

## MARKING SCHEME - REVISION PAPER 39

### Question No 01

Asher PLC      ①

Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31.03.2020

Sales		79 200	①
(-) Cost of Sales		(46 900)	②
Gross Profit		32 300	①
(+) Other Income		1 620	①
(-) Distribution Expenses	5 184	33 920	
(-) Admin. Expenses	8 880		
(-) Other Expenses	930		
(-) Finance Expenses	810	(15 804)	
Profit Before Tax		18 116	
(-) Income Tax (1/3)		(6 039)	①
Profit for the Year		12 077	
<b>Other Comprehensive Income</b>			
Change in Revaluation Reserve		2 000	①
<b>Total Comprehensive Income</b>		<b>14 077</b>	

Expense table

Description	D	A	O	F
B/B/F	3 000	700	1 580	600
Stocks write-off			①350	
Revaluation loss written off			(1 000) ①	
Building Depreciation		①1 000		
F & F Dep.		①100		
Lease Interest				①210
Lease asset depreciation ①	500			
Sales warranty ①	1584			
EPF ①		900		
ETF ①		180		
Expected loss on TR	-			
Impairment loss on TR	100			
Salary		6 000		
	<b>5 184</b>	<b>8 880</b>	<b>930</b>	<b>810</b>

<b>Note: 01</b>	<b>Other Income</b>	
	Fixed Deposit Income	- 1,000
	Other Income	- 620
		<u>1 620</u>

**Note: 02**      Profit before tax is computed after charging expenses including following      ②

	Rs. '000
Lease Interest	210
Building Depreciation	1 000
Salary	6 000
Bad Debts	100

<b>Note: 03</b>	<b>Income Tax</b>	Rs. '000
	Estimated income tax	6 000

**Note: 05 Right to use of Assets - 5000**

(-) Accumulated depreciation (1500)  
3500

**Lease liability**

		BBF	3 150
Installment	1 200	Interest	210
B/C/D	2 160		
	<u>3 360</u>		<u>3 360</u>

CL 1 200 - 150 = 1 050

NCL 2 160 - 1050 = 1 110

**Statement of changes in Equity**

Description	O/S	R/R	G/R	R/E
B/B/F	60 000		500	3 000
TCI ①		2 000		12 077
Transfer to GR ①			150	(150)
Dividends				(1 100)
	60 000	2 000	650	13 827

**Note: 06 Cash and Cash Equivalents**

Treasury Bills - 1 100  
Cash - 30 500  
31 600

**Note: 07 Trade Receivable**

(-) Debtors 3 000  
(300)  
2 700

**Note: 08 Proposed Dividends**

Proposed Dividends - 35 000 ①

**Note: 09 Emp. Compensation**

Environmental Authority has filed a case demanding 800 000 claim ①

**Note: 04 Property Plant and Equipment**

Description	Land	Building	Furniture & Fittings
B/B/F	30 000	10 000	
Additions			①1 000
Disposal			
Revaluation	①3 000		
Depreciation on Revaluation			
B/C/D	33 000	10 000	1 000
<u>Accumulated Depreciation</u>			
B/B/F		3 000	
Depreciation for the period		①1 000	①100
Disposals			
Depreciation on Revaluation			
B/C/D		(4 000)	(100)
N/B/V	33 000	6 000	900

**W1**

Cost of sales = 5040 + 44000 - 2140 = 46900

Asher PLC ①  
Statement of Financial Position  
as at 31.03.2020

(Rs. '000)

<b><u>Non-Current Assets</u></b>		
Property Plant and Equipment ①		39 900
R O U ①		3 500
Fixed Deposit		10 000
<b><u>Current Assets</u></b>		
Fixed deposit interest receivable ①	1 000	
Closing Stock ①	1 790	
Trade receivable ①	2 700	
Cash and Cash Equivalents ①	31 600	37 090
		<b>90 490</b>
<b><u>Equity and Liabilities</u></b>		
<b><u>Equity</u></b>		
Ordinary Shares	60 000	
Revaluation Reserve	2 000	
General Reserve	650	
Retained Earnings	13 827	76 477
		-
<b><u>Non-Current Liabilities</u></b>		
Lease Creditors ①	1 110	1 110
<b><u>Current Liabilities</u></b>		
Tax payable ①	5 839	
Lease Creditor ①	1 050	
Sales warranty ①	1 584	
EPF Payable ①	1 500	
ETF Payable ①	180	
Trade payable	2 750	12 903
		<b>90 490</b>

(Total Marks 40)

## Question No 02

(i)

G and R partnership

Income Statement For the year ended 31.03.2020

Sales		₹800
<b>(-) Cost of Sales</b>		
Opening Stock	25	
(+) Purchases	200	
(+) Carriage inwards	20	
(-) Closing Stock	(15)	₹ (230)
<b>Gross Profit</b>		<b>₹570</b>
<b>(+) Other Income</b>		
Discount received	50	50
<b>(-) Other Expenses</b>		
Discount allowed	15	620
PPE Depreciation	₹82	
Loan Interest – Nuwan	₹20	
Lease interest	₹8	
doubtful debts	₹2	
advertising	₹20	
staff salary	40	
bank charges	4	
Electricity	12	
Rates	16	
<b>Net Profit</b>		<b>(219)</b>
<b>Salary</b>		401
G	144	} ₹ (324)
R	180	
<b>Profit Shares</b>		
G	46.2	} ₹
R	30.8	
		(77)
		<b>0</b>

(iii)

G and R partnership  
Statement of Financial Position as at 31.03.2020 (Rs. '000)

	Cost	Ac. Dep.	NBV
<b><u>Non-Current Assets</u></b>		①	
Property Plant and Equipment	1700	362	1338
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents		134	
Inventories		15	
Trade Receivable	60		
(-)provision for doubtful debts	(12)	48	
Prepaid advertising		8	205
			<b>1543</b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Capital Account</u></b>			
G		500	} 680
R		180	
<b><u>Current Account</u></b>			
G		196.2	} 287
R		90.8	
<b><u>Non-Current Liabilities</u></b>			
Lease creditor①		103	
<b><u>Loan – N ①</u></b>		400	503
<b><u>Current Liabilities</u></b>			
Trade Payable①		3	
Lease creditor①		50	
Accrued loan interest①		20	73
			<b>1543</b>

(ii)

**Capital Account**

(Rs. '000)

	G	N	R		G	N	R
Goodwill ①	180		120	B/B/F	500	300	
Cash①		120		Goodwill ①	180	120	
Loan①		400		cash ①			300
B/C/D①	500		180	Current①		100	
	<b>680</b>	<b>520</b>	<b>300</b>		<b>680</b>	<b>520</b>	<b>300</b>

**Current Account**

(Rs. '000)

	G	N	R		G	N	R
Salaries①	144		120	B/B/F	150	100	-
capital①		100		Salary①	144		180
B/C/D①	196.2		90.8	Profit Shares ①	46.2	-	30.8
	<b>340.2</b>	<b>100</b>	<b>210.8</b>		<b>340.2</b>	<b>100</b>	<b>210.8</b>

Lease Creditors Account

Cash	55	B/B/F	200
B/C/D	153	Lease interest	8
	<u>208</u>		<u>208</u>

$$CL = \text{installment} - \text{next year interest}$$

$$50 = 55 - 5$$

- iv) 1) Advertising      Dr 10  
                                     Suspense              Cr 10              ①
- 2) Trade payable      Dr 7              ①  
                                     Suspense              Cr 7

(Total Marks 30)

**Question No 03**

1)

Sr. No	Description	Nelum Company	Manel Company	Ratio Category
I	Current Ratio ②	$\frac{6\,000}{3\,000} = 2:1$	$\frac{6\,000}{4\,000} = 1.5:1$	Liquidity Ratio
Ii	Return on total assets ②	$\frac{1\,200+200}{12\,500} \times 100 = 11.2\%$	$\frac{1\,580+400}{16\,500} \times 100 = 12\%$	Profitability Ratio
Iii	Interest coverage ratio ②	$\frac{1\,500+200}{200} = 8.5$ times	$\frac{2\,000+400}{400} = 6$ times	Leverage Ratio
Iv	Earnings per share ②	$\frac{1\,200\,000}{120\,000} = 10$ per share	$\frac{1\,580\,000}{140\,000} = 11.2$ per share	Investor Ratio
V	Asset turnover ratio ②	$\frac{12\,000}{12\,500} = 0.96$ times	$\frac{14\,000}{16\,500} = 0.84$ times	Efficiency Ratio

- 2 i) Manel Company ①  
 ii) Manel Company ①  
 iii) Nelum Company ①  
 iv) Nelum Company ①  
 v) Nelum Company ①

(Total Marks 15)