

MARKING SCHEME - REVISION PAPER 34

Question No 01

Browns PLC ①

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31.03.2021

Sales		60 000	①
(-) Cost of Sales		(41 900)	①
Gross Profit		18 100	①
(+) Other Income		550	①
(-) Distribution Expenses	7 500	18 650	
(-) Admin. Expenses	4 820		
(-) Other Expenses	600		
(-) Finance Expenses	1 460	(14 380)	
Profit Before Tax		4 270	
(-) Income Tax		(1 400)	①
Profit for the Year		2 870	
Other Comprehensive Income			
Change in Revaluation Reserve (-800+500)		(300)	①
Total Comprehensive Income		2 570	

Expense table

Description	D	A	O	F
B/B/F	5 000	4 000	-	2 400
Stocks write-off①			250	
Revaluation loss ①			200	
Building Depreciation ①		300		
F & F Dep. ①		240		
Lease Interest①				400
Lease asset depreciation ①	800			
Sales warranty ①	(100)			
EPF ①		150		
ETF ①		30		
Expected loss on TR ①	100			
Carriage outwards	100			
Salary ①		100		
Disposal loss①			150	
Motor vehicle depreciation	1 600			
Lease installment and down payment ①				(2 000)
Loan interest①				660
	7 500	4 820	600	1 460

Note: 01 Other Income

Other Income - 550
550

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

Note: 03 Income Tax

Rs. '000

Estimated income tax 1 500
Over provision for last year (100)
1 400

Note: 05 Right to use of Assets - 4000

(-) Accumulated depreciation (800)
3200

Lease liability

		BBF	3 000
Installment	1 000	Interest	400
B/C/D	2 400		
	<u>3 400</u>		<u>3 400</u>

CL 1 000 - 300 = 700

NCL 2 400 - 700 = 1 700

Statement of changes in Equity

Description	O/S	R/R	G/R	R/E
B/B/F	15 000	800	500	5 700
TCI ①		(300)		2 870
Transfer to GR ①			300	(300)
Dividends				(900)
Bonus issue①	5 000			(5 000)
	<u>20 000</u>	<u>500</u>	<u>800</u>	<u>2 370</u>

Note: 06 Cash and Cash Equivalents**Note: 07 Trade Receivable**

(-) Debtors 5 000
(500)
4 500

Note: 08 Proposed Dividends

Proposed Dividends - 500 000 ①

Note: 04 Property Plant and Equipment

Description	Land	Building	Motor Vehicle	Furniture & Fittings
B/B/F	8 000	7 000	8 000	3 000
Additions				
Disposal				(1 200)
Revaluation	①500	① (1 000)		
Depreciation on Revaluation		(3 000)		
B/C/D	8 500	3 000	8 000	1 800
<u>Accumulated Depreciation</u>				
B/B/F		3 000	2 000	1 000
Depreciation for the period		300	1 600	240
Disposals				(300)
Depreciation on Revaluation		(3 000)		
B/C/D		(300)	(3 600)	(940)
N/B/V	8 500	2 700	4 400	860

W1

Cost of sales = 42000 – 100 = 41900

Browns PLC ①
Statement of Financial Position
as at 31.03.2021

(Rs. '000)

<u>Non-Current Assets</u>		
Property Plant and Equipment ①		16 460
R O U ①		3 200
<u>Current Assets</u>		
Closing Stock ①	9 750	
Trade receivable ①	4 500	
Cash and Cash Equivalents	8 900	23 150
		42 810
<u>Equity and Liabilities</u>		
<u>Equity</u>		
Ordinary Shares	20 000	
Revaluation Reserve	500	
General Reserve	300	
Retained Earnings	2 370	23 170
		-
<u>Non-Current Liabilities</u>		
Lease Creditors ①	1 700	
Bank loan	<u>6 600</u>	8 300
<u>Current Liabilities</u>		
Accrued loan interest	660	
Tax payable ①	300	
Lease Creditor ①	700	
Provision for Sales warranty ①	500	
EPF Payable ①	250	
ETF Payable	30	
Trade payable	4 700	
Vat payable ①	4 200	11 340
		42 810

(Total Marks 40)

Question No 02**(i)**

A,B and C partnership
 Profit correction and Appropriation account
 For the year ended 31.03.2021

(Rs,000)

Incorrect net profit		2 600
(+) Goods drawings ①	300	
Salaries ①	300	
Closing stock/COS	100	700
		3 300
(-) Loan interest ①	50	
Sales ①	170	
Rent-Asela ①	30	
		(250)
Net Profit		3 050
Salary ①		
A	360	
B	360	
C	360	(1 080)
Interest on capital ①		
A	500	
B	300	
C	200	(1 000)
Profit Shares ①		
A	485	
B	291	
C	194	(970)
		0

(ii)

Capital Account**(Rs. '000)**

	A	B	C		A	B	C
Goodwill ①	1080	720	-	B/B/F	5000	3000	2000
Loan ①			2964	Goodwill ①	900	540	360
B/C/D	4820	2820		Current ①			604
	5900	3540	2964		5900	3540	2964

Current Account**(Rs. '000)**

	A	B	C		A	B	C
Drawings ①	150	100	50	B/B/F	200	150	100
Salaries ①	100	100	100	Loan interest ①		50	
Drawings	200	200	100	Rent ①	30		
capital			604	Salary ①	360	360	360
B/C/D	1125	751		Interest on capital ①	500	300	200
	1575	1151	854	Profit Shares ①	485	291	194
					1575	1151	854

Loan Account ①

	Capital	2964
B/C/D	2964	
	<u>2964</u>	<u>2964</u>

(Total Marks 20)**Question No 03****Rs,000**

1) Raw material purchases 2 200
 Increase in RM (200)
2 000 ②

2) $\frac{2\,000\,000}{400} = 5\,000$ units ②

3) Prime cost = 2 000 + 1 000 + 500 = 3 500 ②

4) Total production cost = 3 500 + 100 + 1 400 = 5 000 ②

5) Selling price = $\frac{1\,000}{100} \times 120 = \text{Rs.}1\,200$ ②

(Total Marks 10)

Question No 04

Income Statement		(Rs,000)
Income		
Subscription	₹40	
Donation	₹40	
Life membership	₹10	
Service income	₹60	
		150
Expenses		
Electricity	20	
Depreciation of Equipment	₹40	
Maintenance	10	
Salaries	25	(95)
Surplus		₹55

Statement of Financial Position		Rs. '000
Non Current Assets		
Equipment (200-40)	160	
Current Account		
Subscription receivable ①	4	
Equity & Liability		
Donation (200-40) ①	160	
Life membership	90	
Current Liability		
Received in advance subscription	10	

Subscription Account		Rs.‘000	
B/F	5	B/F	-
Income and expenditure	40	Write off	-
B/C/D ①	10	R &P ①	51
		B/C/D	4
	55		55

(Total Marks 10)

Question No 05

Rs. '000

$$1) \text{ Building depreciation} = \frac{(5000-2000) + 1000}{(20-8+8)} = 200 \text{ ②}$$

Motor vehicle depreciation

$$\text{Existing} = \frac{5000}{8} = 625 \text{ ②}$$

$$\text{New} = \frac{4000 - 500}{5} \times \frac{3}{12} = 175 \text{ ②}$$

2) Land	Dr	1 000	
P&L	Cr	500	②
Revaluation Reserve	Cr	500	

3) Net impact on equity

Land Revaluation - Increase by 1000

Building depreciation (250-200) - Increase by 50

Motor vehicle depreciation (175) - Decrease by 175

Total Impact - Increase by 875 ②

(Total Marks 10)