05 was returned to the supplier.
IV	04/12	Received Rs. 9,000 from trade receivables to settle a balance of Rs. 10,000 and the balance was written-off as bad debts on trade receivables.
V	04/15	Cost Rs. 45,000 worth of office equipment was purchased and incurred Rs. 3,000 for bringing to the office and Rs. 2,000 for installation. Residual value of this is Rs. 2,000 and useful life is 2 years and it is eligible to operate from purchased date. Existing office equipment has a useful life of 3 years and no residual value.
VI	04/18	In order to settle the water bill of Rs. 4,000 relevant to this month, the company provided a service.
VII	04/20	A sales invoice of Rs. 20,000 in relation to a service provided on march has been totally ommitted from the books of accounts.
VIII	04/22	Rs. 18,000 was paid to settle trade payable as at 01.04.2023 in cash and the balance was considered as a discount.
IX	04/25	The written-off balance of trade receivables was received in cash.
X	04/30	To settle Rs. 3,000 electricity bill, owner paid Rs. 2,000 by his personal cash and balance was paid by the company.

Required,

- Record the above transactions correctly to the equation given below

$$\begin{array}{ccccccc} \text{Office} & + & \text{Service} & + & \text{Trade} & = & \text{Bank} & + & \text{Trade} & + & \text{Equity} \\ \text{Equipment} & & \text{Stock} & & \text{Receivables} & & \text{Payable} & & \text{Payables} & & \\ & & & & & & \text{VAT} & & & & \end{array}$$

- Calculate the profit or loss for the month ended 30.04.2025 on the net assets basis.

B). As at 31.03.2025, balance of the debtors control account was Rs. 80,000 and it did not match with the balance as per the debtors list. Later the following information were revealed as reasons for the difference by investigations.

- When preparing the balance of the list of debtor's ledger, Rs. 5,000 of debit balance and a credit balance of Rs. 500 have been omitted.
- Credit sales of Rs. 6,100 made for kasuni has been recorded in the sales journal as Rs. 1,600.
- Out of the sales recorded in the Debtors Control Account, It has been included the value of a car sold on credit for Rs. 40,000.
- A debtor balance received Rs. 3,100 from piyumi has been recorded in her personal account as Rs. 1,300.
- A cheque of Rs. 3,000 received from a debtor had been dishonoured, that was recorded only in his personal account.
- The value of the credit notes which is completely omitted from the books was Rs. 2,500.
- The company has cancelled a discount of Rs.1,000 given to a debtor and it was only recorded in the relevant debtor account.
- Although Sanduni's debtor balance of Rs. 8,000 was decided to write off as bad debts due to the bankrupt , it was not recorded in the books of accounts at all.

Required,

- Debtors control account with relevant adjustments.
- A reconciliation statement on the balance of debtors control account after the above adjustments and the balance of list of debtors before making adgustments.

04. A). C joined on 01.04.2024 to the partnership carried out by A and B which they shared profits equally. The current account of the partnership for the year ending 31.03.2025 is as follows.

	A	B	C		A	B	C
Drawings	200	220	140	B/B/F	500	300	-
B/C/D	580	280	95	Salaries	-	-	175
				Capital innterest	100	80	-
				Profits	180	120	60
	780	500	235		780	500	235

**Additional Information,**

- I. On the day C joined, she brought cash Rs. 550,000 as capital and Rs. 50,000 out of it was for goodwill.
- II. Transactions related to goodwill should be done through capital account of partners.
- III. Annual interest rate on begining balances of capital is 10%.
- IV. On 01.01.2025, C have provided a loan to the business of Rs. 400,000. Loan interest has not been recorded as there is no agreement on interest.
- V. During the year A , B and C has made drawings of Rs. 20,000 each. No any records were there in relation to it.

**Required,**

1. A statement showing the correct appropriation of profits for the year ended 31.03.2025.
  2. Capital accounts and Current accounts for the year ended 31.03.2025 after considering the above additional information.
- B). The receipts and payments account prepared by the United Youth Social Welfare Association as at 31.03.2025 are as follows.

Receipt and payment account			
B/B/F	7,000	Salaries	5,000
Registration fee	1,600	Stationary	1,400
Membership fees	18,400	Telephone expenses	2,500
Other donations	7,200	Rent and rates	4,600
Investment interest income	1,000	Postal expenses	1,300
		Other expenses	2,100
		B/C/D	18,300
	<u>35,200</u>		<u>35,200</u>

Following information has been provided as additional information.

- I. Receivable investment interest income of Rs. 200 related to last year has been received this year and that amount is included in the investment interest income.
- II. Expenses that are payable and paid in advance as at 31.03.2025 is as follows.
  - Payable postal expenses Rs. 500
  - Payable rent and rates Rs. 1,700
  - Telephone expenses paid in advance Rs. 1,500
- III. The total received membership fee above includes Rs. 1,000 of value that should be received in the year 2023/24. The membeship fee received already for the year 2025/26 is Rs. 7,600. At the end of this year membeship fee receivable is Rs. 1,800.
- IV. Balances of other ledger accounts at the begining of the financial year is given below.

- Non- current assets of association      Rs. 72,900 (cost:- 96,000)
- Investments      Rs. 20,000

V. The registration fee is considered as an income in the year received.

VI. Non- current asset are depreciated at a rate of 10% under the straight line method.

### **,Required**

1. Accumulated fund as at 01.04.2024
2. Surplus or Deficit for the year ended 31.03.2025
3. Statement of Financial position as at 31.03.2025

**05. A).** Summarized statement of financial position of MyEnrich.lk PLC as at 31.03.2025 and as at 31.03.2024 is given below.

<b>Description</b>	<b>As at 31.03.2025 (Rs'000)</b>	<b>As at 31.03.2024 (Rs'000)</b>
PPE- Carrying value	28,000	19,000
Stocks	9,680	8,800
Trade receivables	9,500	10,500
Cash and cash equivalents	5,020	2,200
<b>Total assets</b>	<b>52,200</b>	<b>40,500</b>
Stated capital- ordinary shares	22,800	18,000
Revaluation reserve	2,000	-
Retained earnings	5,200	2,500
Long term loan	10,500	10,100
Trade payables	8,600	8,100
Provision for income tax	500	400
Bank OD	2,600	1,400
<b>Total equity and liabilities</b>	<b>52,200</b>	<b>40,500</b>

Additional information,

- I. Profit before tax and profit for the year ended 31.03.2025 were Rs. 6,000,000 and Rs. 4,500,000 respectively.
- II. The total interest expenses on the long term loan for the year ended 31.03.2025 was Rs. 600,000. The accrued loan interest of Rs. 400,000 was included and it was mistakenly added to the balance of long term loan as at 31.03.2025.
- III. The depreciation expenses for the year ended 31.03.2025 was Rs. 1,250,000. During the financial year 2024/25 they purchased a new motor vehicle in cash and there was a surplus in the revaluation reserve due to the revaluation of lands for the first time. No other purchases or disposals of assets were made during the year.
- IV. During the year the company made a share issue and on 01.01.2025 an interim dividend was paid to ordinary shareholders.
- V. The long term loan should be paid from 31.03.2027 onwards.

### **Required,**

1. Cash flow statement for the year ended 31.03.2025 according to the standard LKAS 07. (Use the indirect method to calculate the cash flow from operating activities)



B). Bank balance of ACCA as per the bank statement was Rs. 32,000 of credit balance as at 01.04.2025.

- The total debits and credits during the month of April as per the bank statement was Rs. 140,000 and Rs. 190,000 respectively.
- The following items have been debited by the bank and not recorded in the cash book of the business.

	Rs.
Bank charges	3,000
Standing order payments-insurance	10,000

- The following items have been credited by the bank and not recorded in the cash book of the business.

	Rs.
Debtor remittances	12,000
Fixed deposit interest	8,000

- As at 01.04.2025 there were No unrepresented and unrealized cheques.
- As at 30.04.2025 value of the unrepresented cheques were Rs. 16,000 and value of Unrelaized cheques were Rs. 23,000.
- The business did not deposite any amounts of cash to the bank during the month of April 2025.

### **,Required**

1. Prepare the cash book (Bank account) of the company for the Month of April 2025 before making adjustments.
2. Adjusted cash book balance as at 30.04.2025.
3. Bank Reconciliation statement as at 30.04.2025.

**06. A).** A company is planning to replace the old machine to a new machine.

Cash flows arising during the initial stages of project.

- Purchase price of the new machine Rs. 450,000
- Fixing costs Rs. 50,000
- Disposable price of the existing machine Rs. 40,000

Operating cash flows including the depreciation.

Year	1	2	3	4
Expected increase in sales ( Rs.)	600,000	750,000	700,000	800,000
Expected increase in operating expenses (Rs.) (Including depreciation)	500,000	400,000	550,000	675,000

Other information,

- I. The working capital requirement will be increased from Rs. 100,000 to Rs. 130,000. Invested working capital amount can be realized at the end of the project.
- II. Expected rate of return of the company is 15%.

Period/ Years	1	2	3	4
Discount factor	0.87	0.76	0.66	0.57

Required,

1. Net cash flows for each year
2. Your suggestion to carry on the project based on the Net present value of the invetment

B). The following information are related to the ACCA PLC for the year ended 31.03.2025

Gross profit ratio	20%
Asset turnover ratio	0.5 times
Inventory turnover ratio	8 times
Average stock	Rs. 400,000
Total expenses for the period	Rs. 3,600,000
Total liabilities as at 31.03.2025	Rs. 4,400,000

Required,

1. Sales for the year ended 31.03.2025
2. Total assets as at 31.03.2025
3. Return on Equity ratio
4. Equity ratio

# SUGGESTED ANSWERS

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

- (31) 1) Decrease.  
 2) Increase.  
 3) Increase.  
 4) Decrease.
- (32) 302,000
- (33) Debit side of trail Balance decreased by Rs 400
- (34) Purchase (Dr) 10,000  
 VAT Control (Dr) 1,200  
 Creditor (Cr) 11,200
- (35) Rs.170,000
- (36) Sale (Dr) 80,000  
 Debtor Control Ac 80,000
- (37) 1. False  
 2. False  
 3. False  
 4. True
- (38) Rs. 26,000
- (39) 1. Capital asset can't be recorded on historical basis.  
 2. Since there is no base to depreciate capital asset depreciate cant be calculated.  
 3. Asset cant be categorized as current and non current.  
 4. Liability cant be categorized as current and non current
- (40) Rs. 3,340
- (41) Rs.108,000
- (42) Similarity : Increase the ordinary share capital  
 Dissimilarity : There is cash inflow from right issue
- (43) A. 2,800  
 B. 67,200
- (44) Rs.1,000,000
- (45) Rs .486,000
- (46) Units 12,000
- (47) **Management Accounting**      **Financial Accounting**  
 Future periods      Past periods

Not certainty  
Internal Stakeholders  
No direct impact

Once a year  
Both Internal and External stakeholders  
Use frequently

# SUGGESTED ANSWERS

01.

Achiever's Plc  
Profit and loss and other comprehensive statement  
For the year ended 31.03.2025(Rs.000)

Sales	6,000
Cost of sales	(3,260)
Gross profit	2.740
Other income	84
Factory and Administration	(988.5)
Sales and distribution	(215)
Finance expenses	(117.5)
Other expenses	(100)
Profit before expenses	1,403
Income tax	(566.5)
Profit after tax	836.5
Other comprehensive income	
Revaluation gain	170
Total comprehensive income	1,006.5

Achiever's PLC  
Statement of changes in equity  
For the year ended 31.03.2025 (Rs.000)

	Ordinary shares	Preference shares	Revaluation reserve	General reserve	Retained earnings
B/F	5,000			500	300
Previuos year errors					360
B/F	5,000	-	-	500	660
Building revaluation			170		
Transfers to general reserve				100	(100)
Profit for the year					836.5
Dividend – Ordinary shares					(200)
	5,000		170	600	1,196.5

Achiever's PLC  
Statement of Financial Position  
As at 31.02.2025 (Rs.000)

<b>Non-current assets</b>		
PPE	1,710	
Assets that have ownership to use	937.5	
10% Investments	560	3,207.5
<b>Current assets</b>		
Closing stock	990	
Debtors	2,043	
Receivable investment income	59	
Prepaid expenses	57.5	
Bank and Cash	3,732.5	6,882
		10,089.5
<b>Equity and Liabilities</b>		
Ordinary shares	5,000	
General reserve	600	
Revaluation reserve	170	
Retained profits	1,196.5	6,966.5
<b>Non-current liabilities</b>		
Lease creditor	430	
20% Debentures	1,000	1,430
<b>Current liabilities</b>		
Liability related to lease asset	250	
Lease creditor - Current	170	
Lease loan interest	17.5	
Payable EPF	75	
Payable ETF	9	
Trade payables	800	
Payable debenture interest	25	
Payable income tax	346.5	1,693
		10,089.5



Note 03

	Land	Building	Motor Vehicle	Furniture
B/F	1,000	500	800	120
Motor vehicle-omitted			400	
Motor vehicle disposals			(437.5)	
Revaluation		170		
	1,000	670	762.5	120
Depreciation		200	420	20
MV dep-omitted			40	
MV disposals			(87.5)	
Annual depreciation		134	98	18
		334	470.5	38
	1,000	336	292	82

02. A)

Cost	Cost basis	Total cost	Production dep P	Production dep Q	Stores
Equipment dep	Book value	12,000	6,000	4,000	2,000
Building rent	Floor area	10,000	3,000	4,000	3,000
Canteen	No. of employees	9,000	4,000	3,000	2,000
Rates	Area	1,000	300	400	300
Quality costs	quality tests	5,000	2,000	3,000	-
AC	Area	7,800	2,340	3,120	2,340
Employee insurance	No. of employees	18,000	8,000	6,000	4,000
Electricity charges	Light bulbs	2,000	6,000	8,000	6,000
Power	Machine capacity	5,000	3,000	2,000	-
Manager's salary	No. of employees	27,000	12,000	9,000	6,000
			15,384	10,256	(25,640)
			62,024	52,776	

B). 1

		Additions			Deductions			Employee	
Name	Basic salary	OT	Attendance Bonus	Gross salary	EPF	Advances	Net salary	EPF	ETF
Nimshi	40,000	21,000	5,000	66,000	3,200	16,000	46,800	4,800	1,200
Nishini	40,000	22,000	5,000	67,000	3,200	12,000	51,800	4,800	1,200
Sithumi	40,000	15,000	-	55,000	3,200	13,000	38,800	4,800	1,200

**Note 01**

Opening stock	400,000
purchases	4,000,000
	(100,000)
Closing stock	<u>(1,040,000)</u>

**Note 02**

Cost	1,000,000
Depreciation	<u>(62,500)</u>
	<u>937,500</u>

3,260,000

**2. Salary expenses =206,000**

Gross salary =188,000  
 EPFExpenses = 14,400  
 ETFExpenses = 3,600  
 206,000

**3. Payable EPF account**

Cash	24,000	B/F	24,000
		Employer	14,400
		Emplyee	9,600
B/C/D	24,000		
	<u>48,000</u>		<u>48,000</u>

**Payable ETF account**

Cash	3,600	B/F	3,600
		Employer	3,600
C/D	3,600		
	<u>7,200</u>		<u>7,200</u>

**Debtor control**

Payable salary	137,000	Gross salary	188,000
Payable EPF	9,600		
Advances	41,000		
	<u>188,000</u>		<u>188,000</u>

**Payable salary account**

Cash	145,500	B/F	145,500
		Salary	137,400
C/D	137,400		
	<u>282,900</u>		<u>282,900</u>

03. A).

1.

	offi equ.	+	Stock	+	Receibables	+	Bank	=	Payable (VAT)	+	Other payables	+	Equity
	250	+	50	+	30	+	80		10	+	20	+	380

1						+	105		5			+	100
2		+	20							+	20		
3		+	(10)								(10)		
4					(10)	+	9						(1)
5	50 (1) (8)	+					(50)						(1) (8)
6													4 (4)
7					21				1				20
8							(18)				(20)	+	2
9						+	1					+	1
10							(1)					+	(3) 2
	<b>292</b>	+	<b>60</b>	+	<b>41</b>	+	<b>126</b>		<b>16</b>	+	<b>10</b>	+	<b>493</b>

2. Gross profit = End equity – Opening equity + drawings – Additional capital  
= (492,000 – 380,000) - 2,000  
= 112,000 – 2,000  
Gross profit = 110,000

B).

1.

#### Debtors control account

B/B/F	80,000	MV disposals	40,000
Sales	4,500	Returns inwards	2,500
Dishoured cheques-bank	3,000	Bad debts	8,000
Cancelled discount	<u>1,000</u>	B/C/D	<u>38,000</u>
	<u>88,500</u>		<u>88,500</u>

2.

#### Debtor reconciliation statement

Adjusted debtor control balance		38,000
+ Mistaken credit balance	500	
Cash received from piyumi	1,800	
Return inwards	2,500	
Bad debts	8,000	12,800
(-) Mistaken debit balance	5,000	
Sales for kasuni	4,500	(9,500)
Total of debtors list		41,300

04.

A).

Profit correction statement

Calculated profit		715
+ Goods drawings	60	
- Loan interest	-5	
Corrected profit		770

Profit / Loss division statement

Profit		770
Capital interest - A	100	
B	80	
	50	(230)
Salaries - C	175	540
		(175)
Profit shares - A	182.5	365
B	121.6	
C	60.9	(365)
		-

Current accounts

	A	B	C		A	B	C
Drawings	200	220	140	B/F	500	300	
Drawings	20	20	20	Capital interest	100	80	50
				Salary			175
				Profit shares	182.5	121.6	60.9
C/D	562.5		125.9				
	782.5	261.6	285.9		782.5	501.6	285.9

Capital accounts

	A	B	C		A	B	C
Goodwill			50	B/F	1,000	800	
				Capital interest			550
				Goodwill	25	25	
C/D	1,025	825	500				
	1,025	825	550		1,025	285	550

B).

Accumulated fund account

	Debit	Credit
Cash	7,000	
Receivable interest	200	
Receivable membership fee	1,000	
Non-current assets	72,900	

Investment	20,000	
Accumulated fund		101,100
	101,100	101,100

#### Income and Expense Account

Postal expenses	1,800	Interest income	800
Rent	6,300	Membership fee	11,600
Telephone expenses	1,000	Registration fee	1,600
Depreciation	9,600	Other donations	7,200
Salary	5,000		
Stationary	1,400		
Other expenses	2,100		
		Deficit	6,000
	<u>27,200</u>		<u>27,200</u>

#### Statement of Financial Position

Accumulated fund	101,100	<u>Non-current Assets</u>	
Surplus/Deficit	(6,000)	PPE	63,300
		Investment	20,000
<u>Non-current liabilities</u>		<u>Current Assets</u>	
		Telephone expenses	1,500
<u>Current- liabilities</u>		Receivable membership fee	1,800
Payable postage	500	Cash	18,300
Rent and rates	1,700		
Membership fee	7,600		
	<u>104,900</u>		<u>104,900</u>

05. A)

#### MyEnrich.lk PLC Cash flow statement

For the year ended 31.03.2025 (Rs.000)

Cash flow from operating activities		
Profit before tax		6,000
Matchings		
Depreciation	1,250	
Loan expenses	600	1,850
Profit after matchings		7,850
Working capital changes		

Increase in stocks	(880)	
Decrease in debtors	1,000	
Increase in creditors	500	620
Cash flow from operating activities		8,470
Paid interest	(200)	
Paid Tax	(1,400)	(1,600)
Net cash flow from operating activities		6,870
Investment Activities		
Motor vehicle purchase	(8250)	
Net cash flow from investment activities		(8,250)
Financing Activities		
Share issue	4,800	
Dividends paid	(1,800)	3,000
Net cash flow from financing activities		
Net increase in cash and cash equivalents		1,620
Cash and cash equivalents as at 01.04.2024	2,200	
Bank OD	(1,400)	800
Cash and cash equivalents as at 31.03.2025		
Cash and cash equivalents	5,020	
Bank OD	(2,600)	2,420

B).

#### Cash book before adjustments

B/F	32,000	Issued cheques	143,000
Deposited cheques	193,000	C/D	82,000
	<u>225,000</u>		<u>225,000</u>

#### Adjusted cash book

B/F	82,000	Bank charges	3,000
Remmitances	12,000	Standing orders	10,000
Interest	8,000	C/D	89,000
	<u>102,000</u>		<u>102,000</u>

#### Bank Reconciliation statement

Balance as per adjusted cash book		89.000
+ Unpresented cheques for payments	16,000	
- Deposited but not realized cheques	(23,000)	(7,000)
Balance as per bank statement		82,000



06. A).

1.

Description	Year				
	0	1	2	3	4
Expected increase in sales		600,000	750,000	700,000	800,000
New machine	(500,000)				
Operating expenses (Excluding depreciation)		(375,000)	(275,000)	(425,000)	(550,000)
WC at the end of the project	(130,000)				130,000
Net cash flow	630,000	225,000	475,000	275,000	380,000
Net present value	(630,000)	195,750	361,000	181,500	216,600

2. NPV - 324,853

Good to invest because the NPV is a positive value.

B).

1.

$$\text{Stock turnover ratio} = \frac{\text{Cost of sales}}{\text{Average stock}}$$

$$8 = \frac{3,200,000}{400,000}$$

$$\text{Sales} = \frac{3,200,000}{80\%}$$

$$\underline{\underline{\text{Rs.4,000,000}}}$$

02.

Total assets as at 31.03.2021,

$$\text{Asset turnover ratio} = \frac{\text{Sales}}{\text{Total Assets}}$$

$$0.5 = \frac{4,000,000}{\text{Total assets}}$$

$$\underline{\underline{\text{Rs. 400,000,000}}}$$

03.

Return on equity ratio

$$\begin{aligned}
 \text{Return on equity ratio} &= \frac{\text{Net profit} \times 100}{\text{Equity}} \\
 &= \frac{400,000 \times 100}{3,600,000} \\
 &= 11.11\%
 \end{aligned}$$

04.

$$\begin{aligned}
 \text{Return on equity ratio} &= \frac{\text{Equity} \times 100}{\text{Total capital}} \\
 &= \frac{3,600,000 \times 100}{8,000,000} \\
 &= 45\%
 \end{aligned}$$

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