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 கல்விப் பொதுத் தரப்பப் பத்திர (உயர் தர)ப் பரீட்சை - 2021 ஓசஸ்ந்
 General Certificate of Education (Adv. Level) Exam - August 2021

නව නිර්දේශය
 புதிய பாடத்திட்டம்
 New syllabus

ගිණුම්කරණය I
 கணக்கீடு I
 Accounting I

33 E I

One Hour & Thirty Minutes

Instructions:

Just 12 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

Paper No 39

PART II

01. 01. The Trial balance of Asher PLC as at 31.03.2020 is given below:

Description	Debit (Rs. '000)	Credit (Rs. '000)
Stated Ordinary share capital		60 000
Retained earnings as at 01.04.2019		3 000
General Reserve		500
Three months Treasury Bills	1100	
Property Plant and Equipments as at 01.04.2019	45 000	
Accumulated depreciation as at 01.04.2019		4 000
Trade receivables	3 800	
Trade payables		2 750
Allowance for expected losses on trade receivable as at 01.04.2019		300
Impairment losses on trade receivable	100	
Lease liability		3 150
Lease interest	1 200	
Cash and cash equivalent	30 500	
Sales		80 000
Salaries	6 000	
Payable EPF (employee contribution 10%)		600
Administration expenses	3 000	
Distribution expenses	700	
Finance expenses	600	
Other expenses	1 580	
Purchases	45 000	
Inventory as at 01.04.2019	5 040	
Paid income tax	200	
10% fixed deposit	10 000	
Other income		620
Interim dividends	1 100	
	154 920	154 920

Additional Information

Before preparation of the Financial Statements for the year ending 31.03.2019, adjustments have to be made for the following.

- (i) The cost of the inventory as at 31.03.2020 was Rs.1 500 000. This stock has been damaged and sold on 04.04.2019 for Rs.1 400 000 after incurring a completion cost of Rs.250 000. The Board of Directors has approved the financial statement on 15.06.2020.
- (ii) The composition of property plant and equipment as at 01.04.2019 is given below

	Revaluation amount / Cost (Rs. '000)	Accumulated Depreciation (Rs. '000)
Land	30 000	
Buildings	10 000	3 000
Motor vehicle – Right of use assets	5 000	1 000
	45 000	4000

The land has revalued for the second time on 31.03.2020 for Rs.33 000 000. This land was revalued for the first time on last year and incurred a revaluation deficit of Rs.1 000 000. All the depreciable assets of the business are depreciated 10% per annum on straight line method. On 01.04.2019 furniture has purchased at a cost of Rs. 1 000 000 has included in purchases.

- (iii) A right of use asset of motor vehicle has acquired on 01.04.2017 for 5 year lease period. This motor vehicle is used for distribution purposes. The annual lease installment is Rs. 1 200 000 and the installment paid on 31.03.2020 has debited to lease interest account. The lease interest relevant for the period are given below:

Year	Lease Interest (Rs.)
2019/2020	210 000
2020/2021	150 000
2021/2022	90 000

- (iv) The invoice price of stock Rs. 800 000 has sent on sales or return basis on 01.02.2020 has recorded as a credit sale. This has been invoiced by adding 25% on cost. This stock has not been sold till 31.03.2020.
- (v) The company sells its products on a warranty period of one year. It has been reliably estimated to make a 2% provision for warranties form the sales value.
- (vi) The employer contribution to the EPF is 15% and the ETF contribution to ETF fund is 3%. These have not been provided for the current year and EPF and ETF are provided from the gross salary.
- (vii) An environment protection authority has filed a case against the company by demanding a claim of Rs. 800 000 for damage done to the environment. As per the company lawyer's opinion it is not probable that company will be liable to pay above claim.
- (viii) The estimated income tax liability was 1/3 from the profit before tax for the year ended 31.03.2020.
- (ix) Provide 10% allowance for expected losses on trade receivables from the remaining trade receivable balance
- (x) The Board of Directors decided to transfer Rs. 150 000 to the General Reserve and to pay final dividend of Rs.35 000

Required:

Prepare the following financial statements for publication (including notes) of Asher PLC for the year ended 31.03.2020 as per LKAS 01

- (1) Statement of profit or loss and other comprehensive income for the year ending 31.03.2020
- (2) Statement of financial position as at 31.03.2020
- (3) Statement of changes in equity for the year ending 31.03.2020

(40 Marks)

02. Following are the terms of Gayan and Nuwan Partnership business

- Shared profit and losses by Gayan and Nuwan 3:2 ratio
- Monthly salaries of Gayan and Nuwan 12 000 and 15 000 respectively
- Interest on capital is 10%

The trial balance as at 31.03.2020 is given below:

Description	Debit (Rs. '000)	Credit (Rs. '000)
Capital – Gayan		500
Capital – Nuwan		300
Current Account as at 01.04.2019 – Gayan		150
Current Account as at 01.04.2019 – Nuwan		100
Inventories as at 01.04.2019	25	
Purchases	200	
Sales		800
Carriage inwards	20	
Staff salaries	40	
Paid salaries – Gayan	144	
Paid salaries – Rasika	120	
Advertising	18	
Bank charges	4	
Trade receivables	60	
Provision for doubtful debt as at 01.04.2019		10
Trade payables		10
Discount received		50
Discount allowed	15	
Buildings (cost)	800	
Motor vehicle (cost)	900	
Provisions for building depreciation as at 01.04.2019		100
Provisions for motor vehicle depreciation as at 01.04.2019		180
Lease creditors		200
Lease installment	55	
Electricity	12	
Rates	16	
Cash brought by Rasika		300
Payment to Nuwan as at 01.04.2019	120	
Cash and cash equivalents	134	
Suspense Account	17	
	2 700	2 700

Additional Information

- 1) Nuwan retired on 01.04.2019 from the partnership. It was agreed to treat the remaining amount payable to Nuwan as a loan. Rasika admitted to the partnership on same day. The goodwill of the partnership was estimated as Rs. 300 000 and all adjustments in this regard should be made through the partners capital account
- 2) Terms of Gayan and Rasika's agreements
 - i. Profit and Losses are shared by Gayan and Rasika 3:2 respectively.
 - ii. Annual salaries
Gayan - Rs. 144 000
Rasika - Rs. 180 000
 - iii. No interest on capital
- 3) Cost of inventories as at 31.03.2020 Rs. 15 000

- 4) Partnership purchased a motor vehicle on 01.04.2019 for Rs. 300 000 and down payment was made Rs.100 000 on same day. Balance should be paid in 4 annual installments of Rs. 55 000 each. First instalment was paid on 31. 03.2020 and debited to lease installment account.
Following are the interest for years:
- | Year | Interest |
|-----------------|----------|
| 1 st | - 8 000 |
| 2 nd | - 5 000 |
| 3 rd | - 4 000 |
| 4 th | - 3 000 |
- 5) Provision for doubtful debt is 20% on trade receivable balance
- 6) Property Plant and Equipments are depreciated as follows:
- | | | |
|----------------|---|---|
| Buildings | - | Rs. 50 000 |
| Motor Vehicles | - | Rs. 32 000 (including lease motor vehicle depreciation of 15 000) |
- 7) Prepaid advertising Rs.8 000 on 31.03.2020
- 8) Followings are revealed for suspense account
- A Advertisements payment Rs.28 000 has been recorded as 18 000 in advertising Account
- B Cash payments to trade payables Rs.17 000 has been recorded as 10 000 to that account

Required:

The following for the partnership of Gayan and Rasika

- (1) Income statement for the year ending 31.03.2020 (including appropriations to the partners)
- (2) Partners capital and current accounts for the year ending 31.03.2020
- (3) Statement of financial position as at 31.03.2020
- (4) Journal entries for errors rectifications

(30 Marks)

03. Some information extracted from **Statement of Financial Position and Income Statement as at 31.03.2021** of "Nelum PLC and Manel PLC engaging in same Industry are given below:

	Nelum PLC (Rs. '000)	Manel PLC (Rs. '000)
Property Plant and Equipment	6 500	10 500
Stock	2 000	1 000
Debtors	3 000	4 000
Cash	1 000	1 000
	12 500	16 500
Stated Ordinary share (Consideration Per share Rs. 50)	6 000	7 000
Retained earnings	1 500	1 500
10% debentures	2,000	4 000
Creditors	3 000	4 000
	12 500	16 500
Sales (All sales are on credit basis)	12 000	14 000
Cost of sales	9 200	10 000
Operational expenses (including interest)	1, 300	2 000
Income tax	300	420

Required:

- (1) Calculate following ratio and categorize ratios under relevant category. (Present answers comparatively accordance with the given chart)

Sr. No	Description	Nelum Company	Manel Company	Ratio Category
i	Current Ratio			
ii	Return on total assets			
iii	Interest a coverage ratio			
iv	Earnings per share			
v	Asset turnover ratio			

- (2) Answer for following questions by using above calculations

- The company generate more earnings for shareholders
- The company that generates a higher return for the total assets
- The company that has a higher operating efficiency
- The company that has a higher ability to pay interest on loans
- The company have a good strength in short term financing

(15 Marks)