

## A/L Accounting Model paper II

01. Write **four** steps of the **Five step Model** for the recognition of an income , accordingly the Accounting Standard of Revenue Recognition (SLFRS 15)

- i. ....
- ii.....
- iii.....
- iv....

02. Following information were extracted from the partnership of Thisal, Shehan and Iran sharing profits/losses to the ratio of 3:2:1 . Iran retired on 31.03.2020.and after the retirement;

*Capital accounts(31.03.2020)	Rs.
- Thisal.....	600000
- Shehan.....	300000
* Current accounts (31.03.2020):-	
-Thisal.....	(50000)
-Shehan.....	100000

Following information also should be considered.

- \* Profit for the year ended 31.03.2020.....120000
- \* Goodwill share of Iran.....100000
- \* Transferred amount from the Current account to the Capital account of Iran.....100000
- \* Part payment maid to Iran to settle the equity.....150000
- \* Drawings maid within the year by;
  - Thisal.....10000
  - Shehan.....;100000

Thisal and Shehan have agreed to share profits/losses to the ratio of 3:2 respectively. Accordingly these information;

- (a)What is the total equity as at 01.04.2019?.....
- (b)What is the amount transferred to the loan account?.....

03. Profits recorded by Altra plc, by installation a plant, for last three years were as follows.

	Rs.000
-For the year ended by 31.03.2019.....	800
-For the year ended by 31.03.2020.....	1000
-For the year ended by 31.03.2021.....	600

The initial investment done on 01.04.2019 was Rs.9600000.

What is the Accounting Rate of Return (ARR), of this investment?

.....

- Use the following information to select the correct answer for question No: **4,5** and **6**.

Walawe plc acquired a motor van with the right to use for 5 years, since 01.04.2019 on the lease basis. The fair value of this vehicle was Rs.2800000 and the annual instalment is Rs.600000 whilst the initial payment made was Rs.200000, at the time of acquisition. Residual value of this vehicle is estimated as Rs.500000, as at the end of the effective life time of 10 years.

Interests relevant for the first two years are as follows.

	Rs.
-1 <sup>st</sup> Year.....	280000
-2 <sup>nd</sup> Year.....	248000

04. **Value of the Right to Use of the leased asset and Lease creditor's account balance**

as at 31.03.2020. are respectively;

1. Rs.3000000 and Rs.2480000
2. Rs.2800000 and Rs.2480000
3. Rs.2800000 and Rs.2200000
4. Rs.3000000 and Rs.2200000
5. Rs.3000000 and Rs.3080000 (.....)

05. Current liability and Non Current liability as on 31.03.2020. are respectively;

1. Rs.600000 and Rs.3080000
2. Rs.600000 and Rs.2480000
3. Rs.1880000 and Rs.600000
4. Rs.600000 and Rs.1880000
5. Rs.2480000 and Rs.600000 (.....)

06. Carrying value that should be shown in the financial statements of the company, regarding this motor van, as on 31.03.2020. is;

1. Rs.2460000    2. Rs.2400000    3. Rs.2200000    4. Rs.2750000    5. Rs.2170000  
 (.....)

07. A certain business wishes to purchase a photocopy machine and considering over two machines manufactured by two companies called "A" and "B". The estimated cash flows are as follows.

	Rs.000	
	"A" Company Machine	"B" Company Machine
-Initial Investment.....	1500.....	2000
-Net Cash flows:-		
*Year 1.....	200.....	200
*Year 2.....	300.....	400
*Year 3.....	700.....	700
*Year 4.....	300.....	600
*Year 5.....	500.....	200

(a) With which company should this business place an order, accordingly Pay Back Period (PBP) ?.....

(b) What is the **key limitation** of that decision, relatively to NPV method?  
 .....

08. A company has debited the EPF expenditure which is relevant for the period Rs.75000 ,to both of the relevant accounts. Write the journal entry to rectify this accounting error.

.....  
 .....

09. What is meant by “Contingency Liabilities” as per LKAS 37 ?

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10. Put a “✓” in the appropriate cage.

Item/Transaction	A change in equity	A change in total comprehensive income.	A change in Financial position.
(i.) Purchasing a land at Rs.500000	.....	.....	.....
(ii.) Transfer of Rs.100000 to the general reserve.	.....	.....	.....
(iii) Adjusting accrued Administrative expenses, Rs.50000	.....	.....	.....
(iv) Payment of Income Tax, Rs.200000	.....	.....	.....

11. Following information were extracted from Amal traders.

	Rs.
- Bank balance <b>as per bank statement</b> , as on 31.03.2020.....	(240000)
- Cheques issued in March.....	100000
- Cheques presented to the bank within March.....	70000
- Cheques deposited in March.....	120000
- Cheques realized within March.....	80000
- Balance <b>as per Cash ctrl: account</b> , as at 31.03.2020 (Before the adjustments)....	220000
- Direct remittances.....	50000

Accordingly these information;

(a)What is the total credits made to the adjusted cash control account. In March?  
.....

(b)What is the adjusted bank balance that should shown in the Statement of Financial Position as on 31.03.2020.?.....  
.....

12.The closing stock of Amila plc as on 31.03.2020. was Rs.850000 at cost. This stock was realized at Rs.800000 on 01.05.2020. and the Net Realizable Value of this stock had been estimated as Rs.750000 .

(Directors approved the financial statement on 30.06.2020 and the reporting date is 31.03.2020)

(a)What is the value of the inventory that should be shown in the Statement of Financial Position as at 31.03.2020.?.....

(b)What is the net increase /decrease of the other expenses of the company for the year ended 31.03.2020?.....

13.Following information were extracted from Anton plc.

**Rs.000**

\*Lands(31.03.2020).....1200

\*Buildings (Cost as at 31.03.2020).....1000

\*Provision for Building depreciation (31.03.2020).....200

Lands have been revalued on 01.04.2018. generating a gain of Rs.200000 whereas buildings have been revalued making a loss of Rs.100000 on that day.

**Following transactions occurred on 31.03.2020.**

- Revaluation of lands at Rs.1500000

- Revaluation of buildings at Rs.900000

(a) What is the net increase/decrease of the other comprehensive income in the year ended 31.03.2020., due to the above transactions?.....

(b) What is the net impact on Retained Earnings, made by the above transactions?.....  
.....

(c) What is the net increase/decrease of the Total Comprehensive Income, due to the above transactions?.....

14.Suranga”s business has presented following balances as on 31.03.2020.

	<b>Rs.</b>
- Bad debts.....	15000
- Debtors.....	155000

A debtor of Rs.10000 has formally informed his solvency to the business and a debtor’s balance of Rs.5000 that was written off on 31.03.2018., has been received by the business, within the year ended 31.03.2020.

(a) What is the net increase/decrease of Selling and distributional expenses in the year ended 31.03.2020, due to the above transactions? .....

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(b) What is the **carrying value** of the debtors balance, as on 31.03.2020?.....

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15.State the Base Assumption for the preparation of the Financial Statements?

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