

MARKING SCHEME - REVISION PAPER 36

PART I

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|-------------|--------------|--------------|--------------|
| 1) 3 | 6) 1 | 11) 3 | 16) 3 |
| 2) 2 | 7) 4 | 12) 5 | 17) 4 |
| 3) 3 | 8) 2 | 13) 2 | 18) 1 |
| 4) 2 | 9) 4 | 14) 4 | 19) 3 |
| 5) 2 | 10) 5 | 15) 2 | 20) 2 |

21)

	Transaction	Assets	Liabilities	Equity
1	Paid accrued electricity	Decrease	Decrease	
2	Charged bank overdraft interest at the position of bank overdraft		Increase	Decrease
3	Capitalization of retained profit			Decrease Increase
4	Reimbursement of petty cash imprest	Decrease Increase		

22) Rs.85 000

23) Rs.1 150 000

24) Rs.1 147 000

25) Rs.1 132 000

26) Rs.100 per machine hour

- 27 (1) Consider the Time Value of Money
(2) Valuates all the cash flows of the investment
(3) Helps to select the investment which increase owner's wealth

- 28) i) Rs.20
ii) 18 000 units

- 29) i) 2 000 units
ii) Rs.72 000

- 30) i) Rs.350 000
ii) Rs.6 350 000

(30x2)
(60 Marks)

PART II

Question No 01

Milan PLC ① Statement of Comprehensive Income for the year ended 31.03.2021 (Rs. '000)

Sales		①10 000
(-) Cost of Sales		①(3 950)
Gross Profit		①6 050
(+) Other Income		-
		6 050
(-) Distribution	(670)	
(-) Administration	(1 055)	
(-) Other	(365)	
(-) Finance	(150)	(2 240)
Profit before Tax		3 810
(-) Income Tax		①(700)
Profit for the year		3 110
Other Comprehensive Income		
Revaluation loss – land		①(200)
Revaluation gain- furniture		①500
Total Comprehensive Income		①3 410

Milan PLC ① Statement of Financial Position as at 31.03.2021 (Rs. '000)

<u>Non Current Assets</u>			
Property Plant and Equipment	3 950	①	
Right to use Leased Property	600	①	4 550
<u>Current Assets</u>			
Closing Inventory	335	①	
Cash and Cash Equivalents	6 380	①	
Prepaid rent	45	①	
Trade Debtors	765	①	7 525
Total Current Assets			12 075
<u>Equity and Reserves</u>			
Ordinary shares	6 400		
General reserve	100		
Revaluation Reserve	500		
Retained Earnings	3 410		10 410
<u>Non-Current Liabilities</u>			
Lease Liability	425	①	425
<u>Current Liabilities</u>			
VAT payable	670	①	
Trade Creditors	195	①	
Lease Liability	175	①	
Tax Payable	200	①	1 240
			12 075

Statement of Changes in Equity

Description	OSC	GR	RR	RE
B/F	6 000		200	800
Total Comprehensive Income ①			300	3 110
Transfer to G/R ①		100	-	(100)
Bonus issue ①	400			(400)
	6 400	100	500	3 410

NOTE 01 - OTHER INCOME

NOTE 02 - PROFIT BEFORE TAX

Stock written off	-	15	} ② Any 4 items
Lease Interest	-	100	
Right of use asset Depreciati	-	150	
Rent expense	-	135	

NOTE 03 – INCOME TAX

tax estimated for the current year	-	750
(+) /(-) under/over provision for previous year	-	(50)
Tax for the year	-	700

NOTE 04 – PROPERTY PLANT AND EQUIPMENT TABLE

Description	Land	Building	Furniture
B/B/F	2 000	2 000	1 000
Additions			
Disposals			
Revaluation	(250) ①		① 500
Dep. on Revaluation			① (300)
B/C/D	1 750	2 000	1 200
<u>Depreciation</u>			
B/B/F		800	200
Annual Depreciation		①200	①100
Dep. on Disposal			
Dep. On Revaluation			(300)
B/C/D	-	1 000	-
N/B/V	1 750	1 000	1 200

3 950

NOTE 05 – RIGHT TO USE OF LEASE PROPERTY

Motor Vehicle	-	750
Depreciation	-	(150)
		<u>600</u>

NOTE 06 – CASH AND CASH EQUIVALENTS

Cash	-	6 380
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NOTE 07 – TRADE RECEIVABLE

Trade receivable	-	850
(-) Allowance for expected loss	-	(85)
		<u>765</u>

NOTE 08

Proposed dividend – 200 000 ₨

WORKINGS

$$W_1 \quad \begin{array}{rclclcl} \text{Cost of sales} & = & \text{Opening Stock} & + & \text{Purchases} & - & \text{Closing stock} \\ 3\,950 & = & 300 & + & 4\,000 & - & 350 \text{ ₨} \end{array}$$

W₂ Expense Table

Description	Distribution	Administration	Other	Finance
Trial balance value	500	800	300	50
Stock written off			₨15	
Rent		₨(45)		
Revaluation loss			₨50	
Lease interest				₨100
Doubtful debts	₨ 20			
Building depreciation		₨200		
Furniture depreciation		₨100		
Right of use asset dep.	₨150			
	670	1 055	365	150

Lease liability			
Lease installment	250	B/B/F	750
		Lease interest	100
B/C/D	600		
	<u>850</u>		<u>850</u>

(Total Marks 40)