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අධ්‍යයන පොදු කෙටි පිටුව (පොදු පෙළ) විභාගය - 2020 අගෝස්තු
 கல்விப் பொதுத் தரப்பட்ட பத்திர (உயர் தர)ப் பரீட்சை - 2020 ஒகஸ்த்
 General Certificate of Education (Adv. Level) Exam - August 2020

නව නිර්දේශය
 புதிய பாடத்திட்டம்
 New syllabus

ගිණිමිකරණය I
 கணக்கறி I
 Accounting I

33 E I

පැය දෙකයි
 இரண்டு மணித்தியாலங்கள்
 Two Hours

Instructions:

- *Select the correct answer for question No: 1- 30 & write its number on the dotted line given.
- *Write short answer for question No: 31-50 on the dotted line.
- *Each question carries two marks

Index No:	
Question No	Marks
01-30	
31 -50	
Total	

- Which of the following statements best describes the primary purpose of accounting in a firm?
 - (1) Reporting the transactions occurred during a particular period.
 - (2) Recording the transactions to prepare the financial statements.
 - (3) Communicating the information for the use of the managers.
 - (4) Preparing the general-purpose financial statements for the providers of capital.
 - (5) Providing the financial and non-financial information for the decision making of stakeholders.

(.....)
- Which of the following accounting concepts provides the basis for the classification of the portion of a long-term loan payable within 12 months from the date of the Statements of Financial Position as a current liability?
 - (1) Accrual
 - (2) Consistency
 - (3) Going Concern
 - (4) Matching
 - (5) Prudence

(.....)
- The estimated useful life of a machine owned by a firm is revised from 10 years to 8 years and the depreciation calculated on his revision has been recognized in the financial statements of the current year. Which of the following accounting concepts provides the basis for this recognition?
 - (1) Materiality
 - (2) Matching
 - (3) Historical Cost
 - (4) Disclosure
 - (5) Substance over form

(.....)

• Use the following information to answer questions no. 4 to 6

Mangala PLC purchased an office equipment for Rs. 500 000 on credit on 01.03.2021 to use for administrative activities. The company paid Rs. 20 000 in cash for the installation of this equipment on 02.03.2021. The office equipment loan is payable in 10 equal monthly installments. On 31.03.2021, the first installment of Rs. 60 000 was paid, which included an interest of Rs. 10 000.

- Which of the following equations reflects the **net effect** of these transactions as at 31.03.2021?

	Assets (Rs.'000)	=	Liabilities (Rs.'000)	+	Equity (Rs.'000)
(1)	+ 420		+ 440		- 20
(2)	+ 420		+ 450		- 30
(3)	+ 440		+ 440		0
(4)	+ 440		+ 450		- 10
(5)	+ 460		+ 470		- 10

(.....)

5. What is the **correct** double entry to record the first loan installment paid on 31.03.2021?

	Accounts	Dr. (Rs.'000)	Cr. (Rs.'000)
(1)	Office equipment loan Cash	50	50
(2)	Office equipment loan Cash	60	60
(3)	Office equipment loan Office equipment Cash	50 10	60
(4)	Office equipment loan Interest expenses Cash	50 10	60
(5)	Office equipment loan Interest expenses Cash Interest payable	60 10	60 10

(.....)

6. What is/are the source document/s and prime entry book/s used to record the cost of the office equipment?

Source Document/s

Prime Entry Book/s

- | | |
|--|--|
| (1) Purchase Invoice | Purchase Journal |
| (2) Purchase Invoice | General Journal |
| (3) Journal Voucher | General Journal |
| (4) Purchase Invoice and Payment Voucher | Purchase Journal and Cash Payments Journal |
| (5) Journal Voucher and Payment Voucher | General Journal and Cash Payments Journal |

(.....)

- Use the following information to answer questions no. 7 and 8.

A firm commenced a retail business on 01.01.2021 by investing Rs. 100 000 in cash. The firm is registered for Value Added Tax (VAT). Purchases and sales include 8% VAT. The following transactions have occurred during the month ending 31.01.2021.

- Purchased goods for Rs. 540 000 on credit
- All these goods were sold for Rs. 648 000 on credit
- Received Rs. 500 000 from debtors
- Settled creditors of Rs. 360 000 subject to a discount of Rs. 20 000

7. What is the gross profit for the month ending 31.01.2021 and the cash account balance as at 31.01.2021?

	Gross Profit (Rs.'000)	Cash Account Balance (Rs.'000)
(1)	100	160
(2)	100	240
(3)	100	260
(4)	108	160
(5)	108	260

(.....)

8. What is the total liabilities and the equity of the business as at 31.01.2021?

	Total Liabilities (Rs.'000)	Equity (Rs.'000)
(1)	180	120
(2)	180	220
(3)	188	220

(4)	188	228
(5)	200	228

(.....)

9. Mihinadee Traders is a sole proprietorship. The employer and employee contributions of this firm to the Employee Provident Fund (EPF) are 15% and 10% respectively. The net salary paid by the business for the year ending 31.03.2021 was Rs. 1 800 000. The employee contribution to EPF is the only deduction from the gross salary.

What is the salary expense and the EPF expense for the year ending 31.03.2021?

	Salary Expense (Rs.'000)	EPF Expense (Rs.'000)
(1)	1 800	270
(2)	1 800	300
(3)	2 000	300
(4)	2 000	500
(5)	2 400	360

(.....)

10. Araliya Enterprises, a sole proprietorship, reported a gross profit and a net profit of Rs. 765 000 and Rs. 540 000 respectively for the year ending 31.03.2021. The stock loss during the year was Rs. 65 000. The closing inventory had been ascertained based on physical stock existed in the business on 31.03.2021. However, no adjustment had been made in the books of accounts as to the stock loss.

What is the **correct** gross profit and net profit after adjusting the stock loss?

	Gross Profit (Rs.'000)	Net Profit (Rs.'000)
(1)	700	475
(2)	700	540
(3)	765	475
(4)	830	540
(5)	830	605

(.....)

11. The following information has been extracted from the accounting books Mihirani Bakers for the year ending 31.03.2021.

	Rs.'000
Raw material inventory as at 01.04.2020	100
Raw material inventory as at 31.03.2021	70
Raw material purchases	130
Increase in work-in-progress during the year	15
Direct labour cost	70
Royalty payments on production units	30
Factory overheads	35

Work-in-progress is valued based on total manufacturing cost.

What is the prime cost and the total manufacturing cost for the year ending 31.03.2021?

	Prime Cost (Rs.'000)	Total Manufacturing Cost (Rs.'000)
(1)	200	220
(2)	200	250
(3)	215	250
(4)	260	280
(5)	260	310

(.....)

12. Sunimal Traders does not maintain accounting books properly. The following information relates to the year ending 31.03.2021.

	Rs.'000
Inventory as at 01.04.2020	140
Inventory as at 31.03.2021	170
Sales	1 050
Purchase returns	50
Carriage inwards	40

Sunimal Traders sells goods keeping a profit margin of 20% on selling price.

What is the purchases for the year ending 31.03.2021?

- (1) Rs. 840 000 (2) Rs. 880 000 (3) Rs. 915 000
(4) Rs. 920 000 (5) Rs. 955 000

(.....)

13. The following information has been provided for Sarana Welfare Association for the year ending 31.12.2020?

Description	Rs.'000
Subscription receivable as at 01.01.2020	192
Subscription received in advance as at 01.01.2020	60
Subscription received during the current year:	
For 2019	144
For 2020	1 092
For 2021	108
Subscription receivable as at 31.12.2020	96

The subscription income recognized for the year ending 31.12.2020:

- (1) Rs. 1 092 000 (2) Rs. 1 200 000 (3) Rs. 1 308 000
(4) Rs. 1 344 000 (5) Rs. 1 488 000

(.....)

14. Which of the following statements are **correct** as to the Section 24 of Partnership Ordinance of 1890?

- A - Partners are entitled to an annual interest of 5% on the loans provided by them to the partnership.
B - Partners are entitled to an annual interest of 5% when the amount payable on retirement is outstanding.
C - Partners are entitled to salaries when they contribute for the management.
D - Partners are entitled for a reimbursement when they pay an expense of the partnership from their personal funds.

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

(.....)

- Use the following information to answer questions no. 15 and 16.

Amal and Saman carried out a partnership sharing profits and losses in the ratio of 3:2 respectively. Their capital and current account balances as at 31.03.2020 were as follows:

	Amal (Rs.'000)	Saman (Rs.'000)
Capital Account Balance	300	200
Current Account Balance	60	50

The partners are not paid salaries and interest on capital. On 31.03.2021, Malik was admitted as a new partner to the business. Malik contributed Rs. 500 000 as capital. The new profit and loss ratio among Amal, Saman and Malik is 3:2:1 respectively. The net profit of the partnership for the year ending 31.03.2021 was Rs. 150 000. The goodwill of the partnership is adjusted through the partners' capital accounts. There were no drawings during the year.

The capital account balances of partners (after adjusting the goodwill and Malik's contribution to capital) as at 31.03.2021 were as follows.

Partner	Amal	Saman	Malik
Balance(Rs.'000)	330	220	450

15. What is the estimated goodwill of the partnership on 31.03.2021?

- (1) Rs. 50 000 (2) Rs. 250 000 (3) Rs. 300 000
(4) Rs. 500 000 (5) Rs. 750 000

(.....)

16. What is the equity of the business and Amal's current account balance as at 31.03.2021?

	Equity (Rs.'000)	Amal's current account balance (Rs.'000)
(1)	1 000	135
(2)	1 000	150
(3)	1 235	135
(4)	1 260	110
(5)	1 260	150

(.....)

17. Which of the following factors affect the change in the inventory cost per unit calculation as per the weighted average cost method?

- A - Purchase price B - Quantity purchased
C - Quantity issued D - Cost of opening inventory
(1) A and B only (2) A and C only (3) C and D only
(4) A, B and D only (5) All A, B, C and D

(.....)

18. Madushika PLC was incorporated on 01.04.2016. The company revalued its land for the first time on 31.03.2019 and it resulted a surplus of Rs. 500 000. Land were revalued again on 31.03.2021 and it resulted a deficit of Rs. 300 000. Further, the company revalued its office equipment on 31.03.2021 for the first time and it resulted a deficit of Rs. 800 000.

The **correct** accounting treatment for the revaluation deficits resulted on 31.03.2021 as per LKAS 16 (Property, Plant and Equipment):

- (1) Recognize Rs. 1 100 000 in profit or loss.
(2) Recognize Rs. 1 100 000 in other comprehensive income.
(3) Recognize Rs. 300 000 in profit or loss and Rs. 800 000 in other comprehensive income.
(4) Recognize Rs. 600 000 in profit or loss and Rs. 500 000 in other comprehensive income.
(5) Recognize Rs. 800 000 in profit or loss and Rs. 300 000 in other comprehensive income.

(.....)

19. In which of the following situation/s, a provision is recognized in the Statement of Financial position of a company as per LKAS 37 (Provisions, Contingent Liabilities and Contingent Assets)?

- A - Sale of goods with one year warranty
B - Depreciation of property, plant and equipment
C - Undertaking to repair the defective goods sold as per the past practice
(1) A only (2) B only (3) A and B only
(4) A and C only (5) All A, B and C

(.....)

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

21. Roshan PLC entered into a lease agreement on 01.04.2020 to obtain the right-of-use of a motor vehicle for a period of 4 years. On this date, a down payment of Rs. 1 500 000 was paid. The initial measurement of lease liability was Rs. 3 500 000 on this date. As per the lease agreement, the legal ownership of this asset is transferred to Roshan PLC at the end of the lease term. The useful life of the motor vehicle is 5 years.

- (1) Rs. 400 000 (2) Rs. 700 000 (3) Rs. 875 000
(4) Rs. 1 000 000 (5) Rs. 1 250 000

The stated ordinary share capital and retained earnings of Saman PLC as at 01.04.2020 were Rs. 8 000 000 and Rs. 2 000 000 respectively. The total income and total expense recognized for the year ending 31.03.2021 of this company were Rs. 3 000 000 and Rs. 1 800 000 respectively. The total expenses recognized for the year include a deficit of Rs. 600 000 resulted from the revaluation of machinery for the second time. The revaluation of this machinery for the first time on 31.03.2018 had resulted a surplus of Rs. 400 000. The interim dividends of Rs. 500 000 have been paid during the current year and the board of directors has proposed on 01.05.2021 to pay a final dividend of Rs. 800 000. There was no change in the share capital during the year.

- | | |
|--------------------------------------|---|
| Profit for the year (Rs.'000) | Total comprehensive income (Rs.'000) |
|--------------------------------------|---|

- | | | |
|-----|-------|-------|
| (1) | 800 | 1 200 |
| (2) | 1 200 | 800 |
| (3) | 1 200 | 1 600 |
| (4) | 1 600 | 1 200 |
| (5) | 1 800 | 1 200 |

23. The retained earnings and equity as at 31.03.2021?

- | | |
|------------------------------------|-------------------------|
| Retained Earnings (Rs.'000) | Equity (Rs.'000) |
|------------------------------------|-------------------------|

- | | | |
|-----|-------|--------|
| (1) | 2 300 | 10 300 |
| (2) | 2 700 | 10 700 |
| (3) | 3 100 | 11 100 |
| (4) | 3 300 | 11 300 |
| (5) | 3 600 | 11 100 |

$$(\dots)$$

- Use the following information to answer questions no. 24 and 25.

The following information relates to Delta PLC, which was incorporated on 01.04.2020.

For the year ending 31.03.2021

(Rs.'000)

Profit before tax	1 080
Income tax for the year	80
Interest expenses	160
Dividends paid to ordinary shareholders	300

Equity as at 31.03.2021:

Stated capital - Ordinary shares (Rs. 20 each)	10 000
Retained earnings	700

24. Earnings per share and dividend per share of Delta PLC:

	Earnings per Share (Rs.)	Dividend per Share (Rs.'000)
(1)	1.68	0.03
(2)	2.00	0.03
(3)	2.00	0.60
(4)	2.16	0.03
(5)	2.16	0.60

(.....)

25. Return on equity ratio and interest cover ratio of Delta PLC:

	Return on Equity (%)	Interest Cover Ratio (times)
(1)	9.09	6.25
(2)	9.35	6.75
(3)	9.35	7.75
(4)	10.00	6.25
(5)	10.00	7.75

(.....)

26. Which of the following statement/s is/are **correct** in relation to the classification of cost?

A - All direct costs are variable costs

B - All indirect costs are fixed costs

C - All overheads are indirect costs

D - All direct costs are product costs

(1) A only

(2) C only

(3) A and B only

(4) C and D only

(5) B, C and D only

(.....)

27. The re-order level and re-order quantity of a material used by a manufacturing business are 2 000 kg and 5 000 kg respectively. The minimum consumption of this raw material per week is 200 kg. The minimum and maximum lead time of this raw material is 3 weeks and 5 weeks respectively.

The maximum stock level of this raw material:

(1) 5 000 kg

(2) 5 800 kg

(3) 6 100 kg

(4) 6 400 kg

(5) 7 000 kg

(.....)

28. The steps followed in the identification of overheads to a cost unit are given below. What is the **correct** order of these steps?

A - Allocation of overheads

B - Collection of overheads

C - Absorption of overheads

D - Apportionment of overheads

(1) A, B, C, D

(2) A, B, D, C

(3) B, A, C, D

(4) B, A, D, C

(5) C, D, A, B

(.....)

29. The break even point of a company is 6 000 units. The selling price per unit and the total fixed cost are Rs. 200 and Rs. 480 000 respectively.

Variable cost per unit and the profit of the company when 8 000 units are sold:

	Variable cost per unit (Rs.)	Profit (Rs.)
(1)	80	160 000
(2)	80	480 000
(3)	120	160 000
(4)	120	240 000
(5)	120	480 000

(.....)

30. Amara PLC is considering to acquire a machine for a new project. The purchase price of the new machine is Rs. 3 000 000 and its expected useful life and residual value are 5 years and Rs. 500 000 respectively. The expected annual profit after tax of the project is as follows:

Year	1	2	3	4	5
Profit after Tax (Rs.'000)	250	750	500	1 000	1 000

The payback period of this project:

- (1) 2.5 years (2) 3 years (3) 4 years
(4) 4.5 years (5) 5 years

(.....)

- Write short answers for questions Nos. 31 - 50 on the dotted lines.

31. State whether the following sentences are True (T) or False (F) in relation to the accounting of a business.

Statement	True/False
A - Every business carried out with a profit motive must prepare financial statements based on accounting standards
B - The general-purpose financial statements are prepared primarily focusing on the information needs of the fund providers of a business.
C - The content of the financial reports of a business could change in response to the changes in environmental factors affecting the business.
D - The identification of transactions is the initial step of the accounting process of a business.

32. State whether the following transactions of a coconut oil manufacturing business could lead to an **increase, decrease or no change** in the equity balance shown in the accounting equation:

Transaction	Impact on Equity Increase/Decrease/No change
A - Purchase of coconuts on credit
B - Sale of coconut oil on credit with a profit
C - Payment of cash to coconut suppliers subject to a discount
D - Obtaining coconut oil by the owner for the personal use.

33. State the prime entry book used to record each of the following transactions took place in Madura Rice Mill.

Transaction	Prime Entry Book
A - Purchase of paddy from farmers on cash
B - Purchase of a rice processing machine on credit
C - Sale of rice to wholesale traders on credit
D - Sale of broken rice for animal food producers on credit

34. The debtors control account balance of a business as at 31.03.2021 was Rs. 560 000 and this balance did not agree with the total of debtor ledger balances on this date. The following were revealed in the subsequent investigations.

- A debtor balance of Rs. 20 000 written off as bad debts in the debtors ledger had not been posted to the debtors control account.
- A sales invoice of Rs. 42 000 has been recorded as Rs. 24 000 in the sales journal. However, this has been correctly recorded in the debtors ledger.

Identify the following as at 31.03.2021.

- (a) Total of balances of the debtors control account after correcting the above errors:

Rs.

- (b) The revised balance of the debtors control account after correcting the above errors:

Rs.

35. Identify the accounting concept applicable to each of the items denoted by A, B, C and D in following Income Statement of Amal Traders.

Amila Traders	A		
Income Statement for the year ending 31.03.2021	B		
	Rs.'000	C	
Sales	x x x x	}	D
Cost of Sales	(x x x)			
Gross Profit	<u>x x x</u>			

Accounting Concept

A -

C -

Accounting Concept

B -

D -

36. State whether the following sentences are **True (T)** or **False (F)** in relation to the accounting of a sole proprietorship.

Statement	True/False
A - The profit of the business could be distributed as cash drawings.
B - Goods sold to the owner are accounted as sales of the business.
C - The donation of goods should be recognized as an expense of the business.
D - An income statement is not required to prepare when transactions are recorded on cash basis.

37. Priyanadee Traders, a sole proprietorship, sells goods on 'sale or return basis'. Unsold goods are required to return within a period of 30 days from the date the goods were sent to the agent. On 15.03.2021, goods costing Rs. 500 000 were sent to an agent. The selling price of these goods is Rs.

700 000. The agent was able to sell only 60% of these goods by 31.03.2021. The net realizable value of inventory with the agent as at 31.03.2021 was Rs. 210 000.

State the following for Priyanadee Traders in relation to the above transaction.

- (a) Sales revenue for the month ending 31.03.2021 : Rs.
- (b) Value of inventory reported in the Statement of Financial Position as at 31.03.2021 :
Rs.

• **Use the following information to answer questions no. 38 and 39.**

Manjula and Sanjula carried out a partnership sharing profits and losses equally. Anjula was admitted as a partner on 01.04.2020 and she brought cash for both capital and the share of goodwill. On this date, the goodwill of the business was estimated as Rs. 1 000 000. The goodwill of the business is adjusted through the partners' capital accounts. The profit or loss sharing ratio among Manjula, Sanjula and Anjula was agreed as 5:3:2 respectively. Additional information is given below.

	Manjula (Rs.'000)	Sanjula (Rs.'000)	Anjula (Rs.'000)
Capital account balances as at 01.04.2020 (after the goodwill adjustment)	5 000	3 200	1 800
For the year ending 31.03.2021:			
- Share of Profits	1 000	600	400
- Partners' Salaries	800	800	600

38. Identify the following for the partnership of Manjula, Sanjula and Anjula

- (a) Cash brought by Anjula on 01.04.2020 : Rs. '000
- (b) Profit of the partnership for the year ending 31.03.2021 : Rs. '000

39. Write the journal entries to record the total profit appropriated to Manjula and the salary appropriated to Sanjula.

Description	Dr. (Rs.'000)	Cr. (Rs.'000)
(a)
(Total profit appropriated to Manjula)		
(b)
(Salary appropriated to Sanjula)		

40. Classify each of the following cash flows of an apparel manufacturing company as per LKAS 7 (Statement of Cash Flows)

Statement	Classification
A - Cash received from a right issue of shares
B - Dividends received for the investments in shares of other companies
C - Settlement of the amount payable to a trade creditor
D - Made the down payment of a lease

41. Anuradha PLC produces and sells electronic goods. There was a court case in progress as at 31.03.2021 relating to defective goods sold to a customer. As per the legal advice, the company

made a provision of Rs. 50 000 in this respect on 31.03.2021. On 25.04.2021, the court ordered the company to pay Rs. 75 000 as compensation to the customer. The directors of the company authorized on 15.05.2021 to issue the financial statements for the year ending 31.03.2021.

(a) State whether this court order would lead to an adjusting event or a non - adjusting event as per LKAS 10 (Events after the Reporting Period).

(b) The liability as at 31.03.2021 recognized in relation to the court order as per LKAS 37 (Provisions, Contingent Liabilities and Contingent Assets.):

Rs.

42. The following balances were available in Chathurika PLC as at 31.03.2021 and 01.04.2020.

	As at 31.03.2021 (Rs. '000)	As at 01.04.2020 (Rs. '000)
Stated capital - ordinary shares	7 500	5 000
Retained earnings	4 000	2 500

Profit of the company for the year ending 31.03.2021 was Rs. 3 500 000 and the company paid interim dividends of Rs. 500 000 during the year. Further the company capitalized a part of the retained earnings and also made a public issue of shares during the year ending 31.03.2021. There were no other transactions that had an impact on the equity of the business.

Identify the following for the year ending 31.03.2021:

(a) The amount reserves capitalized : Rs. '000

(b) The amount of public issue of shares : Rs. '000

43. Complete the following sentence in line with the Conceptual Framework for Financial Reporting introduced in 2018.

A - The relevance and are the two fundamental characteristics of financial information.

B - A liability is defined as the to transfer an economic resource as a result of a past event.

C - The measurement bases are broadly categorized as historical cost and

D - An is defined as the right that has the potential to produce economic benefits.

44. Suranga PLC sells machinery in the local market. The installation of these machinery is also carried out by the company as it requires a specialized knowledge. The selling price and the installation fee of a machine are Rs. 3 000 000 and Rs. 400 000 respectively. The company entered into a contract to well and install 05 machines on 01.03.2021. The company had delivered 03 machines and completed the installation of 02 of these machines by 31.03.2021. The company received an advance of Rs. 11 000 000 for this contract on 01.03.2021.

Identify the following for this contract as per SLFRS 15 (Revenue from contracts with customers),

(a) Revenue recognized for the year ending 31.03.2021 : Rs.

(b) Unearned revenue as at 31.03.2021 : Rs.

45. The following information has been extracted from the financial statements of Kavinda PLC for the year ending 31.03.2021.

	Rs. '000
Cost of sales	420
Opening inventory	80
Closing inventory	60

Assume that the number of working days per annum as 360 days.

Identify the following:

- (a) Inventory turnover ratio : Times
- (b) Inventory residence period : Days

46. The information of a manufacturing business for the month of July 2021 is given below.

Rs. '000

Total prime cost	4 500
Total manufacturing overheads	3 000
Total non-manufacturing overheads	2 000

The business produced 10 000 units during the month of July 2021. The variable cost per unit is Rs. 600.

Identify the following:

- (a) Total manufacturing cost : Rs. '000
- (b) Total cost : Rs. '000
- (c) Total fixed cost : Rs. '000

47. Complete the following statements as to the classification of costs.

- (a) The costs are classified as and for inventory valuation.
- (b) The costs are classified as and based on their behaviour.

48. The following information is provided for a raw material used in a manufacturing firm.

- Annual demand 3 200 units
- Cost of raw material Rs. 800 per unit
- Ordering cost Rs. 1 000 per order
- Annual holding cost 20% of cost of raw material

Identify the following:

- (a) Economic order quantity (EOQ) : Units
- (b) Annual total ordering cost if EOQ is ordered : Rs.

49. A company manufactures a single product and its contribution per unit is Rs. 50. The following information relates to two activity levels of this company.

Number of units produced	Total cost per unit (Rs.)
4 000	100
6 000	80

State the following:

- (a) Total fixed cost : Rs.
- (b) Selling price per unit : Rs.

50. A plantation company is considering to acquire a new machine for an organic fertilizer manufacturing project. The purchase price of this machine is estimated as Rs. 5 500 000 and its expected useful life and residual value are 8 years and Rs. 700 000 respectively. The company paid Rs. 60 000 to prepare this project report. Further, at the beginning of the project, Rs. 150 000 is required as working capital, which is recoverable at the end of the project period. The estimated savings of the annual cash outflow due to this project is Rs. 800 000.

Identify the following for this project.

- (a) Total initial cash outflow : Rs.
- (b) Total cash inflow of Year 8 : Rs.
- (c) Annual operating profit of Year 1 : Rs.
- (d) Sunk cost : Rs.