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අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය - 2020 අගෝස්තු
 கல்விப் பொதுத் தரப்புப் பத்திர (உயர் தர)ப் பரீட்சை - 2020 ஆகஸ்ட்
 General Certificate of Education (Adv. Level) Exam - August 2020

නව සිරිදේශය
 புதிய பாடத்திட்டம்
 New syllabus

கிணக்கு I
 கணக்கீடு 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	

01. According to Sri Lanka Accounting Standard (LKAS) No.01, the general purpose financial statements are :

- (1) The financial statements prepared for the parties who are unable to specifically obtain information from an entity.
- (2) The financial statements prepared at the end of each accounting period for the use of external auditors of an entity
- (3) The financial statements prepared to show the operational results, the financial position and cash flows of an entity.
- (4) The financial statements prepared to present for the internal stakeholders for their decision making
- (5) The financial statements prepared to show the values of assets, liabilities, equity, income and expenses

(.....)

01. Select the answer which shows the correct sequential order of source documents to record the following transactions ?

- a) Allowance for expected losses on trade receivable
- b) Owner introduces his personal motor vehicle to the business
- c) Cash sales
- d) Purchased returns

- 1) Journal voucher, sales invoice, debit note, journal voucher
- 2) Journal voucher, journal voucher, receipt, debit note
- 3) Journal voucher, receipt sales invoice, debit note
- 4) Journal voucher, journal voucher, debit note, receipt
- 5) Debit note, journal voucher, receipt, sales invoice

(.....)

03. Which of the following accounting concept related to recognize sales turnover in the income statement when goods are being handed over to the customer?

- (1) Accrual
- (2) Matching
- (3) Periodic
- (4) Realization
- (5) Prudence

(.....)

04. Select the most applicable concept to each of the following situations respectively.

- (A) Made a provisions for doubtful debts for future bad debts
- (B) Follows the same accounting policy for valuation of stocks
- (C) Recording withdrawal of the Owner

- (1) Going concern Consistency, Accrual
- (2) Prudence, Consistency, Business Entity
- (3) Matching, Realization, Business Entity
- (4) Going concern, Consistency, Business Entity
- (5) Prudence, Matching, Accrual

(.....)

05. The accounting equation of a sole proprietorship as at 31.03.2019 was as follows:

Equity	+	Liabilities	=	Assets
Rs. 800 000	+	Rs. 300 000	=	Rs. 1 100 000

Consider the following transactions

- The business liabilities of Rs. 50 000 were settled by the owner using his personal funds
- Office rent per quarter was Rs. 60 000. Last two quarters rent of the financial year has not yet been paid

The accounting equation as at 31.03.2019 after adjusting above transactions was:

	Equity (s.)	+	Liabilities (Rs.)	=	Assets (Rs.)
(1)	610 000	+	400 000	=	1 040 000
(2)	610 000	+	370 000	=	980 000
(3)	640 000	+	380 000	=	1 020 000
(4)	760 000	+	120 000	=	880 000
(5)	880 000	+	420 000	=	1 300 000

(.....)

06. Dihan PLC is a VAT registered company & following information related to the year ended **31.03.2018**

	Rs. '000
VAT Payable as at 01.04.2018	100
Sales (with VAT)	1 150
Purchases (with VAT)	690
Cash (paid to Inland Revenue Department)	150
Applicable VAT rate is 15%	

Compute the VAT liability as at 31.03.2019:

- | | | |
|-----------------|-----------------|----------------|
| (1) Rs. 150 000 | (2) Rs. 100 000 | (3) Rs. 10 000 |
| (4) Rs. 15 000 | (5) Rs. 60 000 | |

(.....)

Use the following information to answer question No 07 & 08

Following is the statement of the financial position as at 01.04.2018 in Menula's business

Furniture (at cost)	200 000
(-) accumulated depreciation	(20 000)
	180 000
Closing inventory	25 000
Debtors	10 000
Cash in hand	5 000
	220 000
Capital	150 000
Bank Loan	50 000
Creditors	20 000
	220 000

❖ Following balances extracted from the books as at **31.03.2019**

Debtors	30 000	Creditors	15 000
Closing inventory	8 000	Cash in hand	2 000

❖ Furniture & Equipment are depreciated 10% annually on straight line method

❖ Paid Rs. 15 000 for bank loan during the year & its included Rs. 3 000 as loan interest

07. The value of the "Net assets" of the business as at 31.03.2019.

- | | | |
|-----------------|-----------------|-----------------|
| (1) Rs. 170 000 | (2) Rs. 167 000 | (3) Rs. 153 000 |
| (4) Rs. 150 000 | (5) Rs. 147 000 | |

(.....)

08. What is the net profit, if there were no additional capital & Rs. 6 500 drawings during the year by the owner

- (1) Rs. 3 000 (2) Rs. 3 500 (3) Rs. 9 500
(4) Rs. 23 500 (5) Rs. 26 500

(.....)

09. Sumithuru sports club commenced on 1st of April 2017, following fees were received during 31.03.2018 & 31.03.2019.

	2018	2019
Admission fees	12 000	10 000
Annual fees	5 000	7 000

Admission fee is recognized as an income equally over a period of 4 years. There were no any amount of pre-received fees or receivable fees. What is the amount should be credited to the income & expenditure account for the year ended 31.03.2019?

- (1) Rs. 70 000 (2) Rs. 12 500 (3) Rs. 17 000
(4) Rs. 9 500 (5) Rs. 5 500

(.....)

10. The following information related to trade receivables of an entity for the year ended 31.03.2019

Cash receipts from trade receivables	:	Rs.	500 000
Bad debts written off	:	Rs.	40 000
Provision for doubtful debts as at 01.04.2018	:	Rs.	20 000
Over provision of doubtful debts for the year ended 31.03.2019	:	Rs.	10 000
Sales returns	:	Rs.	50 000
Bad debts recoveries	:	Rs.	5 000

The policy of the company is to make a provision of 10% as doubtful debts at the end of each financial year. What is the value of credit sales for the year ended 31.03.2019?

- (1) Rs. 490 000 (2) Rs. 690 000 (3) Rs. 785 000
(4) Rs. 790 000 (5) Rs. 990 000

(.....)

11. Following information relevant for Charuka's business for the ended 31.12.2018

Increase in stock	Rs.	50,000
Drecrease in debtors	Rs.	120,000
Cash received from debtors	Rs.	920,000
Gross profit percentage on cost is 25%		

Value of purchases of Charuka's business for the year ended 31.12.2018 was?

- 1) Rs. 650,000 2) Rs. 690,000 3) Rs. 800,000
4) Rs. 590,000 5) Rs. 850,000

(.....)

12. The following information related to the acquisition of a machine on 31.03.2019 by a business that has not been registered for Value Added Tax (VAT)

	Rs.
List price	800 000
Transport cost from port to the business premises	30 000
Cost of site preparation	20 000
Cost of installation	40 000
VAT paid	80 000
Cost of initial testing of the machine	50 000

- A trade discount of 10% was received at the time of acquisition.
- 100 units manufactured during the initial resting were sold at Rs. 300 per unit
- The government has granted a subsidy of Rs. 100 000 as this machine has been purchased from a local manufacturer.
- Employee training cost Rs.30,000

The cost of machine at initial recognition as per LKAS 16 (Property, Plant and Equipment):

(1) Rs. 840 000

(2) Rs. 760 000

(3) Rs. 810 000

(4) Rs. 940 000

(5) Rs. 910 000

(.....)

Use the following information to answer question No 13 & 14

Following errors were occurred in the business ledger which is maintained control accounts.

(A) Purchase journal has been understated by Rs. 3 000

(B) Insurance premium paid Rs. 24 000 has recorded only cash book

(C) Received commission Rs. 4 500 had been recorded correctly in cash book but it had been recorded twice in received commission account.

(D) Credit side of the sales account had been overstated by 2 100.

(E) Received cash from debtors Rs. 12 000 had been recorded in creditors' control account as cash payment but it had been recorded correctly in cash book.

13. What is the balance of the suspense account before rectifying the errors?

(1) Rs. 4 500 Credit

(2) Rs. 6 600 Debit

(3) Rs. 4 500 Debit

(4) Rs. 18 600 Credit

(5) Rs. 9 600 Debit

(.....)

14. Double entry to rectify the above error (C);

(1) Received commission account – Dr. Rs. 9 000, Suspense account – Cr. Rs. 9 000

(2) Received commission account – Dr. Rs. 4 500, Suspense account – Cr. Rs. 4 500

(3) Received commission account – Dr. Rs. 4 500, Cash account – Cr. Rs. 4 500

(4) Received commission account – Dr. Rs. 4 500, Cash account – Dr. Rs. 4 500,
Suspense account – Cr. Rs. 9 000

(5) Suspense account – Dr. 4 500 received commission account Cr. Rs. 4 500

(.....)

Use the following information to answer question Nos. 15 and 16

- Sithesha and Manudi are partners and the current account balance of Sithesha has increased by Rs. 30 000 during the year ended 31.03.2019.
- Rs. 20 000 and Rs. 50 000 have been drawn by Sithesha and Manudi respectively during the financial year ending 31.03.2019
- Sithesha and Manudi entitled to receive a monthly salary of Rs. 5 000 and 10,000 respectively.
- There is no condition in the partnership agreement on profit sharing ratio
- The current account balance of Manudi as at 01.04.2018 was Rs 140 000

15. What is the net profit/loss of the partnership for the year ended 31.03.2019?

(1) Rs. 160 000 - Profit

(2) Rs. 20 000 - Profit

(3) Rs. 160 000 - Loss

(4) Rs. 20 000 – Loss

(5) Rs. 10 000 – Loss

(.....)

16. The balance of Manudi's current account as at 31.03.2019 was

(1) Rs. 220 000

(2) Rs. 80 000

(3) Rs. 200 000

(4) Rs. 140 000

(5) No balance

(.....)

17. The accounting year of a company ended on 31.03.2019. The directors authorized the issue of financial statements on 08.06.2019. The annual general meeting of the company was held on 25.07.2019. The following events took place in relation to the company after 31.03.2019.

A - The market value of investments had reduced by Rs. 1 000 000 during the month ended 30.04.2019.

B - An inventory item with a cost of Rs. 800 000 as at 31.03.2019 has been stolen on 10.06.2019

C - An inventory item with a cost of Rs. 400 000 as at 31.03.2019 was sold for Rs. 300 000 on 30.04.2019.

Which of the above events should not be adjusted in the financial statements for the year ending 31.03.2019?

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

(.....)

18. Following information has been extracted from the financial statements of **Senesh PLC**

	Rs.
Profit before tax for the year 2018/2019	320 000
Provision for income tax for the year 2017/2018	78 000
Income tax paid during the year 2018/2019 (including payable for 2017/2018)	115 000
Income tax paid for the year 2017/2018	80 000

Income tax for the year ended 31st March 2019 was estimated as 1/4 of profit before tax.

What is the income tax expense for the year 2018/2019 and the income tax liability as at 31.03.2019?

	Income tax expense (Rs.)	Income tax liability (Rs.)
(1)	78 000	47 000
(2)	78 000	45 000
(3)	82 000	45 000
(4)	82 000	43 000
(5)	80 000	47 000

(.....)

19. which of the following can be identified as inventory as per the definition of LKAS 2(inventory)?

A- Goods held for sale in the ordinary course of business

B- Items in the process of production to be sold in the ordinary course of business

C- Materials and supplies to be consumed in the production process or in rendering service.

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

(.....)

20. Following information was extracted from Viduranga PLC for the month ended 31.03.2019.

Description	Unit	Unit cost
Stock as at 01.03.2019	1,000	80
07.03.2019 Purchases	5,000	100
15.03.2019 Purchases	3,000	120
20.03.2019 Sales	8,000	-

Business uses first in first out method in issuing inventories. Net realizable value of unit of inventories as at 31.03.2019 was Rs. 110.

What would be the amount of cost of sales to be disclosed in financial statements for the month ended 31st March 2019 and value of closing inventories to be disclosed in financial statements as at 31.03.2019 respectively was

	Cost of sales Rs. 000	Value of stockRs. 000
1)	820	110
2)	820	120
3)	860	120
4)	860	110
5)	580	120

(.....)

21. The following information is given for the year ending 31.03.2019 in relation to property, plant & equipment of a company.

Depreciation on property, plant and equipment	Rs.	500 000
Surplus on revaluation of buildings	Rs.	150 000
Loss on sale of motor vehicle	Rs.	50 000

The deficit incurred on the re-valuation of building during the year ending 31.03.2018 was Rs. 80 000. What is the net decrease in the profit and the total comprehensive income of the company for the year ending 31.03.2019 due to these transactions & events.

	Net decrease in profit Rs.	Net decrease in total comprehensive income Rs.
1	400 000	470 000
2	550 000	470 000
3	550 000	550 000
4	470 000	400 00
5	470 000	550 000

(.....)

22. Following summarized income statement details of Viduranga PLC relevant for the year ended 31.03.2019.

Description	Rs. 000
Gross Profit	450
Expenses (including Depreciation of Rs. 40,000 and disposal loss of Furniture Rs. 20,000)	180
Income tax expense	70
Profit for the year	200

Following accounts balances were increased for the year ended 31.03.2019.

Description	Rs. 000
Stock	100
Trade receivables	180
Trade Payables	150

Income tax paid during the year was Rs. 60,000

The amount of net cash flow generated from/used in operating activities was?

- 1) Rs. 120,000 2) Rs.140,000 3) Rs. 180,000
4) Rs. 80,000 5) Rs. 70,000

(.....)

23. Following information relevant for Raw material item of Mihiranga PLC.

Maximum stock level	8,600 unit
Re-order level	2,800 unit
Average lead time	3 weeks
Maximum lead time	4 weeks
Minimum consumption	100 unit

Economic order quantity of above business is?

- 1) 2,800 units 2) 5,800 units 3) 6,000 units
4) 11,200 units 5) 8,200 units

(.....)

24. Following salary information was extracted from pay roll sheet of Rajitha PLC. This information relevant for the month of May 2019.

	(Rs. 000)
Basic Salary	4,800
Overtime	300
EPF Contribution	
Employer 15%	720
Employee 10%	480
ETF Contribution of employer	144
Deductions	
Housing Loan	270
Welfare Contribution	150

Net salary payment to employees for the month of may 2019 was?

- 1) Rs. 3,960,000 2) Rs. 3,816,000 3) Rs. 4,680,000
4) Rs. 4,200,000 5) Rs. 3,480,000 (.....)

25. Following information was extracted from the books of Isuru PLC for the year ended 31.03.2019

Gross profit ratio	30%
Stock turnover ratio	10 times
Gross profit	Rs. 600,000
Total Expenses	Rs. 200,000
Total liabilities as at 31.03.2019	Rs. 800,000
Total assets turnover ratio	0.5

Total assets and return on owner's equity of the company respectively was

- 1) Rs. 2,000,000 and 12.5% 4) Rs. 3,000,000 and 25%
2) Rs. 5,000,000 and 20% 5) Rs. 8,000,000 and 15%
3) Rs. 4,000,000 and 12.5% (.....)

26. Following information is relevant for a product produced by Pearl PLC.

	(Rs.)
Prime Cost (Per Unit)	200
No of units of production	150 000
Estimated direct labour hours	75 000
Direct labour hours required to produce a unit of production	5 Hours
Estimated total overhead	
Production Department	375 000
Service Department	75 000

Business determines selling price by adding 10% profit margin on cost.

Overhead absorption rate and unit selling price of a unit of production respectively is.

- (i) Rs. 30 and Rs. 385
(ii) Rs. 5 and Rs. 253
(iii) Rs. 6 and Rs. 230
(iv) Rs. 6 and Rs. 253
(v) Rs. 5 and Rs. 248 (.....)

27. Contribution to sales ratio of a business is 25%. Unit variable cost is Rs. 90 and total fixed cost is Rs. 90 000. What would be the amount breakeven point rupees and profit of the business, when producing 4 000 units respectively?

- (i) Rs. 3 000 and Rs. 30 000
(ii) Rs. 360 000 and Rs. 30 000
(iii) Rs. 432 000 and Rs. 25 000
(iv) Rs. 270 000 and Rs. 75 000
(v) Rs. 67 500 and Rs. 30 000 (.....)

28. What is/are the correct statement/s regarding the break-even point of a manufacturing company?

- A - There is no profit or loss at the breakeven point
B - At breakeven point, unit fixed cost is equal to the unit contribution
C - At breakeven point, total cost is equal to the total contribution
D - At breakeven point, fixed cost is zero

- 1). A & C only 2). A B & C only 3). A & B only
4). B & D only 5). All the above (.....)

29. A Business is planning to purchase a machine for Rs. 2,400,000. Estimated useful life of the machine is 5 years and residual value is Rs. 600,000. Machine depreciated on cost on straight line method. Estimated net cash inflow of the machine Rs. 600,000 for each year during its useful life.

Pay back period and Accounting rate of return of the business respectively was?

- 1) 4 years and 20% 4) 5 years and 10%
2) 3 years and 12% 5) 6 years and 10%
3) 4 years and 16%

(.....)

30. Which of the following statement is corrected in relevant to Capital investment evaluation project?

- (i) Time value of money is considered in payback period
(ii) Cash flows are considered in calculating accounting rate of return method
(iii) Difference between cash inflows and outflows is known as Net present value
(iv) Cash flows after payback period is not taken into account according to payback period
(i) Time value of money is not considered in net present value method

(.....)

Write short answers for question No: 31 to 50 on the dotted line

31. State the impact on assets, liability and equity due to the following transactions of a business:

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

32. State whether the following cost items in a garment factory are direct costs or indirect costs

Cost item	Direct/Indirect
Cost of fabric
Sewing machine operators Wages
Production supervisors salaries
Factory electricity

33. Name prime entry book and source documents used to record the following transactions.

Transaction	Prime Entry book	Source Document
Investment of money as capital		
Return of goods purchased on credit		
Purchased of stationery on credit		
Provision for doubtful debts		

34. Cost of closing stock of business engaged in selling mobile phones as at 31.03.2019 was Rs. 500,000. Net realizable value as at same date was Rs. 600,000. Due to decrease in demand this stock sold for Rs. 400,000 as at 25.05.2017 by incurring selling expenses of Rs. 30,000. Company presents these financial statements to the board of directors on 20.05.2019 and they approved it on 30.05.2017. State the amount to be disclosed as closing stock in financial statement as at 31.03.2019

- Use the following information to answer questions No. 35 and 36.

A business entity provided following information

- (i) The total of purchases journal has been over cast by Rs.20,000
(ii) Discount received Rs.13,000 has been recorded in creditors personal account as Rs.31,000
(iii) Purchase returns of Rs. 30,000 has not been recorded in the return outwards journal

- (iv) Rs.30,000 interest charged by suppliers has been recorded in the control account as Rs. 3,000
- (v) The balance of adjusted creditors control account as at 31.03.2020 was
Rs. 1,120,000

35. What was the creditors control account balance as at 31.03.2020 before making adjustments?
Rs.....

36. What was the total of creditors balance as at 31.03.2020 as it appeared in the creditor ledger?
Rs.....

37. State the accounting concept which guides an entity to make followings adjustments in the financial statements

Adjustments	Accounting Concept
Recording of cost of inventories in the income statement
Adjusting provision for doubtful debts based on debtors balance
Depreciation of property, plant and equipment
Recording of income receivable and received in advance

38. Following information is related to the subscription of Rantharu Sports Club for the year ended 31 March 2020.

- Number of members is 1,000
- Annual subscription per member is Rs. 2,000
- Subscription received in advance
 - As at 01.04.2019 - from 3 members
 - As at 31.03.2020 – from 5 members
- Subscription in arrears
 - As at 01.04.2019 - from 8 members
 - As at 31.03.2020 – from 10 members

(a) What is the subscription income for the year ended 31.03.2020, if the sports club uses accrual basis to identify the subscription Income?

Rs.

(b) What is the amount of subscription received by cash during the year ended 31.03.2020?

Rs.

39. State the journal entry to record the following transactions (Narrations are not required)

- (a) Writing off bad debts amounting to Rs. 200,000 for which the business has already make a special provision for doubtful debt.
.....
.....
- (b) Receipt of an insurance claim of Rs. 180,000 for which the business has earlier identified as receivable
.....
.....

40. State two conditions to be fulfilled to identify the provisions in the financial statements as per Sri Lanka Accounting Standards No: (LKAS) 37.

- (1)
- (2)

41. Savini Limited has provided the following information for the year ended 31.03.2020

Rs. '000

Profit for the year	620
Income tax expense	80
Motor vehicle disposal loss	100
Bad debts written off	20
Interest expenses	50
Depreciation of property, plant and equipment	300
Decrease in inventories and debtors	60
Increase in creditors	40
Income tax paid	70
Interest paid	30

What is the value of net cash from operating activities during the year ended 31.03.2020?

Rs.

42. State 2 difference between capitalization of reserves and right issues

	Capitalization of reserves		Right issues
1	1
2	2

43. Following transactions/events have occurred during the period from the balance sheet date to the date of authorization of financial statements by the board of directors for issue. State whether they are adjusting events or non adjusting events

Cost Item	Adjusting/Non adjusting
Proposed dividends of Rs. 2,000,000 to equity share holders
Sale of an inventory item held on the balance sheet date at a price less than the cost
Destruction of part of the office premises due to fire
Bankruptcy of a debtor who has an outstanding balance on the balance sheet date

44. Classify the cash flows arising from following activities of a trading business as operating financing and investing.

Activity	Classification
Acquisition of a machine
Purchase of inventories
Re payment of a loan
Payment of income tax

45. State the ratio which can be used to measure the following abilities of a company

Ability	Ratio
Ability to pay the interest on borrowings
Ability to collect cash quickly from its credit customers
Ability to pay its short term borrowings from its liquid assets
Ability to get more benefits to the investments made by owners

46. State the impact (Increase / Decrease / No change) from following transactions and events to the current ratio of a company

Transaction/Event	Impact
Disposal of motor vehicle with a book value of Rs. 2,000,000
Sale of inventories at a price less than the cost
Writing off a customer's balance as bad debts
Cash payment to credit suppliers subjected to cash discount

- 47 A manufacturing entity provides following information.

Description	Manufacturing Division		Service Division	
	Finishing	Assembling	Maintenance	Stores
Overheads cost (Rs.)	600,000	400,000	100,000	120,000
Maintenance hours	3,000	2,000	-	-
Stores requisitions	5,000	3,000	-	-
Budgeted machine hours	2,000	2,000	-	-
Actual machine hours	1,500	1,200	-	-

Overheads are absorbed using machine hours; calculate the overheads absorption rate (OAR) for finishing and assembling divisions.

OAR for finishing division : Rs..... per machine hour

OAR for Assembling division : Rs..... per machine hour

48. State the impact (Increase / Decrease / No change) on breakeven point, margin of safety and net profit due to the following changes assuming that other factors remain unchanged.

Change	Breakeven point (units)	Margin of safety (units)	Net profit (Rs.)
Increase the selling price by Rs. 200
Increase the fixed cost by Rs. 2,000,000

49. Following information is applicable to a single product manufactured by Chanuka pLC

Unit variable cost:

- Direct materials	-	Rs.	80
- Direct labour	-	Rs.	30
- Variable overheads	-	Rs.	10
Total fixed cost	-	Rs.	2,000,000
Contribution to sales ratio	-		40%

- (a) Calculate the unit selling price of the above product
Rs.
- (b) Calculate the number of units required to break even from the above product
Units.....

50. Savini Ltd intends to acquire a new machine and initial cash outflows are given below:

	Rs.
Cost of machine	2,750,000
Installation cost	250,000

Useful life of the machine is 5 years and expected net cash flows are given below:

Year	Net cash flows (Rs.)
1	1,200,000
2	800,000
3	600,000
4	800,00

What is the payback period of the machine? years