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Department of Examinations - Sri Lanka
G.C.E. (A/L) Examination - 2024

33 - Accounting

Marking Scheme

This has been prepared for the use of marking examiners. Changes would be made according to the views presented at the Chief/Assistant Examiners' meeting.

Amendments to be included.

General Certificate of Education (A/L) Examination - 2024

33 - Accounting

Distribution of Marks

Paper I **04 x 50** **=** **200**

Paper II = 200

$$\text{Total} = 400 \div 4$$

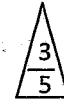
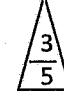
Final Marks = **100**

Common Techniques of Marking Answer Scripts.

It is compulsory to adhere to the following standard method in marking answer scripts and entering marks into the mark sheets.

1. Use a red color ball point pen for marking. (Only Chief/Additional Chief Examiner may use a mauve color pen.)
2. Note down Examiner's Code Number and initials on the front page of each answer script.
3. Write off any numerals written wrong with a clear single line and authenticate the alterations with Examiner's initials.
4. Write down marks of each subsection in a  and write the final marks of each question as a rational number in a  with the question number. Use the column assigned for Examiners to write down marks.

Example: Question No. 03

(i)	✓	 $\frac{4}{5}$
(ii)	✓	 $\frac{3}{5}$
(iii)	✓	 $\frac{3}{5}$
0	(i) $\frac{4}{5}$ + (ii) $\frac{3}{5}$ + (iii) $\frac{3}{5}$ =  $\frac{10}{15}$		

MCQ answer scripts: (Template)

1. Marking templets for G.C.E.(A/L) and GIT examination will be provided by the Department of Examinations itself. Marking examiners bear the responsibility of using correctly prepared and certified templates.
2. Then, check the answer scripts carefully. If there are more than one or no answers Marked to a certain question write off the options with a line. Sometimes candidates may have erased an option marked previously and selected another option. In such occasions, if the erasure is not clear write off those options too.
3. Place the template on the answer script correctly. Mark the right answers with a '✓' and the wrong answers with a 'X' against the options column. Write down the number of correct answers inside the cage given under each column. Then, add those numbers and write the number of correct answers in the relevant cage.

Structured essay type and assay type answer scripts:

1. Cross off any pages left blank by candidates. Underline wrong or unsuitable answers. Show areas where marks can be offered with check marks.
2. Use the right margin of the overland paper to write down the marks.
3. Write down the marks given for each question against the question number in the relevant cage on the front page in two digits. Selection of questions should be in accordance with the instructions given in the question paper. Mark all answers and transfer the marks to the front page, and write off answers with lower marks if extra questions have been answered against instructions.
4. Add the total carefully and write in the relevant cage on the front page. Turn pages of answer script and add all the marks given for all answers again. Check whether that total tallies with the total marks written on the front page.

Preparation of Mark Sheets.

Except for the subjects with a single question paper, final marks of two papers will not be calculated within the evaluation board this time. Therefore, add separate mark sheets for each of the question paper. Write paper 01 marks in the paper 01 column of the mark sheet and write them in words too. Write paper II Marks in the paper II Column and write the relevant details. For the subject 51 Art, marks for Papers 01, 02 and 03 should be entered numerically in the mark sheets.

G.C.E. (A/L) Examination - 2024
33 - Accounting
Paper I

Question	Answer
1	5
2	3
3	5

Question	Answer
17	3
18	2
19	4
20	5
21	4
22	3

Question	Answer
4	1
5	2
6	3
7	4

Question	Answer
23	3
24	3
25	5
26	5

Question	Answer
8	3
9	5
10	1

Question	Answer
27	3
28	3
29	5
30	2

Question	Answer
11	4
12	4
13	4
14	5
15	3
16	1

(04 Marks for each right answer for Questions 1 -30, Total Marks 120)

31. A - Professional/3
 B - Legal/2
 C - Technological/4
 D - Economic/1

01
01
01
01

32. (a) Rs. ' 000

Assets Liabilities Equity

1	-50	50
2	-100	-100

01
01

(b) 125 (Rs.'000) 02

33. A - Purchase Journal

01

B - General Journal

01

C - Cash Receipts Journal

01

D - Cash Payments Journal

01

34. C - Cash A/C

Dr. (Rs.'000) 5 000

Sales A/C

Cr. (Rs.'000) 5 000

02

D - Trade Creditors Control A/C

Dr. (Rs.'000) 2 500

Cash A/C

Cr. (Rs.'000) 2 400

02

Discount Received A/C

Cr. (Rs.'000) 100

35. A - Income

01

B - Equity

01

C - Liability

01

D - Asset

01

36. A - Money measurement (01)
 B - Disclosure (01)
 C - Matching (01)
 D - Materiality (01)

37. A - Decrease (D) (01) (Rs.'000) 20 (01)
 B - Increase (I) (01) (Rs.'000) 250 (01)

38. A - Current (01)
 B - Section 42 (01)
 C - Companies Act No.7 of 2007 (01) 20 (01)

39. (a)	Description	Dr. (Rs.'000)	Cr. (Rs.'000)	
	Cash A/C	1 000		
	Land A/C	2 000		
	Capital A/C - Chamara		3 000	(02)

(b)

Description	Dr. (Rs.'000)	Cr. (Rs.'000)	
Capital A/C - Amal	400		
Capital A/C - Bimal	400		
Capital A/C - Chamara	400		
Capital A/C - Amal		600	(02)
Capital A/C - Bimal		600	

Alternative presentation:

Description	Dr. (Rs.'000)	Cr. (Rs.'000)	
Capital A/C - Chamara	400		
Capital A/C - Amal		200	
Capital A/C - Bimal		200	(02)

40. A - Residual **01**
 B - Economic resource **01**
 C - Increases **01** Decreases **01**

41. A - True **01**
 B - True **01**
 C - True **01**
 D - False **01**

42. (a) 1 **01** and 2 **01**
 (b) Total assets 57 (Rs. Mn) **01**
 Total liabilities 25 (Rs. Mn) **01**

43. (a) 2 400 (Rs. ' 000) **01**
 (b) 3 840 (Rs. ' 000) **01**
 (c) 720 (Rs. ' 000) **02**

44. A - True **01**
 B - False **01**
 C - True **01**
 D - True **01**

45. (a) Rs.5 **01**
 (b) 1 800 (Rs. 000) **01**
 (c) 6 Times **02**

46. A - Direct/D Variable/V
 B - Direct/D Fixed/F
 C - Indirect/I Fixed/F
 D - Indirect/I Variable/V

} 04

If items correct;
 8 or 7 = 04 Marks,
 6 or 5 = 03 Marks,
 4 or 3 = 02 Marks
 2 or 1 = 01 Mark

47. A - False 01
 B - True 01
 C - True 01
 D - True 01

48.

	Cost Center I	Cost Center II
(a) (Rs.)	50 01	80 01
(b) (Rs.'000)	2 500 01	1 600 01

49. (a) (Rs.) 60 01
 (b) (Rs.'000) 200 01
 (c) (Rs.'000) 1 280 01
 (d) (Rs.'000) 100 01

50. (a) 8 Years 02
 (b) 6.11% 02

(80 Marks)

Question No.	1 - 30	120 Marks
	31 - 50	80 Marks
		<u>200 Marks</u>

Question No. 1

(1)

Saranga PLC
Statement of Profit or Loss and Other Comprehensive Income
for the year ending 31.03.2024

01

	Notes	Rs.'000	
Sales		98 500*	*Any two items 01
Cost of sales		(45 200)*	
Gross profit		53 300	01
Other income		2 600*	
Distribution cost		(11 500)	01 WR1
Administrative expenses		(23 550)	02 WR2
Other expenses		(2 250)	02 WR3
Finance cost		(2 200)	01 WR4
Profit before tax	01	16 400	
Income tax expense		(1 150)	01 WR4.1
Profit for the year	01	15 250	
Other comprehensive income		-	
Total comprehensive income for the period	01	15 250	

Note 01: Profit for the year has been calculated after charging the expenses including following.

	Rs.'000	
Lease interest	1 800	
Depreciation - Property, plant and equipment	10 000	02
Depreciation- Right-of-use asset	2 000	
Revaluation deficit	1 000	
Warranty expenses	750	
Inventory written-off	450	

Any 4 items with values maximum 02 marks

(14 Marks)

WR 1 Distribution Cost	Rs.'000
Balance	10 750
Warranty expenses	750
Total	11 500
WR 2 Administrative Expenses	
Balance	25 250
Lease instalment	(3 200)
Incorrectly calculated right-of-use asset depreciation	(500)
Correct depreciation of right-of-use asset	2 000
Total	23 550
WR 3 Other Expenses	
Balance	800
Inventory written-off	450
Revaluation deficit	1 000
Total	2 250
WR 4 Finance Cost	
Balance	400
Lease interest	1 800
Total	2 200
WR 4.1 Income Tax Expenses	
Income tax liability for the year	1 100
Income tax under provision for the last year	50
Total	1 150

(2)

Saranga PLC
Statement of Financial Position
as at 31.03.2024

	Notes	Rs.'000
Non-current Assets		
Property, plant and equipment	02	01 64 000
Right-of-use asset	03	01 8 000
Current Assets		
Inventory		5 150
Trade receivables		6 000
Investments in treasury bills		19 500
Cash and cash equivalents		2 300
		104 950
Equity		
Stated capital - ordinary shares		01 49 600
Revaluation reserve		01 7 000
Retained earnings		01 35 850
Non-current Liabilities		
Lease liability		01 6 948
Current Liabilities		
Trade payables		2 550
Lease liability		1 652
Provision for warranty		1 050
Provision for income tax		300
		104 950

Note 2: Property, Plant and Equipment

Rs.'000

Cost/value	Building	Motor Vehicle	Office Equipment	Total
Balance as at 01.04.2023	48 000*	20 000*	16 000*	84 000
Transfer of accumulated depreciation	-	-	(3 000)	(3 000)
Revaluation deficit	-	-	(1 000)	(1 000)
Balance as at 31.03.2024	48 000	20 000	12 000	80 000
Accumulated Depreciation	Building	Motor Vehicle	Office Equipment	Total
Balance as at 01.04.2023	-	8 000	1 000	9 000
Depreciation for the year	02 **4 000	**4 000	**2 000	10 000
Transfer of accumulated depreciation	-	-	(3 000)	(3 000)
Balance as at 31.03.2024	4 000	12 000	-	16 000
Carrying amount as at 31.03.2024	44 000	8 000	12 000	64 000

*At least two balances - 01 mark

**All three items - 02 marks, 2 items - 01 mark

Note 03: Right-of-use Asset - Building (Rs.'000)

(01)

Cost	
Balance as at 01.04.2023	-
Additions	10 000
Balance as at 31.03.2024	10 000
Accumulated depreciation	
Balance as at 01.04.2023	-
Depreciation for the year	2 000
Balance as at 31.03.2024	2 000
Carrying amount as at 31.03.2024	8 000

(22 Marks)

WR 5 Inventory	Rs.'000
Balance	5 600
Inventory written-off	(450) 01
Revised balance	5 150

WR 6 Trade Receivables	
Balance	3 450
Netted off trade payables	2 550 01
Revised balance	6 000

WR 7 Investments in Treasury Bills	
Balance	18 000
6-months treasury bills	1 500 01
Revised balance	19 500

WR 8 Cash and Cash Equivalents	Rs.'000
Balance	3 800
6-months treasury bills	(1 500) 01
Revised balance	2 300

WR 9 Income Tax Payable (Rs.'000)	
Balance as at 01.04.2023	550
Current year income tax provision	1 150 01
Payment of income tax	(1 400) 01
Balance as at 31.03.2024	300

WR 10 Lease Liability	Rs.'000
Balance	
Acquisition	10 000
Lease instalment	(3 200)
Lease interest	1 800
Balance as at 31.03.2024	8 600
Current liability	1 652
Long-term liability	6 948

(3)

Saranga PLC
Statement of Changes in Equity
For the year ending 31.03.2024

Rs.'000

	Stated capital - ordinary shares	Retained earnings	Revaluation reserve - buildings	Total
Balance as at 01.04.2023	40 000	33 200	7 000 WR11	80 200
Capitalisation of retained earnings	9 600	(9 600) 01		-
Total comprehensive income		01 15 250		15 250
Interim dividends		(3 000) 01		(3 000)
Balance as at 31.03.2024	49 600	35 850	7 000	91 450

(04 Marks)

WR 11 Revaluation Reserve

Balance	6 000
Reversal of revaluation deficit	1 000 01
Revised balance	7 000

Question No. 1

Part	(1)	(2)	(3)	Total
	14	22	04	40
Total				40

Question No. 2

(a)

(1) Economic Order Quantity

500 Units

03

WR

01 01 01

$$EOQ = \sqrt{(2 \times 10000 \times 5000) / 400}$$

(2) No. of orders per annum

20

02

WR

Annual Demand

10 000

01

Economic order quantity

500

01

(3) Average stock level

450 Units

02

WR

700 + 200 01

2 01

Alternative calculation:

$$200 \boxed{01} + \boxed{01} (500 / 2)$$

(4) Average consumption per week 200 Units 03

WR

Minimum Stock Level = Re-Order Level - 2 x Average Consumption

$$200 \boxed{01} = 600 \boxed{01} - 2 \boxed{01} \times \text{Average consumption.}$$

$$\text{Average Consumption} = (600 - 200) / 2 = 200$$

(10 Marks)

(b)

(1) Revised Overhead Analysis Sheet

Rs.

Description	Basis of Apportionment	Total	Assembly	Finishing	Stores
Already calculated		2 350 000	1 300 000	1 050 000	01 01
Less:					
Erroneously included non-production overheads		(720 000)	(360 000)	(360 000)	01
Re-apportioned overheads of Stores Department		(150 000)	(100 000)	(50 000)	01
Correct total overheads of Stores					210 000
		1 690 000	840 000	640 000	210 000
Adjustments for overheads not considered:					01
Indirect wages	Direct 01	420 000	340 000	80 000	01
Special equipment rent	Direct	420 000	420 000	01	
Insurance premium	Machinery value 01	170 000	80 000	90 000	01
Electricity	Kilowatt hours 01	100 000	80 000	20 000	01
Staff welfare	No. of employees 01	400 000	300 000	100 000	01
		3 200 000	2 060 000	930 000	210 000
Re-apportionment of Stores overheads	2:1		140 000 01	70 000 01	(210 000)
Total production overheads		3 200 000	2 200 000	1 000 000	-

(16 Marks)

(2)

Revised overhead absorption rates

Assembly

Rs. 55 02

Finishing

Rs. 50 02

per machine hour per direct labour hour

(04 Marks)

WR Total production overheads	01	2 200 000	01	1 000 000
No. of hours	40 000	01	20	01

(3)

	Product A		Product B	
Production cost per unit (Rs.)	<u>500</u>	03	<u>600</u>	03
(06 Marks)				

WR		Rs
Prime cost	240	01
Revised production overheads:		
Assembly	(55 x 2)	110 (55 x 3)
Finishing	(50 x 3)	150 (50 x 4)
Production cost per unit	<u>500</u>	<u>600</u>

4) Total production cost at 3 000 units (Rs.) 1 600 000 02

Sales value at 3 000 units (Rs.) 2 240 000 02
(04 Marks)

Total cost of production :	Rs.
WR Product A	(500 x 2 000) 01 1 000 000
Product B	(600 x 1 000) 01 <u>600 000</u>
	<u>1 600 000</u>
<i>Sales value:</i>	
Product A	(700 x 2 000) 01 1 400 000
Product B	(840 x 1 000) 01 <u>840 000</u>
	<u>2 240 000</u>

Question No. 2

Part	(1)	(2)	(3)	(4)	Total
(a)	03	02	02	03	10
(b)	16	04	06	04	30
Total					40

Question No. 3**(a)****(1)****Rs.'000**

Balance / Transaction No.	Assets				Liabilities		Equity
	Property, plant and equipment	Inventory	Trade receivables	Cash	Trade payables	VAT control	
Balance as at 01.10.2024	324*	250*	126*	120*	150*	60*	610*
1				120			120
2				20			20
3		-250	590			90	250
4				-135	-150		15
5		300			354	-54	
6		-100					-100
7	100	-100					
8		-100		177		27	50
9				-80			-80
10			-126	120			-6
11		250		-295		-45	
12		-50					-50
Balance as at 31.10.2024	*424	*200	*590	*47	*354	*78	*829

*(01 Mark for three balances -Maximum 02 Marks)

(25 Marks)**(2) Statement for the computation of gross profit (Rs.'000)**

Sales	650	01
Opening stock	250	
Purchases	550	01
Drawings	(100)	01
Transferred to Property, Plant and Equipment	(100)	01
Closing stock	(250)	01
Cost of sales	350	
Gross profit	300	

Alternative presentation (Rs.'000):

Sales

650 01

Cost of sales (250 + 100)

(350) 04**Gross profit**300**(05 Marks)****(b)****(1)****Life Membership Fund A/C (Rs.)**

	Dr.	Cr.	
I&E			
A/C	360 000*	Cash A/C	3 600 000*
B/C/F	*3 240 000		
	<u>3 600 000</u>		<u>3 600 000</u>
			(03)

(*01 mark for each item except the totals)

(2)**Subscription A/C (Rs.)**

	Dr.	Cr.	
I&E			
A/C	1 800 000*	Cash A/C	1 860 000*
B/C/F	180 000*	B/C/F	120 000*
	<u>1 980 000</u>		<u>1 980 000</u>
			(04)

(*01 mark for each item except the totals)

(3)**Donation Fund A/C (Rs.)**

	Dr.	Cr.	
I&E			
A/C	500 000*	Cash A/C	1 000 000*
B/C/F	*500 000		
	<u>1 000 000</u>		<u>1 000 000</u>
			(03)

(*01 mark for each item except the totals)

(10 Marks)**Question No. 3**

Part	(1)	(2)	(3)	(4)	Total
(a)	25	05	-	-	30
(b)	03	02	02	03	10
Total					40

Question No. 4**(a) (1)****(i) Cash Receipts Journal**

Rs.'000

Description	Analysis				
	Discount	Amount	Sales	VAT	Trade Debtors
Opening trade debtors		295*			295*
Wimal Traders	25*	683*			683*
Cash sales		236*	200*	36*	
Total	*25	*1 214	*200	*36	*978

(*Any four items
-1 mark for 13
items - maximum
3 marks)

03

(ii) Cash Payments Journal

Rs.'000

Description	Analysis				
	Discount	Amount	Trade Creditors	Expenses	Other
Opening trade creditors		118*	118*		
VAT control balance		27*			27*
Asoka (Pvt) Ltd	30*	796*	796*		
Operating expenses		500*		500*	
Total	*30	*1 441	*914	*500	*27

(*Any four items -1 mark
for 14 items -
maximum 3
marks)

03

(iii) Sales Journal

Rs.'000

Description	Amount	Sales	VAT
Wimal Traders	708*	600*	108*
Helen (Pvt) Ltd.	472*	400*	72*
Total	1 180	1 000	180

(*Any three items -
mark for 06 items -
maximum 2 marks)

02

(iv) Purchase Journal

Rs.'000

Description	Amount	Purchases	VAT
Asoka (Pvt) Ltd	826*	700*	126*
Samagi Traders	590*	500*	90*
Total	1 416	1 200	216

(*Any three items -1
mark for 06 items -
maximum 2 marks)

02

(10 Marks)

(2) Journal Entries

Description	Dr. (Rs.'000)	Cr. (Rs.'000)
Cash Account	1 214	
Sales Account	200	
VAT Control Account	36	
Trade Debtors Control Account	978	
(Posting of totals of analysis columns of the cash receipts journal to the relevant ledger accounts)		
Discount Allowed Account	25	
Trade Debtors Control Account		25
(Posting of discount allowed to the relevant ledger accounts)		
Trade Creditors Control Account	914	
VAT Control Account	27	
Operating Expenses Account	500	
Cash Account		1 441
(Posting of totals of analysis columns of the cash payments journal to the relevant ledger accounts)		
Trade Creditors Control Account	30	
Discount Received Account		30
(Posting of discount received to the relevant ledger accounts)		
Trade Debtors Control Account	1 180	
Sales Account	1 000	
VAT Control Account	180	
(Posting of totals of the sales journal to the relevant ledger accounts)		
Purchases Account	1 200	
VAT Control Account	216	
Trade Creditors Control Account		1 416
(Posting of totals of the purchase journal to the relevant ledger accounts)		

(10 Marks)

(b) Ratios**2024****(1) Gross Profit Ratio**40%

01

WR	
<u>Gross profit</u>	800
<u>Sales</u>	2 000

(2) Net Profit Ratio9%

01

WR	
<u>Net profit</u>	180
<u>Sales</u>	2 000

(3) Inventory Turnover Ratio6

01

WR	
<u>Cost of sales</u>	1 200
<u>Average inventory</u>	200

(4) Quick Assets Ratio (Times)1.4

01

WR	
<u>Quick assets</u>	280
<u>Current liabilities</u>	200

(5) Return on Equity36%

02

WR	
<u>Profit for the year</u>	180
<u>Equity</u>	500

(6) Debtors' Collection Period (Days)45

02

WR	
<u>Average trade receivables</u>	250
<u>Sales</u>	360 2 000

(7) Debt Ratio

33.3% 02

WR				
<i>Long-term debt</i>		250	01	
<i>Total capital</i>	750	01		

(10 Marks)

(c)

(1) Rs.'000						
Year	0	1	2	3	4	5
Cash inflows						
Sales income		3 500	4 000	4 500	3 900	3 000
Residual value						500
Total cash inflows	0	3 500	4 000	4 500	3 900	3 500
Cash outflows						
Cost of the machine	2 500	01				
Direct operating cost		1 750	2 000	2 250	1 950	1 500
Indirect cost		700	700	700	700	700
Total cash outflows	2 500	2 450	2 700	2 950	2 650	2 200
Net cash flow	(2 500)	1 050	1 300	1 550	1 250	1 300
(2) Rs.'000						
Net present value		02				2 353
Discounting factor 10%		0.91	0.83	0.75	0.68	0.62
Present value		956	1079	1163	850	806
				01		4 853
Cost of the machine						(2 500)
Net present value						2 353
(3)	01 Recommended to accept the project as NPV is positive.					

(10 Marks)

Question No. 4

Part	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Total
(a)	10	10	-	-	-	-	-	20
(b)	01	01	01	01	02	02	02	10
(c)	07	02	01	-	-	-	-	10
Total								40

Question No. 05

(a) (1)

Lal and Piyal Partnership
Income Statement for the year ending 31.03.2024

	(Rs. 000)
Sales	15 400*
Cost of sales	(5 400)
Gross profit	01 10 000
Administrative expenses	(2 900)
Distribution expenses	(2 200)*
Other expenses	(100)
Loan interest	(100)
Net profit	01 4 700
<i>Interest on capital:</i>	
Lal	400 01
Piyal	200 01 600
<i>Salaries:</i>	
Lal	1 200 01
Piyal	1 200 01 2 400
<i>Profit share:</i>	
Lal	01 850
Piyal	01 850 1 700

*Both items 01

(18 marks)

WR 1 – Cost of sales (Rs.'000)

Balance	6 000
Drawings (300+200)	(500) 02
Donations	(100) 01
	<u>5 400</u>

WR 2 – Administrative Expenses (Rs.'000)

Balance	3 800	
Salary - Lal	(600)	01
Salary - Piyal	(1 300)	01
Bonus	1 000	01
	<u>2 900</u>	

WR 3 Other Expenses (Rs.'000)

Balance	600	
Interest on capital- Lal	(400)	
Interest on capital - Piyal	(200)	01
Donation	100	01
	<u>100</u>	

(2)

	Capital Accounts			Balance B/F	Bonus	Goodwill	Rs.'000		
	Lal	Piyal	Kamal				Lal	Piyal	Kamal
Goodwill	800	800	800	01			4 000	2 000	
Balance C/F*	02 4 400	2 400	200				1 200	1 200	1 000
	<u>5 200</u>	<u>3 200</u>	<u>1 000</u>				<u>5 200</u>	<u>3 200</u>	<u>1 000</u>

*Three balances -02 marks, 2 balances – 01 Mark

	Current Accounts			Balance B/F	Interest on loan	Interest on capital	Salary	Rs.'000		
	Lal	Piyal	Kamal					Lal	Piyal	Kamal
Goods drawings	300	200	01					700	100	
Salaries paid	01 600	1300						01 100		
	<u>2 350</u>	<u>850</u>						<u>400</u>	<u>200</u>	
Balance C/F	01							01 1200	1 200	
	<u>3 250</u>	<u>2 350</u>	0					<u>850</u>	<u>850</u>	
								<u>3 250</u>	<u>2 350</u>	0

(12 Marks)

(b)

(1) Cash Account (Rs.)

	Dr.	Cr.
Balance B/F	35 800	Standing order payment
Reversal of a cheque payment recorded twice	80 000*	Bank charges
Direct remittance	60 000*	Revised Balance C/F
Dishonored cheque	25 000*	(01) 174 800
	200 800	200 800

*01 mark for each item, maximum **(05)****(06 Marks)****(2) Bank Reconciliation Statement (Rs.)**

Revised balance of cash account as at 31.12.2023	(01) 174 800
Add:	
Cheques issued but not presented for payment	50 000 (01)
Less:	
Cheques deposited but not realised	45 000 (01)
Bank statement balance as at 31.12.2023	(01) 179 800

(04 Marks)**Question No. 5**

Part	(1)	(2)	Total
(a)	18	12	30
(b)	06	04	10
Total			40

Question No. 6**(a)**

Deshani PLC
Statement of Cash Flows for the year ending 31.03.2024
(Rs. 000)

Cash flows from operating activities:		
Profit before tax	5 500	WR1
<i>Adjustments:</i>		
Depreciation:		
Property, plant and equipment	2 800	01
Right-of-use assets	1 400	01
Interest expense	900	01
Gain on disposal of a motor vehicle	(800)	01
	9 800	
Changes in working capital:		
Increase in Inventory	(2 100)*	02
Increase in Trade receivables	(3 250)*	
Decrease in Trade payables	(1 000)*	
Interest paid	(900)	01
Tax paid	(1 050)	01
Net cash flows from operating activities**	1 500	WR2
Cash flows from investment activities		
Purchase of a machine	(9 150)	02
Proceeds from disposal of a motor vehicle	3 400	WR4
Initial payment -right-of-use assets	(1 000)	WR5
Net cash flows from investment activities**	(6 750)	
Cash flows from financing activities		
Lease instalment	(2 000)	01
Issue of shares	8 500	01
Interim dividends	(850)	01
Net cash flows from financing activities**	5 650	WR7
Net cash inflows for the period	01 400	
Cash and cash equivalents as at 01.04.2024	1 100	
Cash and cash equivalents as at 31.03.2024	1 500	

(20 Marks)

Workings:**WR 1 Profit before tax**

Profit before tax	5 500
Profit after tax	4 300
Tax expense	1 200

WR 2 Income Tax**Payable**

Balance as at 01.04.2023	550
Tax expense	1 200
Balance as at 31.03.2024	(700)
Income tax paid	1 050

01

**WR 3 Property, Plant
and Equipment**

Balance as at 31.03.2023	19 750
Disposal of a motor vehicle	(2 600)
Depreciation	(2 800)
Purchase of a machine	9 150
Balance as at 31.03.2024	23 500

01
01

WR 4 Disposal of a motor vehicle	
Carrying amount	2 600
Gain on disposal	800
Sales proceeds	3 400
	01
WR 5 Right-of-use assets	
Balance as at 31.03.2023	7 000
PV of lease payments	5 400
Depreciation	(1 400)
	01
	01
Balance as at 31.03.2024	11 000
Initial payment	12 000
	1 000
WR 6 Lease liability	
Balance as at 01.04.2023	5 500
PV of minimum lease payment	5 400
	10 900
Balance as at 31.03.2024	8 900
Capital repayment	2 000
WR 7 Retained Earnings	
Balance as at 01.04.2023	6 450
Profit for the year	4 300
Capitalization of reserves	(2 500)
	8 250
Balance as at 31.03.2024	7 400
Interim dividend	850

(b)

(1) Total fixed cost

WR1	Cost of gifts	30 000	01
	Cost of hiring chairs and decoration	40 000	01
	Ground preparing cost	25 000	01
	Cost of food for guests	55 000	01

150 000

04

(2) Variable cost per student

WR2	Cost of sports uniform	4 000	01
	Cost of a food pack	400	01
	Cost of printing a certificate of participation	100	01

4 500

03

(3) No. of students require to participate to cover the total cost if Rs.7 500 per student is charged

WR3 Fixed Cost/ Contribution

 $150\ 000 / 7\ 500 = 20$

01

01

50

03

(4) Surplus from the event if all students participate in the event and Rs.7 500 per student is charged

WR4	Amount to be charged	525 000	01
	Total variable cost	(315 000)	01
	Total contribution	210 000	01
	Fixed cost	(150 000)	01

60 000

04

(5) Margin of safety

WR5	Fixed cost/ Contribution	$150\ 000 / 9\ 500 = 15.8$	01
	No. of students participate to break even	30	01
	No. of students expected to participate	55	01
	Margin of safety (55-30)	25	

25

03

(6) Amount to be charged per student to cover the total cost if a donation of Rs.45 000 is received and 60 students participate in the sports meet

6 250 **03**

WR6	Fixed cost	150 000
	Donation	(45 000)
		105 000
	Total variable cost	01 (4 500*60) 270 000
	Total cost	375 000
	No. of students	60 01
		375 000 / 60 = 6 250

(20 Marks)

Question No. 6

Part	(1)	(2)	(3)	(4)	(5)	(6)	Total
(a)	20	-	-	-	-	-	20
(b)	04	03	03	04	03	03	20
Total							40

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