

All Rights Reserved.

Confidential



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
Total		=	400 ÷ 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 \triangle and write the final marks of each question as a rational number in a \square with the question number. Use the column assigned for Examiners to write down marks.

Example: Question No. 03

(i)	✓	$\triangle \frac{4}{5}$
(ii)	✓	$\triangle \frac{3}{5}$
(iii)	✓	$\triangle \frac{3}{5}$

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

MCQ answer scripts: (Template)

1. Marking templates 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
4	1
5	2
6	3
7	4

Question	Answer
8	3
9	5
10	1

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

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

Question	Answer
23	3
24	3
25	5
26	5

Question	Answer
27	3
28	3
29	5
30	2

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

31. A - Professional/3 (01)
 B - Legal/2 (01)
 C - Technological/4 (01)
 D - Economic/1 (01)

32. (a) Rs.' 000

Assets Liabilities Equity

1	-50	50	(01)
2	-100	-100	(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		(02)
Land A/C	2 000		
Capital A/C - Chamara		3 000	

(b)

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

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
 31 - 50**

**120 Marks
80 Marks
200 Marks**

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*
Cost of sales		(45 200)*
Gross profit		53 300
Other income		2 600*
Distribution cost		(11 500)
Administrative expenses		(23 550)
Other expenses		(2 250)
Finance cost		(2 200)
Profit before tax	01	16 400
Income tax expense		(1 150)
Profit for the year	01	15 250
Other comprehensive income		-
Total comprehensive income for the period	01	15 250

*Any two items

(01)

(01)

(01)

WR1

(02)

WR2

(02)

WR3

(01)

WR4

(01)

WR4.1

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
Depreciation- Right-of-use asset	2 000
Revaluation deficit	1 000
Warranty expenses	750
Inventory written-off	450

(02)

Any 4 items with values maximum 02 marks

(14 Marks)

WR 1 Distribution Cost	Rs.'000	
Balance	10 750	
Warranty expenses	750	01
Total	11 500	
WR 2 Administrative Expenses		
Balance	25 250	
Lease instalment	(3 200)	01
Incorrectly calculated right-of-use asset depreciation	(500)	
Correct depreciation of right-of-use asset	2 000	01
Total	23 550	
WR 3 Other Expenses		
Balance	800	
Inventory written-off	450	01
Revaluation deficit	1 000	01
Total	2 250	
WR 4 Finance Cost		
Balance	400	
Lease interest	1 800	01
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	01
Total	1 150	

(2)

Saranga PLC
Statement of Financial Position
as at 31.03.2024

01

	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	01 WR5
Trade receivables		6 000	01 WR6
Investments in treasury bills		19 500	01 WR7
Cash and cash equivalents		2 300	01 WR8
Total Assets		104 950	
Equity			
Stated capital - ordinary shares		01 49 600	
Revaluation reserve		01 7 000	
Retained earnings		35 850	
Non-current Liabilities			
Lease liability		01 6 948	
Current Liabilities			
Trade payables		2 550	01
Lease liability		1 652	01
Provision for warranty		1 050	01
Provision for income tax		300	01 WR9
Total of Equity and Liabilities		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*	01 84 000
Transfer of accumulated depreciation	-	-	(3 000)	01 (3 000)
Revaluation deficit	-	-	(1 000)	01 (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	- 01	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)	01 (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		<u>5 150</u>

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

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

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

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

WR 10 Lease Liability	Rs.'000
Balance	-
Acquisition	10 000
Lease instalment	(3 200)
Lease interest	1 800
Balance as at 31.03.2024	<u>8 600</u>
Current liability	<u>1 652</u>
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)	(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**

$$EOQ = \sqrt{((2 \times 10\,000 \times 5\,000) / 400)}$$

(2) No. of orders per annum20**(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:

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

(4) Average consumption per week 200 Units **(03)****WR**

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

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

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

(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 (01)	1 050 000 (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 (01)
Adjustments for overheads not considered:					
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

Finishing

Rs. 55 (02)

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.)	500 03	600 03
		(06 Marks)

WR						Rs
Prime cost		240	01		235	01
Revised production overheads:						
Assembly	(55 x 2)	01	110	(55 x 3)	01	165
Finishing	(50 x 3)	01	150	(50 x 4)	01	200
Production cost per unit			500			600

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)

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

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>	<u>800</u>
Sales	2 000

01**(2) Net Profit Ratio****9%****01**

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

01**(3) Inventory Turnover Ratio****6****01**

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

01**(4) Quick Assets Ratio (Times)****1.4****01**

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

01**(5) Return on Equity****36%****02**

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

01**01****(6) Debtors' Collection Period (Days)****45****02**

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

01

$$\left\{ \frac{250 \times 360}{2\,000} \right.$$
01

(7) Debt Ratio**33.3%** (02)

WR		
<i>Long-term debt</i>	<u>250</u>	01
<i>Total capital</i>	<u>750</u>	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 01
(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)*****Both items (01)**

Sales		15 400*		
Cost of sales		(5 400)	03	WR1
Gross profit	01	10 000		
Administrative expenses		(2 900)	03	WR2
Distribution expenses		(2 200)*		
Other expenses		(100)	02	WR 3
Loan interest		(100)	01	
Net profit		4 700	01	
<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		

(18 marks)**WR 1 – Cost of sales (Rs.'000)**

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

WR 2 – Administrative Expenses (Rs.'000)

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

WR 3 Other Expenses (Rs.'000)

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

(2)

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

(12 Marks)

(b)

(1) Cash Account (Rs.)

	Dr.		Cr.
Balance B/F	35 800	Standing order payment	25 000*
Reversal of a cheque payment recorded twice	80 000*	Bank charges	1 000*
Direct remittance	60 000*	Revised Balance C/F	(01) 174 800
Dishonored cheque	25 000*		
	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)	*All 3 items, 02 marks, 2 items 01 mark
Increase in Trade receivables	(3 250)*		
Decrease in Trade payables	(1 000)*		
Interest paid	(900)	(01)	
Tax paid	(1 050)	(01)	WR2
		(02)	**All 3 headings with values 02 marks, 2 headings with values, 01 mark
Net cash flows from operating activities**	1 500		
Cash flows from investment activities			
Purchase of a machine	(9 150)	(02)	WR3
Proceeds from disposal of a motor vehicle	3 400	(01)	WR4
Initial payment -right-of-use assets	(1 000)	(02)	WR5
Net cash flows from investment activities**	(6 750)		
Cash flows from financing activities			
Lease instalment	(2 000)	(01)	WR6
Issue of shares	8 500	(01)	
Interim dividends	(850)	(01)	WR7
Net cash flows from financing activities**	5 650		
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	(01)	

(20 Marks)

Workings:	
WR 1 Profit before tax	
Profit before tax	5 500
Profit after tax	<u>4 300</u>
Tax expense	<u>1 200</u>
WR 2 Income Tax Payable	
Balance as at 01.04.2023	550
Tax expense	1 200
Balance as at 31.03.2024	<u>(700)</u>
Income tax paid	<u>1 050</u>
WR 3 Property, Plant and Equipment	
Balance as at 31.03.2023	19 750
Disposal of a motor vehicle	(2 600)
Depreciation	<u>(2 800)</u>
	14 350
Purchase of a machine	<u>9 150</u>
Balance as at 31.03.2024	<u>23 500</u>

01

01

01

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

(b)

(1) Total fixed cost		150 000	04
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
(2) Variable cost per student		4 500	03
WR2	Cost of sports uniform	4 000	01
	Cost of a food pack	400	01
	Cost of printing a certificate of participation	100	01
(3) No. of students require to participate to cover the total cost if Rs.7 500 per student is charged		50	03
WR3	Fixed Cost/ Contribution	$\frac{150\,000}{7\,500} - 4\,500$	01
(4) Surplus from the event if all students participate in the event and Rs.7 500 per student is charged		60 000	04
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	
(5) Margin of safety		25	03
WR5	Fixed cost/ Contribution	$\frac{150\,000}{9\,500} - 4\,500 = 30$	01
	No. of students participate to break even	30	
	No. of students expected to participate	55	01
	Margin of safety (55-30)	25	

- (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)	01
			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

ORDER A/L $a+b^2$ TERM TEST PAPERS, SHORT NOTES, WORKBOOKS & REVISION BOOKS

SINHALA, ENGLISH & TAMIL MEDIUM



LOL BOOK STORE

CASH ON DELIVERY AND KOKO PAYMENT AVAILABLE

0717774440 (WHATSAPP)

WWW.LOL.LK