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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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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) The most accurate statement regarding the primary objective of financial accounting is,
 - 1) Providing historical information to all interested parties about the reporting entity.
 - 2) To provide financial and non-financial information to all interested parties about the reporting entity.
 - 3) Providing information necessary for making economic decisions to external parties of a reporting entity.
 - 4) To provide management information to all interested parties about the reporting entity.
 - 5) To provide financial information necessary for making economic decisions to all interested parties about the reporting entity.
- (2) Due to an accounting error occurred in the previous year of a company, the profit has been overstated by Rs. 200,000 and it was revealed in the current year. The accounting concept to correct this error through retained earnings is,
 - 1) Accrual
 - 2) Consistency
 - 3) Going concern
 - 4) Matching
 - 5) Prudence
- (3) The accounting concept related to recording the lease asset as an asset in the financial statements even if the business entity does not have the legal ownership of the asset acquired on lease basis is,
 - 1) Consistency
 - 2) Periodic
 - 3) Realistic
 - 4) Prudence
 - 5) Realizable

- (4) A company purchased goods subjected to a 5% trade discount on credit which its marked price was Rs. 600,000 and later it was sold for Rs. 650,000 under cash basis. The amount payable to the creditors has not been settled yet. The net effect of these transactions is represented in the accounting equation as,

Assets	Liabilities	Capital
1) Increase by Rs. 50,000.	-	Increase by Rs.50,000.
2) Increase by Rs. 80,000.	-	Increase by Rs.80,000.
3) Increase by Rs. 80,000.	Decrease by Rs. 570,000.	Increase by Rs.650,000.
4) Increase by Rs. 650,000.	Decrease by Rs. 570,000.	Increase by Rs.80,000.
5) Increase by Rs. 650,000.	Increase by Rs.600,000.	Increase by Rs.50,000.

- (5) A sole trader who does not keep full accounting records, required to calculate the sales revenue for the year based on the details mentioned below.

- Opening stock Rs. 34,000
- Closing stock (except the damaged stock) Rs. 48,000
- Purchases Rs. 182,000
- Damaged stock Rs. 12,000
- Gross profit margin on sales 40%. Sales during the year,

Find the sales revenue of the business?

- | | | |
|----------------|-----------------------|----------------|
| 1) Rs. 280,000 | 2) Rs. 260,000 | 3) Rs. 168,000 |
| 4) Rs. 290,000 | 5) None of the above. | |

- (6) Isuru is a sole trader. He has written off Rs. 125,000 as bad debts. Which elements of the accounting equation will change as a result of this transaction?

- | | | |
|-----------------------|---------------------|-----------------------|
| 1) Assets only | 2) Capital only | 3) Assets and capital |
| 4) Assets and credits | 5) Liabilities only | |

Use the following information to answer below two questions.

	Rs.
Balance as per debtors control account as at 31.03.2025	500,000
Total of the balances of debtors ledger as at 31.03.2025	400,000

- A.** The total of the sales journal Rs. 570,000 was recorded in the Debtors Control Account as Rs. 750,000.
- B.** Rs. 20,000 of bad debt written off and Rs. 60,000 of discount allowed has been recorded only in the debtors control account.
- C.** Rs. 40,000 cash received from a debtor which was written off as bad debts has been debited to the cash account and credited to the bad debt account only.

- (7) What is the correct balance of the debtors control account as at 31.03.2025?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 400,000 | 2) Rs. 240,000 | 3) Rs. 320,000 |
| 4) Rs. 280,000 | 5) Rs. 360,000 | |

(8) Which of the above A,B and C should be recorded in the debtors ledger when comparing the debtors control account with the debtors ledger?

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

Use the following information to answer below two questions.

ACCA Company purchased a machine on 01.01.2025 required for manufacturing a new product from Amal Company on credit basis. The value of the machine was Rs.1,000,000 and paid Rs. 500,000 as down payment. The remaining amount to be paid in 12 equal monthly installments of Rs. 60,000. Each installment consists of an interest value of Rs. 10,000.

(9) The correct double entry related to record the above transaction on 01.01.2025 is,

	Dr	Cr
1) Right to use asset	1,000,000	
Cash account		500,000
Lease creditors		500,000
2) Machine account	1,000,000	
Creditors account of Amal company		500,000
Cash account		500,000
3) Right to use asset	1,000,000	
Lease creditors		1,000,000
4) Machine account	500,000	
Cash account		500,000
5) Machine account		
Creditors account of Amal company	1,000,000	1,000,000

(10) The prime entry book and source document used to record the interest paid on the loan taken to acquire the machine is,

Prime entry book	Source document
1) Purchase journal	Purchase invoice
2) General journal	Journal voucher
3) Purchase journal	Journal voucher
4) Cash book	Payment voucher
5) Sales journal	Sales invoice

(11) After Saman joined the partnership the new profit-sharing ratio between Amantha, Samantha and Saman was 5:3:2, in which previously Amantha and Samantha shared profits in the ratio of 3:2. If Saman bought Rs. 100,000 in cash as his goodwill portion, in which of the following ways should it be divided between Amantha and Samantha?

- 1) Amantha Rs. 50,000, Samantha Rs. 50,000
- 2) Amantha Rs. 60,000, Samantha Rs. 40,000

- 3) Amantha Rs. 40,000, Samantha Rs. 60,000
- 4) Amantha Rs. 30,000, Samantha Rs. 20,000
- 5) None of the above

(12) Few information related to the accounting year 2025 of a welfare society is given below.

	31.03.2025	01.04.2024
Accumulated fund	420,000	350,000
Membership fees in arrears	30,000	20,000

Additional Information,

- The amount spent by the society during the year was Rs. 120,000.
- Donations received during the year were Rs. 50,000.
- Membership fee received during the year was Rs. 50,000
- The society runs a canteen.

The profit earned from the canteen for the year ended 31.03.2025 is,

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 80,000 | 2) Rs. 90,000 | 3) Rs. 100,000 |
| 4) Rs. 130,000 | 5) Rs. 140,000 | |

Use the following information to answer below two questions.

Ruwan Company entered into a lease agreement with Questionbank.lk to purchase a machine on 01.04.2024. The details are given below.

- Purchase price of the machine is Rs. 500,000
- Useful life of the machine is 05 years
- Lease period is 03 years
- Initial deposit is Rs. 30,000
- Lease interest relevant per year is Rs.20,000
- Annual lease installment is Rs. 120,000
- At the end of the lease, asset should be given back to the lessor.
- Lessee had to bear a cost of Rs. 50,000 as repair expenses for the year ended 31.03.2025.

(13) Value of the right to use asset as at 01.04.2024 is,

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 300,000 | 2) Rs. 330,000 | 3) Rs. 100,000 |
| 4) Rs. 500,000 | 5) Rs. 460,000 | |

(14) Total expenditure occurred due to the lease for the year ended 31.03.2025 is,

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 180,000 | 2) Rs. 190,000 | 3) Rs. 100,000 |
| 4) Rs. 120,000 | 5) Rs. 170,000 | |

(15) Following information is related to a share issue of a company.

Number of shares Issued	2,000,000
Issue price per share	Rs. 10

Number of shares rejected	200,000
No. of shares allotted (cash received from the surplus shares was returned)	1,000,000
Expenses on share issue	Rs. 500,000

What is the net effect of this share issue on the company's net assets?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 9.5 Mn | 2) Rs. 10 Mn | 3) Rs. 10.5 Mn |
| 4) Rs. 17.5 Mn | 5) Rs. 19.5 Mn | |

(16) You have been provided the following information regarding the closing stock of Namal's business as at 31.03.2025.

- Cost of physical stock as at 31.03.2025 Rs. 800,000
- The selling price of the goods sent on the sale or return basis as at that date was Rs. 120,000 (This stock is not included in the above stock.)
- A profit margin of 20% on cost is retained on sales.
- Only 50% of goods sent on sale or return basis were sold.
- The following journal entry regarding stock is to be recorded in the financial statements.

P & L account (Dr)	90,000	
Stock account (Cr)		90,000
(Stock written off from cost to net realizable value.)		

According to the above information, what is the value of the stock to be represented in the statement of financial position as at 31.03.2025?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 760,000 | 2) Rs. 800,000 | 3) Rs. 900,000 |
| 4) Rs. 850,000 | 5) Rs. 720,000 | |

(17) The following information relates to a product of AB Company for the month of March 2025.

- 2025.03.01 - 2,000 of units were remaining in the stores which costs Rs. 50 each.
- 2025.03.10 - Purchased 4,000 units for Rs.60 each for credit.
- 2025.03.15 - Sold 3,000 units for Rs.100 each for cash.
- 500 units of stocks purchased on 10.03.2025 was returned on 18.03.2025 due to a mismatch in the quality. Later AB company destroyed that stocks.
- 2025.03.25 - Sold 1,500 units for Rs.110 each for credit.

The company uses the "first-in-first-out" (FIFO) method for issuing and pricing inventory. Cost of sales for the month ended 31.03.2025 and value of stock as at 31.03.2025,

	Cost of sales (Rs.)	Stocks (Rs.)
1)	220,000	90,000
2)	250,000	60,000
3)	250,000	90,000

4)	465,000	60,000
5)	280,000	60,000

(18) Which of the following items should be included in determining the cost of finished goods in a manufacturing entity?

- A. Invoice value of purchased raw materials
- B. Salary of sales manager
- C. Expenses spend to test the purchased raw materials
- D. Assembly cost spend to prepare the goods to be sold

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

(19) On 01.04.2024 ACCA Company sold Rs. 200,000 worth of five-year telephone network connection and Rs. 25,000 worth of an antenna to a customer. As per SLFRS 15 the revenue to be recognized as at 31.03.2025 is,

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 65,000 | 2) Rs. 225,000 | 3) Rs. 175,000 |
| 4) Rs. 200,000 | 5) Rs. 25,000 | |

(20) The following are some views held by a group of accounting assistants about the prudence accounting concept.

- A. According to the prudence concept, profits are not overstated.
- B. The prudence concept affects the recognition of inventory value when net realizable value is less than inventory cost.
- C. The prudence concept applies when making adjustments relating to bad debt written off.
- D. The prudence concept is applicable in recording the value of uncovered insurance compensation value in the profit and loss account as an expense.

The correct statements are,

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

(21) According to Sri Lanka Accounting Standard 37 (LKAS 37) which is the correct statement regarding contingent liabilities?

- 1) Contingent liabilities should be disclosed in the financial statements.
- 2) A reasonable estimate of the financial value of a contingent liability is not important to record it.
- 3) Contingent liabilities and contingent assets can be offset each other.
- 4) Contingent liabilities should be shown under non-current liabilities in the statement of financial position.
- 5) Contingent liabilities should not be presented in the financial statements and presented as a note in the financial statements only if material.

(22) The Board of Directors approved the financial statements for the year ended 31.03.2025 of Nimali PLC on 15.06.2025. The following events have taken place after 31.03.2025.

- A. On 25.04.2025, an inventory stock of the company was stolen.
- B. A debtor created on 05.04.2025 has been bankrupted on 10.06.2025.
- C. A dividend of Rs. 100,000 has been proposed to ordinary shareholders by the board of directors on 15.06.2025.
- D. A debtor on 05.03.2025 has been bankrupted on 25.06.2025.

According to LKAS 10 (Events after reporting period) standard, which events should be adjusted for the year ended 31.03.2025?

- | | | |
|-----------------|---|-----------------|
| 1) A only | 2) D only | 3) B and C only |
| 4) B and D only | 5) None of the above should be adjusted | |

(23) Depreciation method was changed from straight line method to reducing balance method in the current year. The above change should be recorded in the financial statements as,

- 1) As it is an accounting policy change, only prior periods should be recorded.
- 2) As it is an accounting policy change and should only be adjusted to future periods.
- 3) As it is a change in accounting estimate and should be adjusted only to future periods.
- 4) Since it is a change in accounting estimate, it should be adjusted only in current and future periods.
- 5) Since it is an accounting policy change, should be adjusted to all the previous periods, the current period and the future periods.

(24) Company's contribution to Employees Provident Fund (EPF) is 12%. Employee contribution is 8%. Employee Trust Fund (ETF) contribution is 3%. ETF Payments paid for the month of June 2025 was Rs. 37,500. Festival Advance of Rs. 50,000 has been charged by the company.

Net salary paid for the month of June 2025 is,

- | | | |
|------------------|------------------|------------------|
| 1) Rs. 1,200,000 | 2) Rs. 1,250,000 | 3) Rs. 1,100,000 |
| 4) Rs. 1,150,000 | 5) Rs. 1,164,000 | |

(25) Questionbank.lk has provided you the following information for the year ended 31.03.2025.

- Annual depreciation expense is Rs. 25,000
- Bad debt cost Rs. 10,000
- Company tax rate is 25%
- Total working capital changes is Rs. 45,000
- No income tax was paid in cash.
- Net cash flow from operating activities was Rs. 180,000

Profit for the year ended 31.03.2025 of Questionbank.lk company is,

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 110,000 | 2) Rs. 200,000 | 3) Rs. 120,000 |
| 4) Rs. 160,000 | 5) Rs. 250,000 | |

(26) Following information is provided to you about the debtors of a company.

	Rs. 000
Balance as at 01.04.2024	900
Balance as at 31.03.2025	1,100
Cash receipts during the year	7,500
Discounts given for debtors	300

No. of times of debtor turnover ratio is,

- | | | |
|---------|--------|--------|
| 1) 7.2 | 2) 7.5 | 3) 8.5 |
| 4) 7.77 | 5) 8 | |

(27) The following information was extracted from Sunil steel manufacturing company.

	2024 (Rs.)	2025 (Rs.)
Sales	5,000,000	8,000,000

If the profit will increase by Rs. 900,000 during the year 2025, what is the profit volume ratio?

- | | | |
|--------|--------|--------|
| 1) 25% | 2) 30% | 3) 35% |
| 4) 40% | 5) 50% | |

(28) The following information is given regarding a raw material used in production process.

Monthly material consumption – units	1,500
Cost per unit	Rs. 10
Cost to place one order	Rs. 1,000
Annual cost of holding one unit of material	10% of unit cost

The number of units to be purchased at a time under the economic order quantity method for the above raw material requirement is,

- | | | |
|---------------|---------------|---------------|
| 1) Rs. 10,000 | 2) Rs. 12,000 | 3) Rs. 18,000 |
| 4) Rs. 20,784 | 5) Rs. 6,000 | |

(29) Following information is related to a product of a manufacturing company.

- Average usage per week is 500 units
- Maximum usage per week is 750 units
- Lead time,
 - Minimum weeks 4
 - Maximum weeks 6
- Economic order quantity 3,600 units

The reorder level and maximum stock level of the product is,

re-order level	maximum stock
	level

- | | |
|----------------|-------------|
| 1) 1,500 units | 4,100 units |
| 2) 3,000 units | 5,100 units |
| 3) 3,600 units | 6,100 units |
| 4) 4,500 units | 7,100 units |
| 5) 4,500 units | 5,600 units |

(30) The following information is given regarding the breakeven sales level of the company.

- Variable cost per unit Rs. 15
- Selling price per unit Rs. 20
- Fixed cost Rs. 50,000

The current production volume is 20,000 units. How much in the selling price per unit must be increased if the company wants to increase its profit by Rs. 100,000 without changing the current production volume?

- | | | |
|-----------|-----------|-----------|
| 1) Rs. 25 | 2) Rs. 5 | 3) Rs. 10 |
| 4) Rs. 30 | 5) Rs. 20 | |

(31) The following information is provided related to a sole proprietorship, as at 31.03.2025.

	Rs.
Total assets	2,750,000
Total liabilities	1,650,000

- This company had an equity balance of Rs. 800,000 as at 01.04.2024.

During the year ended 31.03.2025, the owner made drawings of Rs. 250,000 and Rs. 450,000 was invested as additional capital.

Calculate the following.

(A) Equity as at 31.03.2025 : Rs.

(B) Profit for the year ended 31.03.2025 : Rs.

(32) The following errors were identified when comparing the list of balances in the debtors ledger with the debtors control account.

- Daily sales book has been overstated by Rs. 10,000
- Daily return inwards book has been understated by Rs. 5,000
- A personal account of a debtor was understated by Rs. 6,000

If the debtor balance was Rs. 40,000 before rectification of these mistakes, what is the correct debtors control account balance

.....

(33) As at 31.03.2025, the total assets and total liabilities of an organization were Rs. 1,000,000 and Rs. 300,000 respectively.

Following errors have been made when calculating the above figures.

- Rs. 20,000 of advance received from a customer for sale of goods in April 2025 was recognized as revenue.

- Rs. 5,000 of unpaid electricity bill for March 2025 was omitted from records.
- Rs. 10,000 of a sales invoice has been recorded twice in the sales journal.

Calculate the total assets and total liabilities after correcting the above errors,

- a) Total assets
- b) Total liabilities

(34) Write the journal entry to record the following credit purchases assuming that all paid value added tax (VAT) can be recovered.

	Rs.
Purchase price	300,000
ADD: VAT	36,000
Total	<u>336,000</u>

.....

.....

(35) Details related to labor wages in XY Garment Factory PLC are given below.

- Total basic salaries of Juki machine operators is Rs. 1,000,000. The total basic salary of production managers is Rs. 50,000.
- Bonus calculated based on profit to Juki machine operators is Rs. 10,000.
- A juki machine operator has been employed for essential factory maintenance of the business, for which Rs. 5,000 was paid to him. This amount is included in the above salary.
- Employee provident fund expense related to juki machine operators is Rs. 10,000, and the employee provident fund expense related to production managers is Rs. 5,000.
- Bonus paid to juki machine operators on special orders is Rs. 2,000.

Indicate separately the values identified as direct costs and indirect costs from the above cost items. (Indicating only the total value is sufficient.)

- a) Direct cost :
- b) Indirect cost :

(36) Anura's bank statement as at 31.03.2025 showed an overdraft balance of Rs. 25,000. Unrecorded bank charges of Rs. 1,000 in the bank book is included in the bank statement. Also Rs. 3,000 of standing order payment was found to be entered twice in the bank book. Rs. 5,000 worth of cheques has not been presented. Uncredited deposits so far were Rs. 7,000. What is the balance to be shown in the statement of financial position as at 31.03.2025?

.....

(37) QB Sports Club had 100 members as at 01.04.2024 and the monthly membership fee of one member was Rs. 100. Arrears membership fee amount as at 01.04.2024 was Rs. 6,000 and the membership of those members were canceled on 10.04.2024. They had not paid their membership fees for the

previous year. 10 new members were joined on 01.10.2024 and as at 31.03.2025 Rs. 10,000 of membership fees was in arrears.

- (a) How much is the membership fee income for the year ended 31.03.2025?.....
 (b) How much was the membership amount received in cash during the year ended 31.03.2025?

(38) Indicate whether each of the following cash flows is classified under operating activities, investing activities or financing activities.

Cash flows	Activities
A. Lease interest payments
B. Payemnt of capital portion of the loan amount
C. Salary paid for directors
D. Cash received from sale of non current assets

(39) State the accounting concept most relevant to each of the following situations.

- A. Revenue is recognized in a company's income statement when it is earned.

 B. In preparing financial statements, the life of a company is divided into periods of 12 months each.

 C. A company's financial statements are not adjusted for inflation.

 D. A provision for payments that may arise related to warranty certificates is included in a company's financial statements.

(40) ACCA PLC had the following balances as at 01.04.2024.

	Rs. '000
Stated capital (ordinary shares 100,000)	2,000
Retained earnings	800

On 30.09.2024, the company capitalized Rs. 400,000 of retained earnings at Rs. 20 per share. A right issue was made by issuing 1 share for every 12 shares held as at 31.12.2024 at Rs. 10 per share. All the shares were subscribed by the existing shareholders. Profit for the period ended 31.03.2025 was Rs. 300,000. Calculate the following.

- (a) Increase in cash balance due to the above share issues. Rs.
 (b) Equity as at 31.03.2025 Rs

(41) The stock records of a company as at 31.03.2025 showed the following.

Product	No.of units	Cost per unit	Expected selling price	Expected selling expenses
A	100	Rs. 20	Rs. 30	Rs. 5
B	300	Rs. 30	Rs. 30	Rs. 5
C	200	Rs. 25	Rs. 35	Rs. 5

If the stock is valued according to Sri Lanka accounting standards, what is the stock value to be written off as an expense from the income statement and the stock amount to be shown in the statement of financial position? (the stock should be valued on the item method.)

- (a) Income statement
- (b) Financial position statement

(42) On 01.01.2025, ABC Company entered into an agreement with XYZ Company for the sale of a MV for Rs.20 Mn and to provide one year service for the MV. The average selling price of this car is Rs.18 Mn and if one year service is provided separately, additional Rs.02 million will be charged for it. On the day of the commencement of the agreement, XYZ Company paid the total contract price of Rs. 20 million to ABC company and on the same day the respective MV was given to XYZ. The journal entry required to record this transaction in the books of ABC company for the year ended 31.03.2025 is,

.....

.....

.....

(43) State 2 dissimilarities between a “provision” and a “normal liability”.

1.
2.

(44) Name the source document related to each of the following steps related to the purchasing procedure of a manufacturing company.

- A. Ordering of materials by production department from warehouse for production
- B. The warehouse makes a request from the purchasing department to purchase those material.
- C. Requests materials from suppliers.
- D. The warehouse keeper confirms that the material has been received to the warehouse.

(45) State 4 assumptions used when economic order quantity is calculated.

1.
2.
3.
4.

- (46) The estimated overhead cost of the maintenance department of a manufacturing entity was Rs. 60,000 and it should be divided based on labour. Below information is related to the production departments 1 and 2 of the company.

Production division	Estimated labour hours	Actual labour hours
Division 1	200	220
Division 2	400	300

What is the overhead cost apportioned from maintenance department to production division 1 ?

.....

- (47) The following information has been provided regarding a product of ACCA PLC for the year ended 31.03.2025.

- Opening stock Rs. 90,000
- Purchases during the year Rs. 270,000
- Closing stock Rs. 110,000

Using the above information calculate, (assume no. of days per year is 360.)

1. Stock turnover ratio.
2. Stock holding period

- (48) Name 4 source documents used for preparing payroll sheet.

- I.
- II.
- III.
- IV.

- (49) Profit per year is Rs. 200,000. Variable cost per unit is 60% of selling price. Margin of safety is 25% of total sales.

1. Breakeven point (Rupees)?
2. Sales value to obtain a profit of Rs. 300,000?

- (50) A company is considering to purchase a machine for Rs 2,400,000. Its useful lifetime and scrap value is 5 years and Rs. 600,000 respectively. Straight line method is used to depreciate the asset. A net cash flow of Rs. 600,000 is expected each year from this machine.

Calculate the following.

- (a). Payback period (years).....
- (b). Accounting rate of return – based on average investment (%).....

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

Accounting

33 E II

Three Hours

Additional Reading Time - 10 minutes

Index No:

Use additional time to go through the question paper, select the questions you will answer and decide which of them you will prioritise.

Use of non-programmable calculators is allowed.

Instructions:

- * Answer **five** questions only, including questions **one** and **two**.
- * Begin each answer on a **fresh sheet** of paper.
- * Relevant workings should be attached to the answer script.
- * This questions and paper carries **200** marks.

(1) The trial balance of ACCA Plc as at 31.03.2025 is given below.

Description	Dr (Rs.000)	Cr (Rs.000)
Property, Plant & Equipment	70,000	
Accu: dep of PPE as at 01.04.2024		17,500
Stock as at 01.04.2024	2,000	
Purchases	41,500	
Trade receivables	3,100	
Cash and cash equivalents	43,030	
Distribution Expenses	3,800	
Administration expenses	4,200	
Other expenses	1,500	
Finance expenses	200	
Paid dividends	1,700	
Paid income taxes	2,000	
Lease payments	1,920	
Sales		85,000
Stated capital – ordinary shares		40,000
Revaluation reserve as at 01.04.2024		1,500
General reserve		600
Retained earnings		7,250
Bank loan 12% (Obtained on 01.10.2024)		5,000
Trade payables		17,000
Provision for compensation on lawsuit (01.04.2024)		150
Provision for income tax		600
Allowance for Impairment losses on trade		350

receivable (as at 01.04.2024)		
	174,950	174,950

Additional Information

In preparing the financial statements for the year ended 31.03.2025, adjustments should be made for the following.

The Directors have approved the financial statements to publish on 15.06.2025.

- I. Cost of the stock as at 31.03.2025 was Rs. 3,500,000 and the net realizable value was Rs. 3,650,000.
- II. On 25.04.2025, the judgment of the case assigned by the Central Environment Authority against the company was announced by the court, and accordingly on the same day Rs. 400,000 compensation was ordered to pay. The trial balance shows the provision made for it.
- III. Out of trade receivables as at 31.03.2025, the court informed that Rs. 200,000 of debtor has been bankrupted on 01.05.2025 and it should be recognized as impairment losses on trade receivables. Allowance for impairment losses on trade receivables should be maintained as Rs. 300,000 as at 31st March 2025.
- IV. Considering all the assets of the business as one package, they were insured for Rs. 1,000,000 on 01.01.2025. The total installment for the year ended 31.12.2025 has been paid and it has been included in administrative expenses.
- V. The company decided to sell goods on warranty period from the current year onwards. Accordingly, it is reliably estimated that 5% on sales should be provided for upcoming warranty expenses .
- VI. The composition of property, plant and equipment and their accumulated depreciation is as follows.

Descriptionn	Cost/value as at 01.04.2024 (Rs.000)	Acc. depreciation as at 01.04.2024 (Rs.000)
Land	20,000	-
Building	25,000	10,000
Furniture and office equipment	10,000	3,000
Motor vehicle	15,000	4,500
	70,000	17,500

Property plant and equipment acquired and disposed during the current year are as follows.

- A building was purchased on 01.10.2024 which had a cost of Rs. 15,000,000.
- On 31.03.2025, office equipment worth of Rs. 2,000,000 were sold for Rs. 1,650,000. Carrying value of this was Rs. 1,600,000 as at 31st March 2025.

No records have been kept in respect of these transactions.

- VII. On 01.04.2024 land was revalued for the second time for Rs. 18,000,000. The surplus from the first time revaluation of land is shown in the revaluation reserve.
- VIII. Buildings, furniture, office equipment and motor vehicles should be depreciated at 20% on the straight line method.
- IX. On 01.04.2024, the company entered into a lease agreement and acquired the right of use of a machine for a period of 4 years. The cost of the machine on 01.04.2024 was Rs. 4,000,000 and the useful lifetime was estimated as 5 years. On 01.04.2024 paid Rs. 960,000 as the down payment and Rs.960,000 was paid as the first annual installment. Initial measurement of the lease liability was Rs. 3,040,000. The lease interest for the year ended 31.03.2025 and 2026.03.31 are Rs. 304,000 and Rs.

238,000 respectively. No entries were made other than the down payment paid and the first lease installment payment. (The business receives the ownership of the asset at the end of the lease term.)

- X.** In the income tax paid during the year, Rs. 500,000 of tax relevant for the previous year was included. Tax liability for the year ended 31.03.2025 was estimated as Rs. 2,300,000.
- XI.** Paid Director's remuneration of Rs. 500,000 and Rs. 300,000 of audit fees was included in the administrative expenses. Interest on bank loan should be accrued.
- XII.** On 15.06.2025, the directors proposed to transfer Rs. 800,000 to general reserve and to pay a final dividend of 1,200,000.

Required,

The following financial statements (including notes) of ACCA PLC for the publication in accordance with LKAS – 01 (Presentation of Financial Statements) Standard.

1. Profit or loss and other comprehensive statement 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

- (2)** (A) A fruit juice processing company manufactures two types of fruit drinks (mango and pineapple). The company owns a factory with two production divisions, assembling and bottling and a warehouse which is a service division. The factory and warehouse are located in separate buildings. The budgeted information at an operating level of 50,000 units for a period of one year is as follows.

Description	Factory (Rs.)	warehouse (Rs.)	Total (Rs.)
Rent	180,000	50,000	230,000
Indirect wages	?	?	400,000
Electricity expenses	120,000	30,000	150,000
Machine insurance	90,000	20,000	110,000
Rates for buildings	90,000	30,000	120,000
Charges for security	?	?	360,000

Description	Assembly	Bottling	Warehouse
No.of indirect employees	10	15	15
Floor area (square meters)	12,000	18,000	8,000
Production machine cost (Rs.)	400,000	200,000	-
Cost of refrigerator (Rs.)	-	-	250,000
Machine hours for the period	100,000	65,000	-
No.of security guards	2	2	8
Total kilowatt hours for the period	3,000	2,000	1,000

Additional information

- I.** Production machinery and refrigerator are depreciated annually under straight line method at 10% and 8% respectively.

- II. Total overhead costs in the warehouse are reallocated between the assembling and bottling divisions based on the cost of production machinery.
 - III. Non-production fixed overhead cost is Rs. 300,000.
 - IV. The profit margin is 20% on the selling price of each item.
 - V. Overhead costs of production divisions are absorbed on machine hours basis.
- Following information relates to a mango juice bottle.

Description	Per bottle
Time spent : Assembly	12 minutes
Bottling	06 minutes
Direct costs : Raw material	Rs. 6.40
Labour	Rs. 5.00
Non-production variable overhead cost	Rs. 4.00

Required,

1. Overhead cost analysis sheet by clearly indicating the basis of apportionment (including re-apportionment of overhead costs of service division)
2. Overhead absorption rates for assembly and bottling divisions
3. Production cost of a mango juice bottle
4. Budgeted selling price of a mango juice bottle

(B) The following information was extracted from the payroll of Abdul PLC for the month of March and February 2025.

	March 2025 (Rs.'000)	February 2025 (Rs.'000)
Basic salary	8,000	7,000
Overtime	500	400
EPF contribution		
- Employee (10%)	800	700
- Employer (15%)	1,200	1,050
ETF contribution (3%)	240	210
Deductions :		
- Membership fee of trade union	250	150
- Recovery of employee loans	450	200

Additional information :

- I. Salary of each month is paid on the 10th day of the following month.
- II. Employees Provident Fund and Employees Trust Fund contributions are paid on the 15th of the following month.

Required,

1. Total expenditure related to employees of the company for the month of March 2025 (indicate each item separately.)
2. Company's Salary control account, salary payable account and payable EPF account (with opening balances)

- (3) (A) Akshitha Aruna started a transport service business called YOGO on 01.01.2025 by investing Rs. 100,000 and the information related to the business for the three months ended 31.03.2025 is shown below.

- 01.01 Payment for bill printing for a period of 3 months Rs. 5,000
01.02 As at 02.01.2025, Akshitha bought his personally used vehicle worth of Rs. 1,200,000 for the business.
(Its useful life was estimated as 10 years and no scrap value.)
02.07 The business paid Rs. 10,000 of fuel expenses bill for a private visit of Akshitha.
02.10 Other income received is Rs. 50,000
03.07 Vehicle repair expenses Rs. 20,000 (Rs.5,000 of it has not been paid yet)
03.31 Received Rs. 600,000 as transportation service revenue for the first quarter. Fuel cost for transport services provided by the business for the first quarter was Rs. 200,000 out of which Rs. 150,000 was paid.
03.31 Payment for driver wages is Rs. 75,000.

Required,

1. Show the effect of the above transactions according to the accounting equation with (+) and (−) sign.
(use a format similar to the one below).

Date	Assets	=	Capital	+	Liabilities
		=		+	

2. Income Statement of YOGO Transport Service for the three months ended 31.03.2025

- (B) Details related to the list of creditor balances for the month of March of ACCA business is as follows.

Balance as at 01.03.2025	60,000
Purchases during the month of March	240,000
Creditor payments during the month of March - Cheques	140,000
Cash	50,000
Return outwards	20,000
Discount received	5,000
	<u>85,000</u>

The following information is provided to you.

- I. Rs. 10,000 of a cheque paid to a creditor during the last month was omitted from recording it in the list of creditor balances.
II. Out of the above discounts received, Rs. 2,000, was not recorded in the discount received account.
III. Purchase journal was understated by Rs. 15,000 when it was totaling.
IV. Rs. 15,000 of a cheque paid to a creditor was omitted from the creditor payments in the list of creditor balances and had been dishonoured on 28.03.2025. The dishonoured entries were not yet recorded in the books.
V. Return outwards journal was understated by Rs. 1,000 when totalling.

Required,

For the month of March of ACCA business,

1. Drafted creditor control account
2. Adjusted creditor control account
3. Statement for correcting the balances of creditor's list

(4) (A) Kanishka and Anushka together carried out a partnership business called "**THE PARTNERS**". The accounting year ends on 31.03.2025 and Tharuka was joined as a new partner on 31.03.2025.

I. Partnership agreement is as follows.

	Kanishka and Anushka partnership	Kanishka, Anushka and Tharuka partnership
Profit ratio respectively	03:02	05:03:02
Monthly partnership salary (Rs.)		
Kanishka	5,000	6,000
Anushka	4,000	5,000
Tharuka		4,000
Annual capital interest ratio	10%	10%
<ul style="list-style-type: none"> • Tharuka provided Rs. 400,000 as capital and it was not recorded in the books of accounts. • Goodwill was estimated as Rs. 600,000 and necessary adjustments should be made through the capital accounts. 		

II. Balances as at 01.04.2024 is given below.

		(Rs.000)
Total equity of partners	Kanishka	850
	Anushka	560
Capital account balances of partners	Kanishka	700
	Anushka	600
Accumulated depreciation	Building	150
	Mv	300
	Machinery	60
10% Loan	Kanishka	240

III. The draft net profit calculated for the year ended 31.03.2025 was Rs. 960,000 and the following balances have also been provided in the trial balance prepared as at 31.03.2025.

	Rs.000
Creditors	310
Bank loan	200
Bank OD	20
Land and building (cost) (Land Rs. 500,000)	1,700
Machinery equipment (cost)	400
MV (cost)	800
Stock	245
Debtors	180
Investments	140
Drawings – Kanishka	60
Anushka	45

IV. Following information should also be considered.

- Rs. 25,000 of a purchase invoice and a sales invoice of Rs. 30,000 was omitted from the books of accounts.
- Rs. 85,000 cost of stock has been damaged out of the stock as at 31.03.2025, and it was estimated that this stock can be sold for Rs. 60,000. No adjustments have been made in relation to it.
- The business is operated in a building owned by Anushka and monthly rent payable of Rs. 15,000 should be accrued. Interest for loans provided by partners also should be accrued.
- From the year 2025/26, the monthly bank loan installment excluding loan interest is Rs. 5,000 each.
- When comparing with the bank statement received from the bank for the month of March 2025, the following were not recorded in the bank account of the business.
 - Bank charges Rs. 2,000
 - Debtors direct remittances Rs. 35,000
 - Investment income received Rs. 15,000
 - Bank loan installment charged on standing orders Rs. 18,000 (8,000 included here is bank loan interest.)
- Non current assets should be depreciated as follows.
 - Building (on cost) 10%
 - MV (on carrying value) 10%
 - Machinery (on cost) 20%
- Kanishka has paid Rs. 30,000 of business insurance charges from her personal money and it is to be reimbursed, but no adjustments have been made in related to it.

Required,

1. Calculate the net profit to be distributed for the year ended 31.03.2025 of “THE PARTNERS” partnership.
2. Profit distribution of “THE PARTNERS” partnership for the year ended 31.03.2025.
3. Current accounts of “THE PARTNERS” partnership.
4. Capital accounts of “THE PARTNERS” partnership.

(B) Below is the information related to property plant and equipment of ACCA PLC as at 31.03.2025.

Assets	Cost	Acc. depreciation	Scrap value	Useful lifetime in years
	(Rs. 000)	(Rs. 000)	(Rs. 000)	
MV (V ₁)	2,050	800	50	10
Office equipment	430	200	30	8

The following transactions took place during the year ended 31.03.2025.

- On the review held at 01.04.2024, it was estimated that the useful lifetime of office equipment would increase by 1 year.
- V1 MV was sold for Rs. 1,300,000 on 01.04.2024.
- On 01.04.2024 company purchased V2 MV from Sumedha PLC under a lease basis by paying Rs. 500,000 of down payment. The following instalments should be paid in 3 years.

(Rs.)

At the end of first year	600,000
At the end of second year	550,000
At the end of third year	375,000

At the end of the agreement the business gets the ownership of the asset. The interest rate of the business is 10%. Present value of minimum lease payments on 10% discount factor is Rs. 1,800,000. It is estimated that the useful life of this MV is 10 years and the scrap value is Rs. 200,000. It is depreciated using the straight line method.

Required,

1. State the profit or loss from sale of V₁ MV
2. For the year ended 31.03.2025,
 - Right to use lease asset account
 - Lease creditor account
3. Depreciation amount of non-current assets as at 31.03.2025.

(5) (A) The assets and liability balances of Nihal PLC as at 31.03.2025 and 31.03.2024 were as follows.

Description	As at 31.03.2025 (Rs.)	As at 31.03.2024 (Rs.)
Trade receivables	250,000	180,000
Trade payables	110,000	140,000
Payable operating expenses	15,000	-
Cash and cash equivalents	?	120,000

The following transactions took place in this company for the year ended 31.03.2025.

- I. The total sales and purchases for the year were Rs. 1,200,000 and Rs. 550,000 respectively. (All purchases and sales are made on credit basis.)
- II. Cash discount given to trade debtors during the year was Rs. 30,000.
- III. The total operating expenses for the year were Rs. 95,000 including Rs. 35,000 of depreciation expenses.
- IV. Interest and income tax expenses for the year were Rs. 25,000 and Rs. 65,000 respectively. Interest paid and income tax paid during the year were Rs. 20,000 and Rs. 75,000 respectively.
- V. Total interim dividends paid during the year were Rs. 60,000.
- VI. During the year, the company issued 30,000 ordinary shares for Rs. 20 each. In this share issue, Rs. 200,000 of reserves was also capitalized. Amount due for remaining shares issued has been received during the year.
- VII. During the year, Rs. 220,000 was paid by the company to settle part of the long-term loans.
- VIII. On 01.04.2024, the company has purchased a new MV for cash. On the same day an office equipment was sold for Rs. 250,000 with a profit of Rs. 80,000 for cash. As a net result of these transactions and depreciations, the carrying value of property, plant and equipment during the year was increased by Rs. 205,000.

Required,

Cash Flow Statement for the year ended 31.03.2025 as per LKAS 07 (Cash Flow Statement) Standard (Use direct method for recognition of operating cash flows.)

(B) Below is the income statement prepared for the year ended 31.03.2025 of Rantharu Sports Club.

Membership fees	220,000	300,000
Registration fees	68,000	
Magazine sales	12,000	
Expenses		
Wages	86,000	
Telephone	8,600	
Building maintenance	17,100	
Sports equipment depreciation	23,200	
Building depreciation	17,600	
Donation	18,000	
Electricity	5,100	
Ground maintenance	47,600	
Donations	18,000	(241,200)
Surplus		58,800

Additional information

I. Below are the details of the assets and liabilities of the sports club.

	31.03.2025	31.03.2024
Membership fees in arrears	48,000	30,000
Membership fee in advance	22,400	16,400
Sports equipment carrying value	96,800	120,000
Land	900,000	800,000
Cash	86,000	?
Accrued telephone	6,400	8,400
Prepaid electricity	3,600	1,600
Building carrying value	1,320,000	1,337,600

II. No non-current assets were purchased or sold during the period except purchase of land.

Required,

1. Receipts and payments account of Rantharu sports club for the period ended 31.03.2025
2. Statement of Financial position of Rantharu sports club as at 31.03.2025

(6) (A) ACCA Company is considering to purchase machine **A** or machine **B** for their operations. Each machine can be purchased for a cost of Rs. 400,000. You are also provided with additional information below.

Expected net cash inflows

Year	Machine A (Rs.'000)	Machine B (Rs.'000)
1	100	75
2	150	100
3	180	205
4	150	240

The discount factor at 10% interest rate is given below.

Year	1	2	3	4
Discount factor	0.909	0.826	0.751	0.683

Required,

1. Calculate the payback period of each machine and state with reason which machine is best to buy based on that method.
2. Calculate the net present value of each machine and state with reason which machine is the best to buy based on that method.
3. If the answers to (1) and (2) above are different, state which machine the company should choose with reasons.

- (B) A Kandy school's commerce association has organized a three-day educational trip to Jaffna. Rs. 20,000 was left in the bank account of the association, and the members agreed to use this amount to pay for the bus hire charges used for the tour.

Following estimates have been received.

- Rent for Buses – Rs. 45,000 each (about 50 students per bus).
- Rent for 3 days for guest houses - Rs. 20,000 each (about 25 students per house)
- Expenditure on food – Rs. 400 per day for one student.
- Other Expenses – Rs. 600 per student for a day.

Assume 100 students will attend the trip.

Required,

1. How much should be charged per student to reach the breakeven level from 100 students?
2. If there is a surplus, the association hopes to donate the money to religious places during the tour. If Rs. 5,000 was charged from one student, how much can be donated?

Suggested Answers – Paper I

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

- 31) a) Rs. 1,100,000
b) Rs. 100,000

- 32) Rs. 25,000

- 33) a) Total assets = Rs. 990,000
b) Total liabilities = Rs. 275,000

- 34) Purchase account (Dr) 300,000
VAT control account (Cr) 36,000
Creditors account (Cr) 336,000

- 35) a) Direct cost = Rs. 1,022,000
b) Indirect cost = Rs. 60,000

- 36) Overdraft of Rs. 23,000

- 37) a) Rs. 120,000
b) Rs. 110,000

- 38)
A. Operating activities
B. Financing activities
C. Operating activities
D. Investment activities

- 39)

- | | | | | |
|---------------|-------------|--------------------|----------------------|---|
| A. Realizable | B. periodic | C. historical cost | D. Prudence matching | / |
|---------------|-------------|--------------------|----------------------|---|

- 40) a) Rs.100,000
b) Rs. 3,200,000

- 41) a) Rs. 1,500
b) Rs. 14,500

- 42) Cash Dr Rs. 20 Mn
Sales Cr Rs. 18.5 Mn

Unrealized profits Rs.1.5 Mn

43)

Provision	Liabilities
Time is not certain	Time is certain
Liability amount is not certain	Liability amount is certain

44)

- A. Material requisition note
- B. Purchase requisition
- C. Purchase order
- D. Goods received note

45)

- 1. Annual demand is known
- 2. Price does not change
- 3. No lead time
- 4. Discounts are not received when purchasing

46) Rs. 22,000

47) Stock turnover ratio - 2.5 times
Stock holding period - 360 days

48)

- A. Appointment letter
- B. Register
- C. Dialy time sheets
- D. Personal documents

49)

- 1. Rs. 1,500,000
- 2. Rs. 2,250,000

50)

- (a). 04 years
- (b). 16%

Suggested Answers – II Paper

01.

01.

ACCA PLC
Profit or loss and other comprehensive income statement
for the year ended 31.03.2025 (,000)

Sales		85,000
Cost of sales	1	(40,000)
Gross profit		45,000
Other income	2	50
		45,050
Factory and administration		(12,450)
Sales and distribution		(11,200)
Finance		(1,104)
Other		(2,550)
Profit before tax		17,746
income tax	3	(2,200)
Profit for the period		15,546
Other comprehensive income		
Total comprehensive income		15,546

02.

ACCA PLC
Statement of changes in equity
for the year ended 31.03.2025 (,000)

	Ordinary shares	General reserve	Revaluation reserve	Retained earnings
B/F	40,000	600	1,500	7,250
Profit for the period			(1,500)	15,546
Transfers to general Reserve.		800		(800)
Dividends paid				(1,700)
	40,000	1,400	-	20,296

03.

ACCA PLC
statement of financial position
as at 31.03.2025 (Rs.000)

Non current assets			
PPE	4	52,400	
Right to use assets	5	3,200	55,600
Current assets			
Closing stock		3,500	
Debtors		2,600	
Prepaid insurance		750	

Cash and cash equivalents	29,680	36,530
		92,130
Equity and liabilities		
Ordinary shares	40,000	
General reserve	1,400	
Retained earnings	20,296	61,696
Non current liabilities		
Lease creditors	1,662	
12% bank loan	5,000	6,662
Current liabilities		
Provision for law compensation	400	
Provision for warranty	4,250	
Lease liability	722	
payable income tax	800	
Payable loan interest	600	
Trade payables	17,000	23,772
		92,130

Note 04

Property plant and equipment (,000)

Description	Land	Building	Furniture	MV
B/F	20,000	25,000	10,000	15,000
purchases		15,000		
disposals			(2,000)	
revaluation	(2,000)			
B/F	-	10,000	3,000	4,500
disposals			(400)	
annual depreciation		6,500	2,000	3,000
Carrying value	18,000	23,500	3,400	7,500

Note 02

Other income

Profit from office equipment sale = Rs. 50,000

Note 05

Right to use asset

Description	Machinery
B/F	
purchases	4,000.00
B/F	
Depreciation	(800.00)

Note 01

Opening stock	2,000
Purchases	41,500
	<u>43,500</u>
closing stock	<u>(3,500)</u>

Net value	3,200.00
-----------	----------

cost of sales	40,000
---------------	--------

Note 03

Income tax for the year	2,300
overprovision	(100)
	<u>2,200</u>

02. (A)

01.

Overhead cost analysis sheet

(Rs '000)

Item	Allocation basis	Total	Production division		Service division
			Assembling	Bottling	Warehouse
Building rent	Direct	50			50
Warehouse electricity expenses	Direct	30			30
Insurance of refrigerator	Direct	20			20
Warehouse rates	Direct	30			30
Refrigerator depreciation	Direct	20			20
Factory rent	Floor area (3:2)	180	72	108	
Indirect wages	No.of employees (2:3:3)	400	100	150	150
Factory electricity expenses	Kilowatt (3:2)	120	72	48	
Production machine insurance	Machinery cost (2:1)	90	60	30	
Factory rates	Floor area (2:3)	90	36	54	
security charges	No.of security guards (1:1:4)	360	60	60	240
production machine depreciation	Machinery cost (2:1)	60	40	20	
		1,450	440	470	540
Warehouse overheads	Machinery cost (2:1)		360	180	(540)
Cost re-apportionment		1,450	800	650	

02.

Overhead cost absorption rates

Absorption rate = $\frac{\text{Budgeted overhead cost}}{\text{Budgeted machine hours}}$

Assembling division = $\frac{180}{100}$ = Rs. 8/= (per machine hour)

Bottling division = $\frac{650}{65}$ = Rs. 10/= (per machine hour)

03.

Production cost of a mango juice bottle = **14.00**

Rs.

Direct material = 6.40

Direct labour = 5.00

Overhead cost

assembling $(12 \times 8)/60$ = 1.60

bottling $(6 \times 10)/60$ = 1.00

Budgeted selling price of a mango juice bottle = **Rs. 30**

Production cost = 14

overhead cost

variable non production = 4

fixed non production = 6

total cost = 24

Profit $\frac{24 \times 25}{100}$ = 6

30

(B)

01. 2022 – Total expenses relevant for the employees of the company for the month of March:

(Rs.000)

Basic salary	8,000
OT allowances	500
EPF (employer)	1,200
ETF (employer)	240
total expenses on employees	<u><u>9,940</u></u>

02.

Salary control account (Rs.000)

Payable EPF	800	salary expenses	8,500
Trade union charges	250		
Employee loans	450		
Payable salary	7,000		
	<u>8,500</u>		<u>8,500</u>

Payable salary account (Rs.000)

Cash	6,350	B/B/F	6,350
B/C/D	7,000	Salary control	7,000
	<u>13,350</u>		<u>13,350</u>

Payable EPF account (Rs.000)

cash	1,750	B/B/F	1,750
B/C/D	2,000	salary control	800
		EPF expense	1,200
	<u>3,750</u>		<u>3,750</u>

(03) (B)

01.

Date	Assets	=	Capital	+	Liabilities
2022.01.01	100,000	=	100,000	+	
2022.01.01	-5,000	=	-5,000	+	
2022.01.02	1,200,000	=	1,200,000	+	
2022.02.07	-10,000	=	-10,000	+	
2022.02.10	50,000	=	50,000	+	
2022.03.07	-15,000	=	-20,000	+	5,000
2022.03.31	600,000	=	600,000	+	
2022.03.31	-150,000	=	-200,000	+	50,000
2022.03.31	-75,000	=	-75,000	+	
2022.03.31	-30,000	=	-30,000	+	
	1,665,000		1,610,000		55,000

02.

YOGO Transport service
Income statement
for the quarter ended 31.03.2025

Service revenue	600,000	
other income	50,000	650,000
fuel expenses	200,000	
depreciation	30,000	
vehicle repair expenses	20,000	
driver wages	75,000	
Bill printing	5,000	(330,000)
Net profit		320,000

(B)

01.

Draft creditor control account

Discount received	3,000	B/F	50,000
Return outwards	19,000	Purchases	225,000
Cash payments	50,000		
Cheque payments	155,000		
C/D	48,000		
	<u>275,000</u>		<u>275,000</u>

02.

Adjusted creditor control account

Discount received	2,000	B/F	48,000
Return outwards	1,000	Dishonoured cheques	15,000
		Ommitted purchases	15,000
C/D	75,000		
	<u>78,000</u>		<u>78,000</u>

03.

Statement of correcting the balances of creditors list

Calculated balance		85,000
(+) dishonoured cheques	15,000	15,000
(-) creditor payments	10,000	
creditor payments	15,000	(25,000)
Corrected balance		75,000

(04) (A)

01.

Statement of net profit correction (,000)

Draft net profit		960
ADD - Unrecorded sales	30	
Investment income	15	45
LESS -		1,005
Unrecorded purchases	25	
Bank loan - kanishka	24	
Stock written off	25	
Building rent	180	
Bank loan interest	8	
Bank charges	2	
Insurance charges	30	
Building depreciation	120	
Machinery depreciation	80	
MV depreciation	50	(544)
Net profit for distribution		461

02.

Profit or loss distribution account (,000)

Net profit		461
Capital interest Kanishka	70	
Anushka	60	(130)
Salary Kanishka	60	
Anushka	48	(108)
Profit shares Kanishka	134	
Anushka	89	(223)
		-

03.

Capital account (,000)

	K	A	T		K	A	T
goodwill	300	180	120	B/F cash	700	600	- 400

C/D	760	660	280	goodwill	360	240	-
	1,060	840	400		1,060	840	400

04.

Current account				,000)	
	K	A		K	A
B/F		40	B/F	150	
Drawings	60	45	Capital interest	70	60
			Salary	60	48
			Profit shares	134	89
			Loan interest	24	-
			Building rent		180
			Insurance charges	30	-
			(reimbursement)		
C/D	408	292			
	468	377		468	377

(B)

01. Profit/ (loss) = 50,000

MV disposal account			
cost	2,050	dep	800
profit	50	cash	1,300
	<u>2,100</u>		<u>2,100</u>

02.

Right to use assets			
cost	1,800,000	dep	160,000
		C/D	1,640,000
	<u>1,800,000</u>		<u>1,800,000</u>

Lease creditor account			
Down payment	500,000	Lease value	1,800,000
Lease installment	600,000	Lease interest	130,000
c/d	830,000		
	<u>1,930,000</u>		<u>1,930,000</u>

03.

Non current asset dep = **Rs. 200,000**

right to use asset = 160,000
office equipment depreciation = 40,000

1. (A)

Nihal PLC
Cash flow statement
For the year ended 31.03.2025

	Rs.'000	Rs.'000
Cash flow from operating activities		
Cash received from debtors	1,100	
Cash payments for suppliers and employees (580+45)	(625)	
Cash flows generated from operating activities	475	
(-) Paid income tax	(75)	
Paid interest	(20)	
Net cash flows generated from operating activities		380
Cash flows from investing activities		
PPE disposals	250	
PPE purchases	(410)	
Cash flows invested on investing activities		(160)
Cash flows from financing activities		
Cash received from share issue	400	
Dividends paid	(60)	
Repayment of loan	(220)	
Net cash flows generated from financing activities		120
Increase in the cash for the period		340
Cash and cash equivalents as at 01.04.2024		120
Cash and cash equivalents as at 31.03.2025		460

(B)

01.

Receipts and payments account

B/F	102,400	Land purchase	100,000
Registration fees	68,000	Salary	86,000
Magazine sales	12,000	Telephone	10,600
Membership fees	208,000	Building maintenance	17,100
		Donations	18,000
		C/D	86,000
	<u>390,400</u>		<u>390,400</u>

02.

Balance sheet			
Accumulated fund	2,366,800	Non current assets	
surplus	58,800	Sports equipment	96,800
Non current liabilities		land	900,000
		building	1,320,000
Current liabilities		Current assets	
Membership fee in advance	22,400	membership fees in arrears	48,000
Accrued telephone	6,400	cash	86,000
		prepaid electricity	3,600
	<u>2,454,400</u>		<u>2,454,400</u>

(06) (A)

01.

A = 02 years and 10 months

B = 03 years and 01 month

Purchasing machine A is most suitable.

Reason : Machine A has a less payback period.

02.

$$A = 452 - 400 = 52$$

$$B = 468 - 400 = 68$$

Purchasing machine B is most suitable.

Reason : Machine B has the highest positive NPV.

03.

Purchasing machine B is most suitable.

Since considering the time value of money and has a higher positive NPV.

(B)

01. Per student Rs. 4,500

02. The amount that can be donated = Rs. 50,000



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**WITHIN
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