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අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය - 2021 අගෝස්තු  
 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

கிணுதிருக்காய 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 33**

**PART II**

**01. A)** 'Araliya PLC' engaged in manufacturing and selling shoes. It has two cost centers namely assembling and finishing. Information related to manufacturing 100 pairs of shoes for school children during the month of March 2021 are as follows:

(i) Information about raw materials

Description	Maximum Consumption	Minimum Consumption	Average Consumption
Monthly raw material consumption (in units)	120	?	100
Lead time (Days)	?	10	15

Date	Description	Quantity (Units)	Price Per Unit (Rs.)
03/01	Purchase	1 000	80
03/10	Issues	800	-
03/15	Purchase	1 000	100
03/20	Issues	800	-
03/29	Purchase	1 000	120

- There was no balance stocks as at 01<sup>st</sup> of March
- First-in-First-Out (FIFO) method is used for issuing and pricing of products
- All Raw materials issued for the production during the period were used for the production

(ii) Information about employee salary

Name of employee	Job of the employee	Basic Salary (Rs.)	Incentive (Rs.)	Overtime Payment (Rs.)	Welfare Contribution (Rs.)
Jayalath	Production employee	30 000	5 000	-	1 000
Samith	Production employee	30 000	5 000	-	1 000
Laksiri	Production office assistant	23 600	-	2 000	1 000

(iii) Information about production overhead cost

Item	Total	Assembling Division	Finishing Division
Indirect wages (Rs.)	25 600	-	-
Indirect material (allocated (Rs.))	26 400	11 200	15 200
Electricity for lighting (Rs.)	60 000	-	-
Rent (Rs.)	108 000	-	-
Floor Area (m)	6 000	2 000	4 000
Machine hours	2 000	2 000	-
Labour Hours	2 800	-	2 800

- Indirect wages should be equally divided among assembling and finishing departments
- Production overheads are absorbed based on machine hours in the assembling division and labour hours in the finishing division
- In order to produce a pair of shoes 02 machine hours and 03 labour hours are spent

**Required:**

- (1) Re-order level
- (2) Maximum stock level
- (3) Cost of raw material consumed
- (4) Direct labour cost
- (5) Overhead analysis sheet of two divisions
- (6) Overhead absorption rates for each department
- (7) Total production cost of a pair of shoes

**(25 Marks)**

**02. (A)** . A company manufactures and sells a product called 'x'. Variable cost of the product is Rs. 140 Contribution sales ratio is 30% and present activity level is 1 800 units. The total fixed cost is Rs. 90 000.

**Required:**

- (1) Contribution per unit
- (2) Number of units at the breakeven point
- (3) Profit or loss at the current activity level
- (4) Mark the followings at the current activity level in a sketch of a break-even chart.
  - (a) Margin of safety in units
  - (b) Sale income

**(10 Marks)**

**B)** The following information has been gathered with regard to a "Stage Drama" organized by the Welfare Society of a school

	(Rs.)
Price of a ticket	- 800
Hall rent	- 12 000
Television advertisement	- 25 000
Welcome Banner	- 8 000
Hall decoration	- 2 000
Refreshment cost per participant	- 500
Sound system	- 3 000
Payment to be made to the Drama Team	- 95 000

**Other Relevant Information:**

- (i) Printing cost of the tickets (for the full capacity of the hall) which will be completely sponsored by an education institution in the area has been estimated as Rs. 5 000.
- (ii) In addition to the hall rent, additional Rs. 5 000 should be paid for the other facilities
- (iii) Seating capacity of the hall is 700

**Required**

- (i) Contribution per participant
- (ii) Expected total fixed cost of the event
- (iii) Break-even point (in number of participants)
- (iv) Number of participants to generate an excess of Rs. 30 000
- (v) Two suggestions to increase the excess assuming that the variable cost of the event cannot be reduced
- (vi) A statement showing the excess or shortage from the event, if the number of participants is 250
- (vii) The excess or shortage from the event, if the number of participants is zero
- (viii) State two assumptions used in Cost Volume Profit (CVP) analysis

**(20 Marks)**

**03. A)** Following information related to Property Plant and Equipment of Jayali Public Limited as at 31.03.2020

Assets	Cost/Revalued Amount (Rs. '000)	Carrying Amount (Rs. '000)	Useful Life Time (Years)	Scrap Value (Rs. '000)
Land	5 000	-	-	-
Building	5 400	1 500	40	200
Machines	2 200	800	5	200
Motor Vehicles	1 500	1 080	10	100

- Business is depreciate their all depreciable assets on straight line method
  - Following transactions occurred during the year ended 31.03.2021
- (1) On 01.04.2020 Land was revalued for Rs. 5 500 000. A deficit of Rs. 300 000 was incurred from a revaluation made before 2 years
  - (2) Modification of building was made on 01.04.2020 by spending Rs. 500 000. Due to this Modification remaining useful life time was increased by 20 years and scrap value estimation was not changed.
  - (3) On 01.04.2020 Machine was purchased on finance lease and related information are as follows:
 

Fair value of machine	Rs. 1 200 000
Down payment	Rs. 400 000
Lease installment	Rs. 300 000
Lease period	4 years
Useful time of machine	5 years
Scrap value of machine	Rs. 200 000
- Lease interest included in first and second installment were Rs. 160 000 and Rs. 140 000 respectively. First installment was paid on 31.03.2021
  - Lease installment should be paid at the end of each financial year

**Required:**

- (1) Extracts to statement of profit loss and other comprehensive income for the year ended 31.03.2021 using following format

Distribution Cost	.....
Administration expenses	.....
Other Expense	.....
Finance Cost	.....
<b>Other comprehensive Income</b>	.....
Land revaluation surplus	.....

- (2) Extracts of statement of financial position as at 31.03.2021 showing all amounts related to lease liability.

**(15 Marks)**

**B)** Saranga Dissanayake has started a transport service called “Sahana Office Transport” on 01.01.2021 by investing Rs. 100 000. Transactions related for the three months ended 31.03.2021 are given below:

- 01/01 - Payment of Rs. 5 000 for printing receipts  
 01/02 - Invested a motor vehicles of Rs. 1 200 000 which was used by Saranga. It was estimated that salvage value is not available at the end of useful life time 10 years.  
 02/07 - Incurred a fuel expense of Rs. 10 000 for a person tour of Saranga  
 02/10 - Receipt of other income Rs. 50 000  
 03/07 - Vehicle maintenance expense Rs. 20 000 (Out of that Rs. 5 000 has not yet been paid)  
 03/31 - Receipt of service income for the first quarter Rs. 600 000  
 Fuel expense for the first quarter is Rs. 200 000 and only Rs. 150 000 was paid  
 03/31 - Paid Rs. 75 000 as driver’s salary (monthly salary Rs. 25 000)

**Required:**

- (1) Show the impact of these transactions (with value) in the accounting equation (Use a format similar to one given below)

Date	Assets	Liabilities	Equity

- (2) Income statement for the quarter ended 31.03.2021

**(10 Marks)**