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අධ්‍යයන පොදු කමිටිය පල (උසස් පෙළ) විභාගය - 2020 අගෝස්තු

கல்விப் பொதுத் தரப்பரப் பத்திர (உயர் தர)ப் பரீட்சை - 2020 ஓசூர்

General Certificate of Education (Adv. Level) Exam - August 2020

නව නිර්දේශය

புதிய பாடத்திட்டம்

New syllabus

கிணுவியல் I
 கணக்கீடு I
 Accounting I

33 E I

One Hour & Fifteen Minutes

Instructions:

Just 14 Weeks more

- *Answer all questions in Part II - Relevant workings should be attached to the answer script
- *Relevant workings should be attached with the answer script

**LKAS
16**

ADVANCE LEVEL – 2006

1. According to Sri Lanka Accounting Standard (LKAS) NO: 16 the depreciation is defined as the

- 1) Systematic allocation of the decrease in market value of an asset over its useful life
- 2) Systematic allocation of the depreciable amount of an asset over its useful life
- 3) Systematic provision of funds for the replacement of an assets
- 4) Adjusting the value of an asset to reflect it current market value
- 5) Systematic writing off diminution in value of an asset arising from the usage

(.....)

2. Welgama Printers bought a new printing machine from abroad. The following costs are incurred on the machine

Description	Rs.
The cost of the machine including freight and insurance	800 000
The transportation cost from the harbour	10 000
Installation cost	40 000
Cost incurred on the trial run of the machine prior to use	20 000
Cost of stationery and ink to print the first order	5 000

What is the cost at which this machine should be shown in the balance sheet of Welgama Printers?

- (1) Rs. 870 000
- (2) Rs. 875 000
- (3) Rs.850 000
- (4) Rs. 855 000
- (5) Rs. 800 000

(.....)

3. State two factors considered in deciding the depreciation charge of an asset

- (1).....
- (2)

ADVANCE LEVEL – 2007

4. The cost of acquisition of machine was Rs. 250 000 and its useful life is 5 years. Accumulate depreciation of this machine for the first two years was Rs. 80 000. The company depreciated it machinery on the straight line method. What is the depreciable amount of this machine?

- (1) Rs. 40 000
- (2) Rs. 50 000
- (3) Rs. 170 000
- (4) Rs. 200 000
- (5) Rs. 250 000

ADVANCE LEVEL – 2009

5. Shantha PLC revalued it building on 31.12.2008 at Rs. 700,000 which had a carrying value of Rs. 500,000 on the same date. A revaluation deficit on building of Rs. 120,000 had been charged to the income statement in the previous year.

Write the journal entry to record the revaluations surplus/deficit of the building for the year ending 31.12.2008 as per Sri Lanka Accounting Standard (LKAS) No: 16

.....

☛ ADVANCE LEVEL – 2010

6. A firm acquired an equipment and incurred the following expenses up to the time it was installed in the factory

	(Rs.)
Purchase price	900 000
Transportation costs up to the factory	10 000
Installation cost	40 000
The fine charged by the court for exceeding the speed limit during the transportation	5 000
Repair cost of the factory wall that was damaged during the installation of the equipment	45 000

What is the initial cost of this equipment: Rs

State **True** or **False**

7. When the residual value of a depreciable asset exceeds its depreciable amount, It is not necessary to depreciate the asset (.....)

☛ ADVANCE LEVEL – 2011

8. The following information relates to a machine acquired by an entity

	Rs. '000
Purchase price	2,000
Trade discount to be deducted from the purchase price	100
Installation costs	1,200
Testing of the machine before use	150
Replacement of spare parts during the use of the machine	250
Annual maintenance	100

What is the amount at which the machine should be recognized as an asset?

- (1) Rs. 3,100,000 (2) Rs. 3,250,000 (3) Rs. 3,350,000
 (4) Rs. 3,500,000 (5) Rs. 3,800,000

(.....)

9. The property, which had been acquired by a company on 01.04.2008 for Rs. 500 000, was revalued for the first time on 01.04.2010 for Rs. 640 000. On this date, the provision for depreciation on property account had balance of Rs. 100 000. The property is depreciated on straight-line basis. The remaining useful life of this asset at the time of revaluation was 8 years.

What is the net impact on equity as at 31.03.2011 due to this revaluation?

- (1) A decrease of Rs. 30 000
 (2) A decrease of Rs. 80 000
 (3) An increase of Rs. 140 000
 (4) An increase of Rs. 210 000
 (5) An increase of Rs. 240 000

(.....)

10. A land which had been acquired for Rs. 1 000 000 and revalued for the first time on 31.03.2010, was revalued again on 31.03.2011. The carrying amount of the land immediately after the second revaluation was Rs. 1 200 000 and the surplus generated from the second revaluation was Rs. 500 000

(a) What is the value at which this land had been revalued for the first time?

Rs

(b) What is the balance of the revaluation reserve account on 31.03.2011 after the second revaluation?

Rs.

11. An entity acquired a machine for Rs. 320 000 on 01.04.2005. Its useful life was 8 years with no residual value. A modification cost amounting to Rs. 80 000 was incurred on 01.04.2010 increasing the efficiency of the machine. As a result, the remaining useful life of the machine increased by 2 years. Machines are depreciated on straight-line-method.

Calculate the balances of the following accounts as at 31.03.2011.

(a) Machine: Rs

(b) Provision for depreciation on machine: Rs.

12. An entity acquired a machine on 01.10.2010 by paying Rs. 200 000 in cash and by transferring a vehicle which had a carrying amount of Rs. 300 000 as at 31.03.2010 at an agreed amount of Rs. 400 000. Annual depreciation charge for the vehicle transferred was Rs. 100 000 and machines are depreciated at 20% per annum on cost. Calculate

(a) The carrying amount of the machine as at 31.03.2011: Rs

(b) The profit or loss on exchange of the vehicle: Rs.

☛ ADVANCE LEVEL – 2012

13. A company purchased a land on 31.03.2010 at a cost of Rs. 1 300 000. The land was revalued at its fair value of Rs. 1 100 000 as at 31.03.2011. It was revalued again at its fair value of Rs. 1 600 000 on 31.03.2012. How were these revaluations reported in the financial statements?

	As at 31.03.2011	As at 31.03.2012
(1)	Loss of Rs. 200 000 was recognized	Gain of Rs. 200 000 was recognized and the balance Rs. 300 000 was treated as a revaluation reserve
(2)	Loss of Rs. 200 000 was recognized	Revaluation reserve of Rs. 500 000 was recognized
(3)	Loss of Rs. 200 000 was recognized	Gain of Rs. 200 000 was recognized
(4)	Loss of Rs. 200 000 was written off to the revaluation reserve	Revaluation reserve of Rs. 500 000 was recognized
(5)	Loss of Rs. 200 000 was written off to the revaluation reserve	Gain of Rs. 200 000 was recognized and the balance Rs. 300 000 was treated as a revaluation reserve

(.....)

☛ ADVANCED LEVEL – 2013

14. A land was acquired by a company on 01.10.012 to construct a restaurant. In this respect the following costs were incurred.

	Rs. '000
Purchase price of land	4,000
Stamp duty and legal fees	200
Cost of removing the old building in the land	200
Cost of preparation of the land for construction	250
Annual maintenance cost of the land	100

Further, the materials removed from the old building were sold for Rs. 50,000.
What is the cost of the land as at 31.03.2013 as per LKAS 16 Property, Plant and Equipment?

- (1) Rs. 4,400,000 (2) Rs. 4,450,000 (3) Rs. 4,550,000
(4) Rs. 4,600,000 (5) Rs. 4,700,000

(.....)

ADVANCED LEVEL – 2014

15. The following information relates to the acquisition of a machine on 01.03.2014 by a company, which is registered for value added tax (VAT).

	Rs.
List price of the machine	800,000
VAT paid	86,400
Cost of transportation	30,00
Cost of site preparation	20,000
Cost of installation	40,000
Cost of initial testing	50,000

A trade discount of 10% was received at the time of acquisition. 100 units manufactured during the initial testing were sold at Rs. 300 per unit.

The cost of the machine at initial recognition as per LKAS 16 Property, Plant and Equipment?

- (1) Rs.830,000 (2) Rs.860,000 (3) Rs.896,400
(4) Rs.910,000 (5) Rs.916,400 (.....)

16. The following information relates to motor vehicles owned by firm

Description	(Rs. '000)
Motor vehicles at cost as at 01.04.2013	4 000
Accumulated depreciation as at 01.04.2013	750
Proceeds from the sale of a motor vehicle on 01.10.2013 (Purchased on 01.04.2011 at a cost of Rs. 1 500 000)	1 000
Purchase of a motor vehicle on 01.01.2014	5 000

The motor vehicles are depreciated 10% per annum on cost on the straight-line method and are available for use from the date of purchase.

What is the depreciation for motor vehicles and the loss on the sale of the motor vehicle during the year ending 31.03.2014?

	Depreciation (Rs.)	Loss (Rs.)
(1)	375 000	200 000
(2)	400 000	350 000
(3)	450 000	125 000
(4)	525 000	500 000
(5)	900 000	50 000

(.....)

ADVANCED LEVEL – 2015

17. The following information relates to the acquisition of a machine on 31.03.2015 by a business registered for value added tax (VAT).

	Rs.
Purchase price inclusive of VAT	777,000
Transport cost from port to the business premises	40,000
Cost of site preparation	120,000
Cost of installation	80,000
Expenses of the opening ceremony	30,000
Costs of initial testing of the machine	10,000

The applicable VAT rate is 11%.

The cost of the machine at initial recognition as per LKAS 16 Property, Plant and Equipment?

- (1) Rs. 931,530 (2) Rs. 950,000 (3) Rs. 971,530
(4) Rs. 980,000 (5) Rs. 1,027,000

(.....)

18. Which of the following statement/statements is correct in relation to defining property, plant and equipment as per LKAS 16 (Property, Plant and Equipment)

- A - They are tangible items
B - They are held for use in the production of goods or supply of services or for administrative purposes
C - They are expected to be used for more than one financial year
(1) A only (2) A and B only (3) A and C only
(4) B and C only (5) All A B and C

(.....)

19. The following information related to a machine owned by a company.

Cost (Rs. '000)	6 000
Accumulated depreciation as at 31.03.2014 (Rs. '000)	2 400
Expected residual value (Rs '000)	400
Expected useful life (years)	14

On 01.04.2014, the company incurred Rs. 1 800 000 for major improvement of the machine. As a result, its remaining useful life was increased to 10 years. However, its residual value remained un-changed.

What is the depreciation of this machine for the year ending 31.03.2015 and its carrying amount as at 31.03.2015?

	Depreciation (Rs. '000)	Carrying amount (Rs. '000)
(1)	100	4 500
(2)	100	4 900
(3)	320	3 280
(4)	500	4 500
(5)	500	4 900

(.....)

ADVANCE LEVEL – 2016

20. Ajith PLC a business registered for value added tax (VAT) bought a machine for Rs. 4, 140 000 on 01.04.2015. This includes Rs. 540 000 paid for VAT. The useful life of the machine is 5 years and it has no residual value.

What is the carrying amount of the machine as at 31.03.2016 as per LKAS 16 (Property, Plant and Equipment)?

- (1) Rs. 2 448 000 (2) Rs. 2 880 000 (3) Rs.3 312 000
(4) Rs. 3 600 000 (5) Rs. 4 140 000

(.....)

21. The following information related to motor vehicles of Rakitha PLC

Description	Amount Rs. '000
Carrying amount as at 01.04.2015	6 500
Loss on a motor vehicle disposed on 30.09.2015	150
Acquisition of a new motor vehicle on 01.01.2016	4 000

All the motor vehicles available at the beginning of the year have been purchased on 01.04.2010. The motor vehicle disposed during the year had been purchased at a cost of Rs. 3 000 000. The motor vehicles are depreciated at 10% per annum on the straight-line method.

The depreciation for motor vehicles for the year ending 31.03.2016 and the sale proceeds of the motorvehicle disposed were:

	Depreciation (Rs. '000)	Sales proceeds (Rs. '000)
1	650	1 500
2	1 000	1 350
3	1 100	1 350
4	1 100	1 200
5	1 250	1 200

(.....)

22. A company purchased a new machine at a price of Rs. 5 500 000. Indicate whether the following payments made in relation to this purchase will be recognized as per LKAS 16 (Property Plant and Equipment) in the initial cost of the machine or in expenses by placing ✓ in the appropriate column

	Item	Amount (Rs. '000)	Initial Cost	Expenses
A	Training of the machine operator	120	.....	.....
B	Engineer's fee for the certification of installation	12	.....	.....
C	Testing of the machine	220	.....	.....
D	Ceremonial opening of the machine	150	.....	.....

☛ ADVANCE LEVEL – 2017

23. Which of the following statements is correct in relation to an asset recognized under LKAS 16 (Property, Plant and Equipment)?

- (1) It is either a tangible or intangible asset held for use in the production of goods or supply of services
- (2) It is expected to be used for a period of more than one year
- (3) It is measured at recognition based on either cost model or revaluation model
- (4) All expenditure incurred subsequent to its recognition is always capitalized
- (5) Legal ownership is a necessary condition in order to recognize it as an asset

(.....)

24. The following information relates to the acquisition of a machine on 31.03.2017 by a business. The business is not registered for Value Added Tax (VAT)

Description	Rs.
Price paid inclusive of VAT	230 000
Transport costs from suppliers company to the business	15 000
Cost of installation and assembly	30 000
Cost of dismantling and removing the old machine	2 000
Cost of testing prior to the use of machine	8 000
Cost of training of employees on the use of machine	12 000

The cost of the machine at recognition as per LKAS 16 - Property, Plant and Equipment?

- (1) Rs. 255 000
- (2) Rs. 267 000
- (3) Rs. 283 000
- (4) Rs. 285 000
- (5) Rs. 297 000

(.....)

25. The following information relates to a machine acquire by a company, which is registered for value added tax (VAT)

The cost of this machine at recognition and the date of commencing depreciation of the machine as per Sri Lanka Accounting Standard (LKAS) No. 16 (Property, Plant and Equipment)

$$(\dots)$$

26. Which of the following statements are correct as per LKAS 16 (Property, Plant and Equipment)

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

$$(\dots)$$

27. Nethu PLC imported a machine on 01.03.2019 for use in the production by paying Rs. 2 000 000. Following expenses were also incurred by the company in this respect.

What is the cost of the machine at initial recognition as per LKAS 16 (Property, Plant and Equipment)?

- (1) Rs. 2 160 000 (2) Rs. 2 180 000 (3) Rs. 2 210 000
(4) Rs. 2 220 000 (5) Rs. 2 260 000

$$(\dots)$$

28. Manel PLC bought a machine on 01.04.2015 for Rs. 1 000 000. On this day, its useful life and the residual value were estimated as 5 years and Rs. 100 000 respectively. A main component of this machine was modified on 01.04.2018 incurring it cost of Rs. 280 000. On this date, it was re-estimated that the remaining useful life of the machine as 4 years and its residual value as Rs. 180 000

Compute the followings:

- (a) Depreciation for the year ending 31.03.2019 : Rs
- (b) Carrying amount of the machine : Rs

Revision paper questions

29. Property plant and equipment of a public company which disposed during the year are as follows.

Fill in the blanks in the given table

Item	Cost (Rs.)	Depreciation as disposal date	Cash received from disposal	Profit/Loss
Building	.....	360,000	500,000	60,000
Machinery	450,000	140,000	250,000	.....
Office equipment	200,000	60,000	.....	10,000
Motor vehicle	600,000	.....	250,000	(60,000)

30. Given below are several cost items incurred in relation to a machine acquired by Sashini Limited during the year ended 31.03.2019

	Rs.
Purchase price and import duties	5 000 000
Non re-fundable taxes	600 000
Refundable taxes	500 000
Costs incurred to keep the machine in good working condition	800 000
Transport and insurance costs incurred in brining the machine to its intended location	200 000
Cost incurred to replace the spare parts while the machine was in operation	300 000
Site preparation costs incurred prior to installation of the machine	200 000

What is the value of the machine that should be shown in the statement of financial position of Sashini Limited as at 31.03.2019?

(1) Rs. 6,000,000 (2) Rs. 7,100,000 (3) Rs. 6,800,000 (4) Rs. 7,600,000 (5) Rs. 6,700,000
(.....)

31. The following information related to the acquisition of a machine on 31.03.2019 by a business that has not been registered for Value Added Tax (VAT)

	Rs.
List price	800 000
Transport cost from port to the business premises	30 000
Cost of site preparation	20 000
Cost of installation	40 000
VAT paid	80 000
Cost of initial testing of the machine	50 000

- A trade discount of 10% was received at the time of acquisition.
- 100 units manufactured during the initial resting were sold at Rs. 300 per unit
- The government has granted a subsidy of Rs. 100 000 as this machine has been purchased from a local manufacturer.
- Employee training cost Rs.30,000

The cost of machine at initial recognition as per LKAS 16 (Property, Plant and Equipment):

(1) Rs. 840 000 (2) Rs. 760 000 (3) Rs. 810 000
(4) Rs. 940 000 (5) Rs. 910 000
(.....)

Use the following information to answer question No 30 & 31

Following information related to the Property, Plant & equipment of Thanushi's business as at 01.04.2018.

Assets	Purchased date	Cost	Useful life (Yrs.)
A	2016.04.01	1 200 000	08
B	2014.01.01	1 000 000	10
C	2012.04.01	2 000 000	05

Following transactions were occurred for the year ended 31.03.2019.

- ❖ Machine "A" was sold for Rs. 500 000 on 01.01.2019
- ❖ Rs. 800 000 worth of machine "D" purchased on 30.09.2018. Useful life time of it 8 years
- ❖ Motor vehicle "C" is still kept for the business use.

32. Profit/loss of the motor vehicle disposal for the year ended 31.03.2019.

- (1) Rs. 287,500 loss (2) Rs. 250 000 profit (3) Rs 1,287,500 loss
(4) Rs. 287 500 profit (5) Rs. 250 000 loss

(.....)

33. Balances showed in the financial statement as at 31.03.2019.

	Cost	Accumulated depreciation	Depreciation expense
(1)	1 800 000	575 000	262 500
(2)	3 800 000	3 625 000	412 500
(3)	3 800 000	2 575 000	262 500
(4)	5 000 000	3 125 000	412 500
(5)	4 300 000	2 625 000	212 500

(.....)

34. The cost of an asset which has no residual value was Rs. 500 000. Its useful life was 10 years. The assets was depreciated 20% under reducing balance method for first two years and from the third year, the depreciation policy was changed to straight line method. Accordingly, the third year depreciation amount should be:

- (1) Rs. 80 000 (2) Rs.60 000 (3) Rs. 50 000
(4) Rs. 40 000 (5) Rs. 35 000

(.....)

Use following information to answer question number 33 and 34

The following information relate to motor vehicles of Bala and company

Description	Rs. '000
Carrying value as at 01.04.2018	7 000
Loss on a motor vehicle disposed on 30.09.2018	200
Acquisition of a new motor vehicle on 30.09.2018	3 500

All the vehicles available at the beginning of the year have been purchased on 01.04.2013. The motor vehicle disposed during the year had been purchased at a cost of Rs. 4 000 000. The motor vehicles are depreciated at 10% per annum on the straight line basis.

35. What were the sale proceeds of the motor vehicle disposed (Rs. '000)

- (i) 1 600 iv) 2 200
(ii) 1 800 v) 1000
(iii) 2 000

(.....)

36. What is the depreciation for motor vehicles for the year ending 31.03.2019 (Rs. '000)

- (i) 700 iv) 1 375
(ii) 1 000 v) 1 400
(iii) 1 200

(.....)

37. A company has a building and the cost of the building as at 01.01.2019 was Rs. 800 000. It has been acquired on 01.01.2009 and buildings are depreciated at 2% on straight line method.

On 01.01.2016, this building has been revalued at Rs. 1 000 000 and the remaining useful life was 40 years. The amount of depreciation of buildings for the year ended 31.12.2016 and the value of revaluation reserve are:

Depreciation for the year (Rs.)	Revaluation reserve (Rs.)	
(1) Rs. 25 000	Rs. 200 000	
(2) Rs. 25 000	Rs. 360 000	
(3) Rs. 20 000	Rs. 200 000	
(4) Rs. 20 000	Rs. 360 000	
(5) Rs. 25 000	Rs. 300 000	(.....)

38. Sumudu PLC which is registered for Value Added Tax (VAT) purchased Rs. 1 725 000 worth of machine on 01.04.2016. The price inclusive of 15% VAT Estimated scrap value and useful life of this machine is Rs. 50 000 and 10 years respectively. Carrying amount of this machine as at 31.03.218 as per LKAS 16 (Property, Plant and equipment) is

(1) Rs. 1 200 000	(2) Rs. 1 210 000	(3) Rs. 1 365 000
(4) Rs. 1 390 000	(5) Rs. 1 507 500	

(.....)

39. Ashoka PLC revalued a lorry value for Rs. 3 000 000 on 31.03.2020 which purchased for Rs.2 700 000 on 30.09.2017.

- At the date of acquisition
- It was estimated useful life as 13 years and residual value as Rs. 100 000
- Accounting year ended 31st March

What is the net effect to the total comprehensive Income for the year due to above transactions?

(1) Increase by Rs. 100 000	(2) Increase by Rs. 200 000
(3) Increase by Rs. 300 000	(4) Increase by Rs. 600 000
(5) Increase by Rs. 800 000	

(.....)

40. Following information related to a machine as at 31.03.2019

- The balance of the machine account is Rs.1 600 000
- The useful life time is 10 years
- The balance of the machinery accumulated depreciation account is Rs. 320 000
- Improvement were made 01.04.2019 to the machine by incurring Rs.400 000. Due to this improvement the remaining useful life has increased by 02 years.

What is the annual depreciation amount of this machine for the year ending 31.03.2020

(1) Rs.90 000	(2) Rs. 128 000	(3) Rs.160 000	(4) Rs.168 000	(5) Rs. 180 000
				(.....)

PART II

01. The following information is related to three items of property, plant and equipment of Thishen PLC as at 31.03.2019.

Asset	Cost (Rs. '000)	Carrying amount (Rs. '000)	Useful life (Years)
Land and buildings	5,000	3,500	20
Motor vehicle	4,800	2,400	10
Office equipment	1,500	900	05

* The land value represents 40% of the total value of land and buildings. The useful life given above for land and buildings applies only for the buildings.

* These assets are depreciated annually at cost on straight-line method. Ignore their residual values.

The following transactions and events took place during the year ended 31.03.2018 in relation to property, plant and equipment.

Date	Transactions / Events
01.04.2018	Revalued the land and buildings for Rs.4,000,000 of which 40% represents the land value. As a result, the remaining useful life of the building has increased to 12 years (previous year building revaluation loss 500,000)
01.01.2019	Sold the existing motor vehicle for Rs.3,000,000 and acquired a new motor vehicle for Rs.3,600,000. The expected useful life of the new vehicle is 6 years.
31.03.2019	Incurred Rs.60,000 for the annual maintenance of office equipment. This amount has not been paid during the year ended 31.03.2018.

* The profit for the year ending 31.03.2019 as per draft income statement before adjusting the above transactions and events was Rs. 6,500,000

Required:

- Journal entries (including cash) to record above transactions and events (Narrations are not required)
- Profit for the year ended 31.03.2019 after adjusting for the above transactions and events

02. The following information relates to Motor vehicles in Gayara's business as at 01.04.2018.

Motor Vehicle No:	Purchased date	Cost (Rs. '000)	Useful life time
1	2016.04.01	6 000	6
2	2016.10.01	8 000	5
3	2017.04.01	4 000	5

Additional Information

- Incurred Rs. 3 000 000 for adding new engine & other parts to No.1 motor vehicle on 01.04.2018. As a result, the remaining useful life of the motor vehicle has increased by 1 year. Old engine was sold for Rs. 1 000 000
- Motor vehicle No:2 was fully damaged due to a fire occurred on 01.10.2018
- Purchased a new motor vehicle on 01.10.2018. Following information relates to it.

	Rs. '000
Purchase price of motor vehicle	7 200
Paid VAT	800
Registration fees of motor vehicle	30
Annual Insurance premium	200
Annual fuel & maintenance charges	500

The expected useful life time of the new motor vehicle is 5 years & the residual value is Rs.530 000

4. There was no residual value for motor vehicle No: 1, 2 & 3. This business is not registered for VAT

Required

- (i) Calculate depreciation expenses for each motor vehicle & total depreciation of motor vehicle for the year ended 31.03.2019
- (ii) Prepare following accounts for the year ended 31.03.2019
 - (a) Motor vehicle account
 - (b) Motor vehicle disposal account

03. (a) Following information related to the Property Plant and Equipments owned by Vikram PLC for the year ending 31.03.2019

PPE	Cost (Rs. '000)	Carrying Amount (Rs. '000)	Residual Value (Rs. '000)	Useful life (Years)
Land	3 000	3 500	-	-
Building	4 000	2 400	-	20
Distribution van	4 400	3 200	400	5
Office equipment	400	250	50	7

The following transactions took place during the year 31.03.2020 in relation to these assets.

1. On 01.04.2019 improvement were made to the building by incurring Rs.800 000. Due to this the remaining useful life of the building has increased by 02 years.
2. On 01.07.2019 revalued the land for Rs. 2 800 000
3. The company owned two motor vehicles with same cost (which purchased on the same date) and one of the motor vehicle was exchanged on 01.10.2019 for another new motor vehicle worth of Rs.2 500 000. The carrying value of the transferred vehicle is Rs.2 000 000. The remaining amount is paid by cash. The expected useful life of the new motor vehicle is 5 years and residual value is Rs. 300 000.
4. 01.10.2019 an equipment was acquired for Rs.380 000 an expenses of Rs.20 000 was incurred for the installation of this equipment. The installation was completed on 01.01.2020 and the equipment was ready for use from this date. The useful life of this equipment is 5 years with no residual value.

Required:

- i. Calculate depreciation of each item of Property Plant and Equipment for the year ending 31.03.2020
- ii. Journal entries to record the land revaluation surplus/deficit
- iii. Impact on profit for the year due to above transactions

03 (b) The balance of machinery account as at 31.03.2019 was Rs. 600 000 and the balance of provision for depreciation on machine was Rs. 125 000. All these assets were purchased on 01.04.2018 and the useful life of the machine is 4 years and residual value as Rs. 100 000 were estimated.

Following transactions were taken place during the year ended 31.03.2020

- A machine was sold for Rs. 110 000 on 01.04.2019 which cost was Rs. 120 000 and residual value was Rs. 20 000
- Remaining useful life of all the other machines were estimated as 5 years on 01.04.2019

Required:

1. Journal entries for disposal of machine
2. Machinery account, machinery provision for depreciation account and Machinery disposal account

04. Following information is extracted from “Fitness First Fitness Center as at 01 April 2018

Equipment	Date of Purchases	Cost (Rs.)	Residual Value (Rs.)	Useful Life (Years)
W	01.04.2012	700 000	200 000	5
X	01.04.2015	600 000	200 000	8
Y	01.10.2016	900 000	300 000	6
Z	01.01.2017	1 000 000	200 000	10

The following transactions and events took place in relation to these equipments during the year ending 31.03.2019

- (1) Equipment “X” was disposed on 01.10.2018 for Rs. 520 000
- (2) Equipment “Y” was renovated incurring Rs.200 000 cost on 01.04.2018. As a result of this the remaining useful life and residual value of the equipment Y was estimated to be 8 years and Rs. 310 000 respectively
- (3) A new equipment “A” purchased on 01.07.2018 for Rs. 500 000. Useful life and residual value of the equipment “A” was estimated as 5 years and Rs. 100 000 respectively.

Required:

Following for the year ending 31.03.2019

- (1) Equipment Account
- (2) Calculate annual depreciation of each equipment
- (3) Disposal account
- (4) Accumulated depreciation of equipment account
- (5) Extraction of financial statement for the year ended 31.03.2019