සියලු ම හිමිකම් ඇවිරිණි/முழுப் பதிப்புரிமையுடையது/All Rights Reserved]

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
இலங்கைப் பரீட்சைத் திணைக்களம்
Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2023(2024)
கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2023(2024)
General Certificate of Education (Adv. Level) Examination, 2023(2024)

| | |
|---|---|
| ගිණුම්කරණය | II |
| கணக்கீடு | II |
| Accounting | II |

**33 E II**

පැය තුනයි
மூன்று மணித்தியாலம்
***Three hours***

අමතර කියවීම් කාලය - මිනිත්තු 10 යි
மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள்
**Additional Reading Time - 10 minutes**

**Use additional reading time to go through the question paper, select the questions you will answer and decide which of them you will prioritise.**

**Use of non-programmable calculators is allowed.**

**Instructions:**

* *Answer **five** questions only, including questions **one** and **two**.*
* *Begin each answer on a **fresh sheet** of paper.*
* *Relevant workings should be attached to the answer script.*
* *This questions paper carries **200** marks.*

**1.** Ruvini PLC is a manufacturing company and it produces a single product. Its summarized trial balance as at 31.03.2023 is given below.

| Description | Dr. (Rs.'000) | Cr. (Rs.'000) |
|---|---|---|
| Property, plant and equipment - Cost | 85 000 | |
| Accumulated depreciation as at 01.04.2022 | | 12 500 |
| Right-of-use asset - Office building | 21 000 | |
| Lease liability- Office building | | 21 000 |
| Gain on the disposal of the motor vehicle | | 600 |
| Sales | | 75 900 |
| Cost of sales | 45 200 | |
| Inventories - Raw materials | 600 | |
| - Finished goods | 3 600 | |
| Other income | | 2 200 |
| Trade receivables | 9 150 | |
| Trade payables | | 6 500 |
| Cash and cash equivalents | 300 | |
| Stated capital - Ordinary shares | | 40 000 |
| Retained earnings as at 01.04.2022 | | 24 000 |
| Distribution cost | 8 900 | |
| Administrative expenses | 7 500 | |
| Other expenses | 1 000 | |
| Finance cost | 500 | |
| Income tax paid | 1 100 | |
| Provision for income tax as at 01.04.2022 | | 350 |
| Provision for warranty as at 01.04.2022 | | 800 |
| | 183 850 | 183 850 |

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**Additional Information:**

Before preparing the financial statements for the year ending 31.03.2023, following information should be taken into consideration.

(i) 10 000 units of goods were produced during the current year. 10% of these units was remained unsold as at 31.03.2023 and it is shown as the closing finished goods inventory. The depreciation relevant for the production of goods has not been considered in the computation of the cost of sales and the cost of closing finished goods inventory shown in the trial balance. Assume that there were no work-in-progress inventories in this business.

(ii) The motor vehicle owned by the company was sold on 01.04.2022 for Rs. 4 000 000 and it resulted a gain of Rs. 600 000. The accumulated depreciation of this motor vehicle was Rs. 2 100 000 on this date. This disposal has been properly accounted for.

(iii) The composition of property, plant and equipment and their accumulated depreciation shown in the trial balance with the useful lives of these assets are given below. (This information is provided after accounting for the disposal of the motor vehicle stated in (ii) above.)

| Description | Cost as at 31.03.2023 (Rs.'000) | Accumulated depreciation as at 01.04.2022 (Rs.'000) | Useful life (Years) |
|---|---|---|---|
| Land | 7 000 | – | – |
| Factory building | 28 000 | 5 000 | 14 |
| Manufacturing plants | 38 000 | 4 000 | 7 |
| Office equipment | 12 000 | 3 500 | 5 |
| | 85 000 | 12 500 | |

There were no other purchases, disposals or revaluation of property, plant, and equipment during the year other than those indicated in adjustments (ii), (iv) and (v). Depreciation should be provided for the year ending 31.03.2023 on straight line basis. Assume that the residual value of all property, plant and equipment items is zero.

(iv) The land of the business was revalued for the first time for Rs. 6 400 000 on 31.03.2023. No entry has been made in the books of accounts in this regard.

(v) The company purchased a new manufacturing plant on 20.03.2023 for Rs. 10 000 000 and it has been debited to the manufacturing plants account. The installation cost and the initial testing cost of this plant incurred during month of March 2023 were Rs. 2 000 000 and Rs. 1 500 000 respectively. Both of these cost items have been included in the administrative expenses. The initial testing cost consisted of the raw material cost of the goods manufactured Rs. 1 000 000 and a professional fee of Rs. 500 000. The goods produced during the initial testing have been distributed free of charge for sales promotion. This plant is available for use from 01.04.2023.

(vi) The company obtained the right-of-use of a building on 01.04.2022 to be used as its office for a period of 5 years under a lease agreement. The useful life of this building is 25 years. The ownership of this building is not transferred to the company at the end of the lease term. The present value of lease instalments as at 01.04.2022 was Rs. 21 000 000. According to the lease agreement, 5 equal annual instalments of Rs. 5 000 000 each is required to be paid over the lease term and the first instalment was due on 31.03.2023. However, the company failed to pay the first instalment on the due date, and it was paid on 30.06.2023. The lease interest relevant for the years ending 31.03.2023 and 31.03.2024 are Rs. 1 280 000 and Rs. 1 055 000 respectively. Assume that there is no down payment or initial direct cost for this lease. The present value of lease instalments has been debited to the right-of-use asset account and credited to the lease liability account. No other accounting entry has been made for this lease.

(vii) The company sells goods with one year warranty and the provision for warranty as at 31.03.2023 was estimated as Rs. 1 150 000. During the year ending 31.03.2023, Rs. 600 000 was spent on repairing the goods under the warranty and it is included in the distribution cost.



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(viii) Income tax paid shown in the trial balance consists of Rs. 450 000 paid for the previous year and the tax paid for first three quarters of the current year. The total income tax liability for the year ending 31.03.2023 was estimated as Rs. 800 000.

(ix) The stated capital of the company as at 01.04.2022 consisted of ordinary shares issued at Rs. 10 per share. The company capitalized retained earnings in the proportion of 1 share for every 5 shares held on 01.10.2022 at Rs. 10 per share. However, no entry has been made in this respect in the books of accounts. Further, the company made a public issue of shares of Rs. 10 000 000 on 01.01.2023 and this issue has been properly accounted for.

(x) Director's fee of Rs. 1 500 000 has been included in the administrative expenses and the interim dividends paid for the ordinary shareholders of Rs. 800 000 has been included in the other expenses.

**Required:**

The following financial statements (including notes) of Ruvini PLC for the publication purpose as per 'LKAS 1- Presentation of Financial Statements':

(1) Statement of Profit or Loss and Other Comprehensive Income for the year ending 31.03.2023

(2) Statement of Financial Position as at 31.03.2023

(3) Statement of Changes in Equity for the year ending 31.03.2023 ***(Total 40 marks)***

**2. (a)** Lakmini Traders carries out a bookshop. This business has employed three workers and their salary related information for the month of December 2023 is given below.

| Employee number | Cost of living allowance (Rs.) | Employee loan deductions (Rs.) | Employer contribution to Employees Provident Fund (EPF) (Rs.) |
|---|---|---|---|
| 001 | 10 000 | 15 000 | 6 000 |
| 002 | 10 000 | — | 9 000 |
| 003 | 10 000 | 10 000 | 7 500 |

**Additional information:**

- The employer and employee contributions to EPF and Employee Trust Fund (ETF) are as follows.

| | EPF | ETF |
|---|---|---|
| Employer | 12% | 3% |
| Employee | 8% | — |

- EPF and ETF are calculated based on the gross salary.
- Gross salary of employees comprises the basic salary and the allowances.
- There are no allowances or deductions other than those mentioned above.
- EPF and ETF contributions of a particular month are remitted to the relevant funds in the first week of the following month.

**Required:**

For the month of December 2023:

(1) Gross salary of each employee

(2) Payroll of the business

(3) Journal entries to record the following (*including narration*):

(i) Salary expense

(ii) Employee loan deductions

(iii) EPF liability

(iv) ETF liability ***(15 marks)***

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(b) A manufacturing company produces two products namely, 'P' and 'Q'. The company has two production cost centers, namely; 'Assembly' and 'Finishing' and a service cost centre - 'Stores' to produce these products. All these cost centres are located in the same building.

Overhead absorption rates already calculated by the company based on the budgeted overheads for this year are given below.

- Assembly cost centre - Rs. 20 per machine hour
- Finishing cost centre - Rs. 25 per direct labour hour

However, it was revealed subsequently that the following budgeted overheads have **not** been considered in the calculation of these rates.

- Electricity cost of the building Rs. 80 000
- Depreciation of the building Rs. 200 000
- Insurance premium for the building Rs. 100 000
- Maintenance cost of the Assembly cost center Rs. 20 000

The information relevant to the cost centers:

| | Assembly | Finishing | Stores |
|---|---|---|---|
| Floor area (square meters) | 6 000 | 3 000 | 1 000 |
| Kilowatt hours | 2 500 | 1 000 | 500 |
| Total budgeted machine hours | 40 000 | 12 000 | — |
| Total budgeted direct labour hours | 6 000 | 24 000 | — |

Total overheads of the Stores are re-apportioned between Assembly and Finishing cost centers at the ratio of 3:1 respectively.

The information relating to the manufacturing of products 'P' and 'Q' during the year is given below.

| | Product P | Product Q |
|---|---|---|
| Direct raw materials cost per unit (Rs.) | 216 | 129 |
| Direct labour cost per unit (Rs.) | ? | ? |
| (Rate per direct labour hour is Rs. 100) | | |
| Actual direct labour hours to produce one unit: | | |
| - Assembly | 2 | 1 |
| - Finishing | 1 | 3 |
| Actual machine hours to produce one unit: | | |
| - Assembly | 2 | 3 |
| - Finishing | 1 | 2 |
| Non-manufacturing overheads per unit (Rs.) | 100 | 150 |

**Required:**

(1) Revised Overhead Analysis Sheet clearly showing the bases of apportionment.

(2) Revised overhead absorption rates for Assembly and Finishing cost centres.

(3) Total production cost per unit of product 'P' and total cost per unit of product 'Q'.

(4) If a markup of 20% on the total cost is maintained:

(i) Selling price per unit of product 'P'

(ii) Selling price per unit of product 'Q'

*(25 Marks)*

*(Total 40 marks)*



*[See page five*

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3. (a) Mala Enterprises is a sole proprietorship and its summarized Statement of Financial Position as at 31.03.2023 is given below.

| | As at 31.03.2023 (Rs.'000) |
|---|---|
| Property, plant, and equipment - Carrying amount | 3 000 |
| Inventory | 250 |
| Trade and other receivables | 400 |
| Cash | 40 |
| **Total Assets** | **3 690** |
| | |
| Equity | 2 830 |
| Bank loan | 800 |
| Trade and other payables | 60 |
| **Equity and Total Liabilities** | **3 690** |

The following transactions were taken place in the business during the month of April 2023.

| No. | Transaction |
|---|---|
| 1 | A land worth of Rs. 700 000 and cash of Rs. 200 000 were invested by the owner as additional capital. |
| 2 | Goods with a list price of Rs. 1 350 000 were purchased on credit and a trade discount of Rs. 50 000 was received in this respect. |
| 3 | Goods costing Rs. 800 000 were sold for Rs. 1 400 000 on credit. |
| 4 | Furniture costing Rs. 500 000 was purchased for the use of the business. Rs. 200 000 was paid in this respect on the same date and agreed to pay the balance in May 2023. |
| 5 | Goods costing Rs. 20 000 purchased during the month were returned to the supplier. |
| 6 | Goods sold for Rs. 50 000 during the month were returned by a debtor. The cost of these goods was Rs. 30 000. |
| 7 | Paid the monthly loan instalment of Rs. 70 000 for the bank loan. This instalment includes an interest of Rs. 15 000. |
| 8 | A land of the business with a carrying amount of Rs. 900 000 was sold for Rs. 1 600 000 cash. |
| 9 | Rs. 900 000 cash was received from trade debtors after allowing a discount of 10%. |
| 10 | Goods costing Rs. 500 000 were purchased for cash. |
| 11 | Goods of the business costing Rs. 60 000 were obtained by the owner for his personal use. |
| 12 | Rs. 300 000 payable to a trade creditor was settled subject to a discount of Rs. 50 000. |
| 13 | An inventory costing Rs. 100 000 was destroyed and the insurance company has agreed to pay 80% of this loss. |
| 14 | Operating expenses of Rs. 500 000 was paid for the month of April 2023. |
| 15 | Depreciation of Rs. 20 000 was provided on property, plant and equipment for the month of April 2023. |

**Required:**

(1) Record the balances as at 01.04.2023 and show the impact of transactions 1 to 15 (with values) using the accounting equation. State (+) if value increases or (-) if value decreases in front of each value. (In answering this question, use a format similar to the one given below.)

**(Rs.'000)**

| Balance/Transaction No. | Assets | | | = | Liabilities | + | Equity |
|---|---|---|---|---|---|---|---|
| | Property, plant, and equipment | Inventory | Trade and other receivables | Cash | Bank loan | Trade and other payables | |
| Balance as at 01.04.2023 | | | | | | | |
| 1 | | | | | | | |
| 2 | | | | | | | |
| ---- | | | | | | | |
| ---- | | | | | | | |
| Balance as at 30.04.2023 | | | | | | | |

(2) The profit or loss for the month ending 30.04.2023 using the net asset basis. *(30 marks)*

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(b) The main objective of an old students association of a school is to provide scholarships to students with financial difficulties. The information relevant to this association is given below.

**Statements of Financial Position:**

| | As at 31.12.2023 (Rs.'000) | As at 01.01.2023 (Rs.'000) |
|---|---|---|
| Office equipment - Carrying amount | 2 750 | 500 |
| Fixed deposit | 6 000 | – |
| Subscription receivable | 500 | 600 |
| Cash receivable from the sponsors of the musical show | 600 | – |
| Interest income receivable from the fixed deposit | 100 | – |
| Cash | 1 025 | 2 500 |
| **Total Assets** | **10 975** | **3 600** |
| | | |
| Accumulated fund | ? | 2 700 |
| Scholarship fund | ? | 450 |
| Subscription received in advance | 550 | 450 |
| **Equity and Total Liabilities** | **10 975** | **3 600** |

**Receipts and Payments Account for the year ending 31.12.2023:**

| | Rs.'000 | Rs.'000 |
|---|---|---|
| Cash balance as at 01.01.2023 | | 2 500 |
| **Receipts:** | | |
| Subscription | 1 500 | |
| Donations for scholarships | 6 300 | |
| Receipts from the sale of tickets of the musical show | 1 100 | |
| Cash received from the sponsors for the musical show | 400 | |
| Interest received from the fixed deposit | 800 | 10 100 |
| **Payments:** | | |
| Payments for scholarships | 1 800 | |
| Office expenses | 575 | |
| Expenses of the musical show | 700 | |
| Purchase of office equipment | 2 500 | |
| Fixed deposit (for two years) opened on 01.04.2023 | 6 000 | 11 575 |
| Cash balance as at 31.12.2023 | | 1 025 |

**Additional information:**

- Donations received during a year to provide scholarships are credited to the scholarship fund account. The accounting policy of the association is to recognize an amount equal to the donations used in a year for providing scholarships as the income of the year.
- There were no disposals of office equipment during the year.
- The annual interest rate of the fixed deposit is 20%.

**Required:**

(1) Scholarship Fund Account of the Old Students Association for the year ending 31.12.2023

(2) Income Statement of the Old Students Association for the year ending 31.12.2023

(3) Balance of the Accumulated Fund of the Old Students Association as at 31.12.2023

*(10 marks)*

*(Total 40 marks)*



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**4. (a)** Sumudu (Pvt) Ltd conducts a wholesale business. This company purchases goods only on credit basis and sells goods on both credit basis and cash. This company is registered for Value Added Tax (VAT).

The following information relates to the month of December 2023.

(i) The balances of assets and liabilities of the company:

| | As at 31.12.2023 (Rs.'000) | As at 01.12.2023 (Rs.'000) |
|---|---|---|
| Property, plant, and equipment - Carrying amount | 1 310 | 1 100 |
| Cash | ? | 150 |
| Inventory | 300 | 200 |
| Trade debtors | ? | 300 |
| Trade creditors | ? | 240 |
| VAT control account - credit balance | ? | 100 |
| Accrued expenses | 60 | 40 |

(ii) The control account balances of trade debtors and trade creditors as at 01.12.2023 agreed with the totals of their respective subsidiary ledger account balances on this date.

(iii) The information relating to the trade debtors and the trade creditors of the company for the month of December 2023 extracted from the debtors and creditors subsidiary ledgers is as follows.

| Description | Trade debtors (Rs.'000) | | |
|---|---|---|---|
| | Amal | Bimal | Chamara |
| Balance as at 01.12.2023 | 100 | 50 | 150 |
| Sales -including 15% VAT | 345 | 460 | 575 |
| Cash receipts | 350 | 450 | 500 |
| Discount allowed | — | 25 | 50 |

| Description | Trade creditors (Rs.'000) | | |
|---|---|---|---|
| | Nihal | Mala | Thushara |
| Balance as at 01.12.2023 | 80 | 60 | 100 |
| Purchases -including 15% VAT | 575 | 690 | 345 |
| Cash payments | 500 | 600 | 250 |
| Discount received | 25 | 30 | — |

(iv) Other transactions occurred during the month of December 2023:

- Cash sales were Rs. 920 000 (*Including 15% VAT*).
- Operating expenses incurred for the month were Rs. 350 000 including depreciation expenses of Rs. 90 000.
- Furniture costing Rs. 300 000 has been purchased for cash (Ignore VAT).

(v) Consider that all above transactions have been occurred on different dates in the month of December though their dates are not indicated.

**Required :**

(1) The following prime entry books for the month of December 2023:

(i) Cash Receipts Journal (ii) Cash Payments Journal

(iii) Sales Journal (iv) Purchase Journal

(2) The following ledger accounts for the month of December 2023:

(i) Cash Account

(ii) Debtors Control Account

(iii) Creditors Control Account

(iv) VAT Control Account *(30 marks)*

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(b) TDK Hospitals is considering a project to replace its old X-Ray machine with a new X-Ray machine. The expected useful life of this new X-Ray machine is 5 years. It is expected that the operating capacity of the company will increase and reduce the annual operating costs due to the technological advancement of the new X-Ray machine. If this new machine is purchased, the old machine can be sold at its current market price.

The estimated cash flows in this respect are given below.

| | Rs.'000 |
|---|---|
| **Old X-Ray machine:** | |
| Current market price | 2 000 |
| Disposal expenses | 200 |
| **New X-Ray machine:** | |
| Purchase price | 15 000 |
| Transport and installation cost | 300 |
| Additional working capital requirement (*This amount can be recovered at the end of the expected useful life*) | 500 |
| Salvage value at the end of the expected useful life | 3 000 |
| Savings in annual operating expenses payable in cash | 500 |
| Increase in annual revenue | 3 500 |

The expected rate of return of the project is 10% and its discounting factors are as follows.

| Year | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Discounting factor (*at nearest two decimal places*) | 0.91 | 0.83 | 0.75 | 0.68 | 0.62 |

**Required:**

(1) The estimated annual cash inflows and outflows of the project *showing each cash flow item separately.*

(2) Payback period of the project (years)

(3) The Net Present Value (NPV) of the project

(4) Recommendation to purchase the new machine based on the NPV ***(10 marks)***

***(Total 40 marks)***

5. **(a)** Rama and Seetha commenced a partnership on 01.04.2022 to provide business consultancy services.

(i) The terms of the partnership agreement are as follows.

- **Terms for the appropriation of profit or loss of the partnership:**

| | | |
|---|---|---|
| Monthly salary for partners | - Rama | Rs. 50 000 |
| | - Seetha | Rs. 40 000 |
| Interest on the opening capital balance of the year | | 10% per annum |
| Profit or loss sharing ratio | | Equally |

- **Other terms:**

| | |
|---|---|
| Interest on the loans provided by the partners | 20% per annum |

(ii) The summary of the capital provided by the partners and the transactions took place in the partnership during the year ending 31.03.2023 are given below.

- Capital provided by the partners on 01.04.2022:

| | Cash (Rs.'000) | Non-current assets (Rs.'000) | Total (Rs.'000) |
|---|---|---|---|
| Rama | 2 400 | 2 600 | 5 000 |
| Seetha | 1 800 | 2 200 | 4 000 |

- Income and expenses extracted from the books of accounts for the year ending 31.03.2023:

| | Rs.'000 |
|---|---|
| Consultancy service income | 10 000 |
| Consultancy service expenses | 6 000 |
| Other expenses (including depreciation) | 1 000 |



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- Transactions with the partners:
  - Rama has received Rs. 100 000 to his personal account for a consultancy service provided by the partnership. Further, the cost of this consultancy Rs. 60 000 had been paid from his personal account. No entry has been made in relation to these transactions in the books of accounts of the partnership.
  - Rama has obtained Rs. 200 000 in cash during the year as drawings.
  - Seetha's annual salary has been paid in cash and it has been accounted erroneously as consultancy service expenses.
  - The partnership has rented a building owned by Rama on 01.04.2022 and its monthly rent is Rs. 30 000. The rent for the year has been neither paid nor accounted for. Rama suggested to treat total rent payable as at 31.03.2023 as additional capital provided by him to the partnership and Seetha agreed for this.
  - Seetha has given a loan of Rs. 1 000 000 on 01.10.2022 to the partnership. However, the interest in this respect has been neither paid nor accounted for.

(iii) Admission of a new partner:

On 31.03.2023 Gajaba was admitted as a partner. The goodwill of the partnership was estimated as Rs. 1 800 000 on this date. Gajaba brought Rs. 4 600 000 cash for his capital and his share of goodwill. The goodwill of the partnership is adjusted through the partners' capital accounts. All partners agreed to share profits or losses equally.

**Required:**

(1) Income Statement for the year ending 31.03.2023 of the partnership (including appropriations to the partners).

(2) Capital Accounts and Current Accounts of partners for the year ending 31.03.2023. ***(25 marks)***

**(b)** The following information relates to Amal PLC, which is a manufacturing company.

| | **For the year ending 31.03.2023 (Rs.' Million)** |
|---|---|
| Revenue | 600 |
| Cost of sales | 360 |
| Operating expenses | 100 |
| Interest expense | 20 |
| Income tax expense | 30 |
| Profit after tax | 90 |
| | **As at 31.03.2023 (Rs.' Million)** |
| Property, plant and equipment - Carrying amount | 300 |
| Inventory | 200 |
| Trade receivables | 150 |
| Cash | 100 |
| **Total Assets** | **750** |
| Stated capital - ordinary shares | 300 |
| Retained earnings | 100 |
| Long-term debt | 250 |
| Trade payables | 100 |
| **Equity and Total Liabilities** | **750** |

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**Additional information:**

- The company has paid an interim dividend of Rs. 50 million during the year ending 31.03.2023.
- The number of ordinary shares as at 31.03.2023 was 25 million. The company has not issued new shares during the current year.
- The ratios given below relate to Bimal PLC, which is a competitive firm of Amal PLC.
  - Net profit ratio 21%
  - Return on equity ratio 19%
  - Debt to equity ratio 65%
  - Earnings per share Rs. 3.75
  - Dividends per share Rs. 2.50
  - Interest coverage ratio 10 times

**Required:**

(1) The following ratios of Amal PLC for the year ending 31.03.2023:

(i) Net profit ratio

(ii) Return on equity ratio

(iii) Debt to equity ratio

(iv) Earnings per share

(v) Dividends per share

(vi) Interest coverage ratio

(2) Identify the following by comparing the ratios calculated in (1) above with the given ratios of Bimal PLC.

(i) The company that generates the higher return on sales

(ii) The company with the higher level of gearing

(iii) The company that distributes the higher amount of the profit to the ordinary shareholders

***(15 marks)***

***(Total 40 marks)***

**6. (a)** The summarized cash account of Nimali PLC for the year ending 31.03.2023 is given below.

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

| Debit | | Credit | |
|---|---|---|---|
| Balance as at 01.04.2022 | 650 | Purchases | 2 500 |
| Sales | 3 500 | Trade creditors | 5 000 |
| Trade debtors | 4 750 | Operating expenses | 1 600 |
| Bank loan | 8 500 | Bank loan (loan repayment and interest) | 3 450 |
| Issue of shares | 4 000 | Office equipment | 13 500 |
| Disposal of a motor vehicle | 5 800 | Income tax | 900 |
| | | Balance as at 31.03.2023 | 250 |
| | 27 200 | | 27 200 |

**Additional information:**

(i) Profit after tax for the year ending 31.03.2023 was Rs. 4 550 000.

(ii) Credit sales for the year ending 31.03.2023 were equal to two times of the cash sales.

(iii) Credit purchases for the year ending 31.03.2023 were Rs. 3 000 000.

(iv) The carrying amount of the motor vehicle disposed was Rs. 3 500 000.



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(v) The summarised Statements of Financial Position of the company as at 31.03.2023 and 31.03.2022 are as follows.

| | As at 31.03.2023 (Rs.'000) | As at 31.03.2022 (Rs.'000) |
|---|---|---|
| Property, plant and equipment - Carrying amount ... | 25 950 | 16 750 |
| Inventory ..... | 2 500 | 1 200 |
| Trade receivables ..... | ? | 1 650 |
| Cash and cash equivalents ..... | 250 | 650 |
| Trade payables ..... | 3 000 | ? |
| Accrued bank loan interest..... | 200 | 150 |
| Income tax payable ..... | 600 | 350 |
| Bank loan ..... | 15 500 | 10 000 |
| Total equity ..... | 13 300 | 4 750 |

**Required:**

Statement of Cash Flows of Nimali PLC for the year ending 31.03.2023 as per 'LKAS 7 - Cash Flow Statement' (*Use **indirect method** to show the cash flows resulting from the operating activities.*)

***(20 marks)***

**(b)** A travel agency located in Colombo organizes three-day trips to visit the historical places in Jaffna. The maximum number of tourists accommodated per trip is 10. The travel agency charges a fee from the tourists based on the total cost of each trip. The travel agency has estimated the following costs for the services provided for a trip.

| Cost item | Fee |
|---|---|
| • Train ticket fee from Colombo to Jaffna and return back to Colombo | Rs. 7 000 per person |
| • Accommodation cost for the entire trip | Rs. 30 000 per person |
| • Van hiring cost to visit historical places | Rs. 55 000 |
| • Entrance fees to historical places | Rs. 5 000 per person |
| • Meal expenses for the entire trip | Rs. 10 000 per person |
| • Tour guide's fee for the entire trip | Rs. 10 000 |
| • A boat hiring charges to visit islands around Jaffna | Rs. 15 000 |
| • Sundry expenses | Rs. 3 000 per person |

The passenger seating capacity of the van and the boat is 10 each.

**Required:**

(1) Total fixed cost per trip

(2) Variable cost per person

(3) The number of tourists required for a trip to cover the total cost if Rs. 71 000 is charged per person by the travel agency

(4) If **four** persons join the trip:

  (i) Fee to be charged per person by the travel agency to cover the total cost of the trip

  (ii) Contribution per person

  (iii) Fee to be charged per person if the travel agency expects a profit of Rs. 20 000 from the trip

***(20 marks)***

***(Total 40 marks)***