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දෙවන වාර ඇගයීම - 2025 Second Term Evaluation - 2025 இரண்டாம் துவணைப் பரீட்சை - 2025		
ශ්‍රේණිය Grade	විෂයය Subject	කාලය Time
13	Accounting I	2 hrs.

Instructions: -

Name/Index No:.....

- Select the relevant number of the most suitable answer for each question from 1 to 30 and write it on the dotted line given for each question.
- Write the short answers for the questions from 31 to 50 , on the dotted lines.
- Each carries **four** marks.
- State your name or Index number on the cage given above.

For examiner's use only.

For Paper I

Question No:	Marks
1 - 30	
31 - 50	
Total	

1. To provide information related to an accounting period regarding the financial performance, financial position and changes in financial position of an accounting entity is,
 - (1) the objective of financial accounting.
 - (2) the objective of general-purpose financial reporting.
 - (3) the objective of management accounting.
 - (4) the objective of preparing financial statements.
 - (5) the objective of conceptual framework of financial reporting. (.....)
 - **Use the following information to answer the questions no. 2 and 3**
 Anuja company, which is registered for value added tax (VAT) and the prevailing tax rate is 18%.
 The transactions carried out by Anuja Company with Kavisha Company are as follows,
01/01/2025 – Purchased a stock with a list price of Rs.274 000 at a trade discount of Rs.24 000 on credit. (Adjust VAT)
04/01/2025 - A stock costing Rs.59 000 with VAT was returned to Kavisha Company.
20/01/2025 – Issued a cheque to settle 50% of the total amount payable to Kaveesha Company subject to a cash discount of Rs.8 000.
2. What is the correct statement in relation to Anuja Company with the consideration of all the transactions given above?
 - (1) The total debt payable to Kaveesha company as at 1/31 is Rs.236 000.
 - (2) The credit balance of the value added tax (VAT) control A/C after recording above transactions to the ledger of Anuja company is Rs.36 000.
 - (3) The cash balance decrease by Rs.118 000.
 - (4) The net increase of assets of the business due to above transactions is Rs.126 000
 - (5) There is no change in the equity of the business due to above transactions. (.....)
 - (6)

3. What is the order of the source documents used to record each transaction above in Kaveesha company if the cheque issued by Anuja company on 20/01 gets dishonoured?
- (1) Invoice, debit note, payment voucher, journal voucher
 - (2) Invoice, credit note, receipt, journal voucher
 - (3) Invoice, credit note, payment voucher, journal voucher
 - (4) Invoice, debit note, receipt, journal voucher
 - (5) Invoice, credit note, payment voucher, payment voucher (.....)

4. The following information is provided for the month of January 2025 of Isuri's business.

	Rs.'000
1/1 net assets	260
1/31 total liabilities	1000
1/22 additional capital introduced	80
1/26 goods drawings	150

- During the month, the business has earned a net profit of Rs.300 000
- As at 1/31 total liabilities decreased by Rs.360 000 than total assets
- On 1/30 Isuri used cash of the business to settle the total amount of her personal bank loan.

The cash drawing of Isuri is,

- (1) Rs.280 000 (2) Rs.160 000 (3) Rs.130 000 (4) Rs.480 000 (5) Rs.230 000 (.....)

5. The correct statement/s is/are in relation to the accounting process of a business,

A – Transactions and events are considered as inputs of the accounting process

B – All business transactions are posted to the ledger after recording to the general journal

C – It is necessary to keep an entry in the general journal when posting the entries in the prime entry books to the general ledger

D – Trial balance is an output of the accounting process

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

6. Following are some balances extracted from a ledger of a business.

A – Received sales advance Rs.25 000.

B - Building accumulated depreciation Rs.320 000.

C – Paid Salary advance Rs.60 000.

D - Value added tax Rs 32 000 (Cr.)

E - Retained earnings Rs.255 000.

The answer with the correct categorization of above balances is,

	Assets	Liabilities	Equity
1.	B,C	A,D	E
2.	A,B	C,D	E
3.	B,C,E	A,D	-
4.	B,C	A,D,E	-
5.	A,B,C	D	E

(.....)

7. The monthly petty cash imprest of a business is Rs.10 000. The imprest system was introduced on 01/01/2025 and on 31st January Rs.6 500 was reimbursed. The amount reimbursed on 28th February is Rupees 9 500. It was decided to increase the imprest by Rs.2 500 with effect from the month of March. The total petty cash expenses related to the month January and February are,

(1) Rs.16 000 (2) Rs.6 500 (3) Rs.15 000 (4) Rs.12 500 (5) Rs.13 500 (.....)

• **Use the following information to answer questions no 08 and 09.**

The balance of the cash control account has at 30/06/2025 of Kenula's business did not agree with the balance of the bank statement received on 05/07/2025. Following reasons were revealed later.

- Cheque issued but not presented Rs.108 000.
- Cheque deposited but not realized Rs 25 000.
- Items recorded in the bank statement, but not in the cash control account.

Direct debtor remittance Rs.22 000.

Paid leasing installment on standing order Rs 48 000.

Deposited but dishonored cheque Rs 10 000.

Bank charges Rs.2 000.

The credit balance as per the bank statement as at 30th June 2025 was Rs.65 000.

8. The balance of the adjusted cash control account as at 30th June 2025 is,

(1) Rs.20 000 (Dr.) (2) Rs.18 000 (Cr.) (3) Rs.148 000 (Cr.)
(4) Rs.20 000 (Cr.) (5) Rs.40 000 (Dr.) (.....)

9. The balance prevailed in the cash control account prepared by the business as at 30th June 2025.

(1) Rs.56 000 (Dr.) (2) Rs.56 000 (Cr.) (3) Rs.20 000 (Dr.)
(4) Rs.36 000 (Dr.) (5) Rs.11 000 (Cr.) (.....)

10. The credit balance of the trade payable control account of Rashmi's business as at 31st July 2025 Rs.186 000. The total of the trade payable list of balances on that day, did not agree and the following reasons were revealed later.

- Rs.6 000 interest charged for trade payables was not recorded in the control account.
- In the month of June, the total of the purchase journal was understated by Rs.24 000.
- A credit balance of Rs.26 000 was not taken to the list of balances.
- The total of the discount received column Rs.15 000 in the Cash Payment journal was recorded in the incorrect side of the control account.
- No entry has been made in relation to setting off creditor's balance of Rs.12,000 to a trade receivable balance.

The balance of the adjusted trade payable control account as at 31/07/2025 and the total of the list of balances prevailed on that day was,

balance of the adjusted control a/c		total of the list of balances	
	Rs.'000		Rs.'000
(1)	189		175
(2)	174		212
(3)	189		212
(4)	174		136
(5)	174		160
			(.....)

11. The drafted profit of Nihan's business for the month ending 31/03/2025 Rs.284 000. The profit was drafted without considering the disagreement of the trial balance prepared on that date, following errors were revealed later.

- The total of the sales journal for the month of March Rs.236 000 was posted to the sales account as Rs. 263 000.
- The cash discount allowed to the debtor Archana when receiving cash Rs.3 500 was recorded in the cash receipt journal but not in the discount allowed column.
- The receivable investment income related to the month of March Rs.12 500 was only recorded in the receivable investment income account, without no further entries made.
- When balancing the purchase account, the debit side was over casted by Rs.7 000.
- The total of the debit side in the trial balance prepared as at 31/03/2025 was Rs.837 500.

According to the above details, the correct net profit for the month of March 2025 and the total of the credit balances in the trial balance as at 31st March 2025 was.

	Adjusted profit Rs.ʹ	Total of the credit balances Rs.ʹ	
(1)	283 000	826 000	
(2)	295 000	830 000	
(3)	273 000	845 000	
(4)	273 000	830 000	
(5)	295 000	845 000	(.....)

- **Use the following information to answer the questions no.12 and 13.**

Following details are related to Manufacturing business for the year ending 31st March 2025.

	Rs.ʹ000
Decrease of raw material stock during the year	20
Decrease of work in progress during the year	180
Cost of Raw material consumed	2 120
Direct labour cost	1 450
Direct other cost	250
Production overhead cost	?
Carriage inward of raw material	100

The number of units produced during the year 80,000.

The selling price of a unit is Rs.96. And the price is determined with a profit margin of 20% on cost.

Closing work in progress is valued on total production cost.

12. For the year ending 31/03/2025 raw material purchased and prime cost are,

	Raw material purchased Rs.ʹ000	Prime cost Rs.ʹ000	
(1)	2 000	3 840	
(2)	2 100	3 900	
(3)	2 000	3 800	
(4)	2 000	3 820	
(5)	2 100	3 820	(.....)

13. For the year ending 31/03/2025 total cost of production and the production overhead cost are,

	Total cost of production Rs.'000	Production overhead cost Rs.'000	
(1)	6 516	2 516	
(2)	6 400	2 400	
(3)	6 400	2 516	
(4)	6 580	2 400	
(5)	6 580	2 760	(.....)

14. The number of members in the Suhada welfare society as at 01/04/2025 were 85 and the monthly subscription fee Rs.150. 15 members as that date and 5 new members obtained the lifetime membership from 01/10/2024 by paying Rs.20 000 each. The policy of the society, as agreed, is to recognize life membership fees as income over 10 years, starting from 01/10/2024, on equal annual basis. The total subscription fee income to be recognized in the income statement for the year ending 31/03/2025 is.

- (1) Rs.159 500 (2) Rs.139 500 (3) Rs.179 500 (4) Rs.166 000 (5) Rs.146 000 (.....)

15. Regarding the accounting for partnership, the correct statement among the following is.

- (1) The variable equity of partners is represented by the Partners Capital account.
 (2) When a new partner is admitted, if goodwill is adjusted through the capital account, the total equity of the business increases.
 (3) The annual interest paid for the loans provided by partners in addition to the capital is always 5%.
 (4) It is not required to follow the accounting standards when preparing financial statements of a partnership.
 (5) The balance of loan account provided by a partner to the business, does not belong to the partnership's equity. (.....)

• Use the following information to answer questions no.16 and 17

Following is the summary of the current account carried out by Asitha, Nishanka and Dhammika partnership business, sharing profits or loss in the ratio of 5:3:2 respectively.(Rs.'000)

	Asitha	Nishanka	Dhammika
01/04/2024 balance	280	320	400
Loan interest (annually 10%)	300	-	-
Interest on capital (annually 10%)	600	400	300
Partners salary	240	240	240
Share of profit	500	300	200
Drawings	(120)	(160)	(140)
31/03/2025 balance	1800	1100	1000

- On 31st March 2025, Asitha decided to retire from the partnership and Nissanka and Dhammika decided to commence the business with a profit or loss sharing ratio of 2:1 respectively.
 ➤ The goodwill of the business should be adjusted through the capital account on that date of Asitha's retirement, and the part of the goodwill obtained by Asita was Rs.750 000.
 ➤ Rs.1750 000 paid in cash to settle Asita's total equity on 31/03 and it was decided to transfer the balance to his existing loan account.

16. Net profit earned by the business for the year ending 31/03/2025 and the balance of Nissanka's capital account after all adjustments.

	Net profit (Rs.'000)	Balance of Nissanka's capital A/C (Rs.'000)	
(1)	3 020	6 750	
(2)	3 440	3 400	
(3)	3 020	2 800	
(4)	3 440	2 800	
(5)	3 020	3 450	(.....)

17. The balance of Asitha's loan account after all adjustments as at 01/04/2025. (Rs.'000)

(1) 11 800	(2) 9 800	(3) 9 425	(4) 6 800	(5) 8 000	(.....)
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18. What is the **incorrect** statement according to LKAS 02 (Inventories)

- (1) Inventory is measured at the lower of cost or net realizable value.
- (2) Storage cost and selling expenses are two items, not included in the cost of inventory.
- (3) The net realizable value of an inventory is the value after deducting the expected cost of completion and selling expenses from the expected selling price.
- (4) To calculate inventory at the lower of cost or net realizable value, the item-by-item method or the grouping method can be used.
- (5) Inventory can be recognized as an expense only when it contributes to revenue generation. (.....)

• Use the following information to answer questions no.19 and 20

Following information provided for Miranga PLC for the year ending 31/03/2025.

	Rs.'000
Sales	12 000
Gross profit	8 400
Distribution expenses	800
Administration expenses	1 200
Finance expenses	400
Building revaluation deficit	2 600
Motor vehicle revaluation surplus	3 600
Cash received from machinery sold	3 600

- The surplus related to the first-time revaluation of building on 01/04/2023 Rs.1 800 000.
- The carrying amount of the machine sold during the year, as at the date of sale is Rs.2 000 000.
- Motor vehicles were revalued for the first time on 01/01/2025

19. The total income and total expenses of the company for the year ending 31/03/2025 are,

	Total income (Rs.'000)	Total expense (Rs.'000)	
(1)	15 600	6 000	
(2)	13 600	8 600	
(3)	17 200	6 000	
(4)	15 600	6 800	
(5)	17 200	8 600	(.....)

20. Profit for the period and other comprehensive income for the year ending 31st March 2025 are,

	Profit for the period (Rs.'000)	Other comprehensive income (Rs.'000)	
(1)	6 800	1 800	
(2)	6 200	1 800	
(3)	9 400	3 600	
(4)	6 800	(1 800)	
(5)	6 200	3 600	(.....)

21. Following the cost items related to import of a manufacturing machine of Hasantha PLC, on 01/04/2024.

	Rs.'000
Custom duties	240
Shipping cost	120
VAT	288

- The purchase price of the machine after deducting trade discount 20%, Rs.1 600 000.
Transport cost from the port to the business premises Rs.14 000.
- Hasantha PLC is a VAT registered business and following expenses have incurred before using the machine.

	Rs.'000
Site preparation	126
To train the workers	30
Installation	128
Technical cost incurred to rectify errors that occurred during the installation	33
Material cost of initial test run	114
Professional fees of initial test run	172
Annual insurance charges of the machine	66
Sales income from manufactured goods in the test run	105

The machine was ready to use by June 30th 2024 and the function was held at a cost at Rs.35 000 to celebrate its handover to the workers and commencement of use.

Annual machinery depreciation rate is 10%.

According to LKAS 16 (Property Plant Equipment) the cost of the machine at recognition and the depreciation of the machine for the year ending 31/03/2025,

	Cost at recognition (Rs.'000)	Depreciation (Rs.'000)	
(1)	2720	204	
(2)	2400	180	
(3)	2450	206.25	
(4)	2400	60	
(5)	2400	160	(.....)

22. LKAS – 08 (Accounting policies, changes in accounting estimates and errors), according to this standard, changes in accounting estimates should be adjusted,

- (1) On the base of retrospective application.
- (2) As a rectification of accounting error.

- (3) To affect the financial statements of past periods.
 (4) If the change affects for the period in which the changes occurred, the adjustment is to be made to affect for the future period.
 (5) On the base of retrospective restatement. (.....)

23. The conditions relevant for the recognition of provisions in accordance with LKAS-37 (Provisions, Contingent liabilities and Contingent assets), out of the following statements are.

A - It has a legal or constructive obligation.

B - There should be a probable outflow of resources to settle the obligations.

C - The obligation which has uncertain time and the amount in relation to an asset or liability.

D - The amount of the obligation can be estimated reliably.

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

24. The operating activities of Dilmith Ltd. was commenced on 01/04/2024. You are provided following information in relation to the first operating year of the Company.

	Rs.000
Profit for the period	1160
Income tax expense	340
Current assets as at 31/03/2025 (without cash and cash equivalent)	200
Total current liabilities as at 31/03/2025	350
Cash received for the sale of investment	360

- Accrued loan interest included in current liabilities and provision for income tax as at 31/03/2025 are Rs.60 000 and Rs.140 000 respectively.
 - Cash paid for interest during the year Rs.90 000.
 - On 01/06/2024, the investment acquired for Rs.280 000 had been sold during the year.
- According to LKAS 7 (Statement of Cash flows), the net cash flows generated from operating activities for the year ending 31/03/ 2025 of the company,

- (1) Rs 1 380 000 (2) Rs.1 590 000 (3) Rs.1 080 000. (4) Rs.1 230 000 (5) Rs.1 310 000 (.....)

25. Following are some accounts balances of Sampath Ltd. as at 31/03/2024.

	(Rs.000)
Stated Capital (ordinary shares 150 000)	15 000
Revaluation reserves	3 500
Retained earnings	4 300

Capitalization of retained earnings by issuing one share for every five ordinary shares held on 01/10/2024 at a price of Rs.125 per share.

A right issue of one share for every six ordinary shares for the consideration Rs.120 held on 31/03/2025. The shareholders consider all the right were exercised and money had duly paid to the company.

The profit for the period was Rs.2 850 000 and dividend were paid amounting to Rs.550 000 during the year for ordinary shareholders.

The total equity of the company as at 31/03/2025 is, (Rs.'000)

(1) 25 200 (2) 26,400 (3) 28 700 (4) 25 850 (5) 28 100 (.....)

26. The following information relates to Imasha Ltd.

	Rs.'000
Sales	400 000
Profit Before Tax	30 000
Income Tax for the year	6 000
Average stock	40 000
Stated Capital	305 000
Reserves	95 000
10% Bank loan	300 000

- The company sells goods, adding 20% profit margin on sales.

Return on equity ratio and inventory turnover ratio of the company are,

	Return on equity %	Inventory turnover ratio	
(1)	17.5	12	
(2)	6	10	
(3)	6	8	
(4)	4.5	8	
(5)	4.5	7.5	(.....)

27. The following information has been provided in relation to a raw material item used by Mihiri product.

Annual demand 12,800 units.

Cost of an order Rs.4 000.

Cost of a raw material unit Rs 3 200.

Annual inventory holding (Co) 20% of cost of a raw material unit.

Economic order quantity (EOQ) and number of optimal orders placed for a year for the material respectively are,

(1) 800 units 16 times (2) 400 units 32 times (3) 640 units 20 times (4) 320 units 40 times
(5) 200 units 64 times (.....)

28. Which of the following statement/s is/are correct in relation to the process of material control of a firm.

A – The re – order level of a stock item is always above than the minimum stock level.

B - When it increases the number of ordering units, the totally ordering cost decreases.

C - When materials are purchased on economic order quantity, it minimizes the total cost in relation to inventories.

D - The source document that relevant for recording material issuing of stores is goods receiving note.

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

29. The summary of the payroll sheet of a manufacturing firm for the month of March 2025 is as follows.

	Rs.'000
Basic salary	2 500
Overtime	720

EPF Contribution - Employee	250
Employer	375
ETF contribution	75
Other deductions	
Salary advance	210
Housing loan instalment	190
Trade union contribution	20

The total salary expense of the firm and net salary payment for employees for the month of March 2025,

	Total salary expense (Rs.'000)	Net salary (Rs.'000)	
(1)	3 220	2 550	
(2)	3 920	3 500	
(3)	2 950	2 550	
(4)	3 670	2 830	
(5)	3 670	2 550	(.....)

30. Amali Manufacturing enterprise produces one type of item and it maintains two production departments. Following are the information in relation to these two departments.

	Assembling department	Finishing department
Production overhead cost (Rs.'000)	2 000	1 500
Machine hours	100 000	-
Labour hours	-	300 000

- In order to produce 1 unit, it requires 2 machine hours in assembling department and four labour hours in finishing department.

In addition to this, two direct material units required to produce 1 unit and the cost of a raw material unit is Rs.25 and it requires 4 direct labour hours and the payment for a labour hour is Rs.50.

Cost of a unit of a production is,

(1) Rs.350 (2) Rs.310 (3) Rs.290 (4) Rs.270 (5) Rs.285 (.....)

Write short answers for questions No.31 – 50 on dotted lines.

31. Following information relates to a stock item in a manufacturing business.

Lead time minimum 4
 maximum 6

Monthly average consumption 3 500 units

Monthly minimum consumption 2 000 units

Maximum stock level 42 000 units.

- What is the reorder level (units) of this stock item? -----
- What is the economic order quantity (units) of this stock item? -----

32. The following transactions took place during the month of July 2025 in Vidushi's Business.

- Paid the insurance charges related to month of June in cash Rs 50 000
- Acquired a new machine Rs.300,000 on July 1st by paying Rs.180 000 and balance to be paid on 31st of December.
- Machines are depreciated at a rate of 10% annually.

The net effect of the above transaction to the accounting equation in July.

Assets = Equity + Liabilities

33. Fill in the blanks using the appropriate words.

- (1) ----- concept says ----- should be recognized when the economic benefits and risks of goods are transferred to the customer.
- (2) According to the ----- concept, all the matters that can impact economic decisions of the interested parties should be disclosed in the financial statements.
- (3) The transactions of a business should be recognized in accordance with their economic reality rather than legal form, ----- concept states.

34. State whether the following statements, according to the conceptual framework of financial reporting (2018) are True (T) or False (F).

True (T) / False (F)

A - The process of including various elements into the financial statement is called measurement of elements. -----

B - Income and expense items, directly relates to the measurement of financial performance of an entity. -----

C - The historical cost measurement basis includes, current value, fair value and value in use. -----

D - The financial statements are prepared on the assumption of going concern basis. -----

35. Name the relevant component of financial statements for each item given below.

Components of financial statements

Repayment of bank loan -----

Capitalization of reserves -----

Annual rental income -----

Carrying value of property, plant equipment -----

36. The trial balance as at 31st March 2025 of a sole trade business did not agree and the following reasons were revealed later.

- The total of the purchased journal for the month of March, Rs.490 000 was recorded to the trade payable control account correctly, but it was recorded in the purchase account as Rs.449 000.
- The total of the discount column in the cash payment journal was Rs.71 000 and it was recorded into the general ledger as Rs.7 100.

Write the relevant journal entries to rectify the above errors. (Narrations are not required)

a.

Error	Description	Dr.	Cr.
01.			
02.			

b. The net impact to the net profit after rectifying the above errors,

37. The following information is provided in relation to each group of items in the inventory of a trading business as at 31st March 2025.

Group	Item	Balance (units)	Cost of the inventory (Rs.)	Net realizable value of the inventory (Rs.)
A	1	800	32 000	30 000
	2	250	25 000	28 000
B	1	300	15 000	12 000
	2	250	40 000	33 000
C	1	100	25 000	30 000
	2	300	93 000	75 000

The business uses the grouping method to decide the net realizable value of the inventory.

a. What is the value of the stock to be mentioned in the income statement for the year ending 31/03/2025?

b. Write the double entry related to the, write off of the cost of the stock as at 31/03/2025 up to the net realizable value.

38. Dulika was admitted as a new partner to the partnership business carried out by Thushara and Nadima to the profit or loss sharing ratio of 3:2 respectively. The new profit or loss sharing ratio between Thushara, Nadima and Dulika, 2:2:1 respectively. On the day Dulika was admitted, goodwill was estimated as Rs.3 500 000 and adjusted through the capital account. Following are the balances of the capital account after doing all the adjustments related to Dulika's admission.

	Rs.'000
Capital A/C – Thushara	5 200
Nadima	4 000
Dulika	2 500

As the capital and her part of goodwill Dulika invested Rs.1 500 000 in cash and a motor vehicle to the business.

a. What is the change in equity occurred of Tushara and Nadima as a result of the admission of the new partner?

Change in Thushara's equity (Rs.'000) -----

Change in Nadima's equity (Rs.'000) -----

b. What is the cost of the motor vehicle invested by Dulika? -----

39. State whether the following statements are True (T) or False (F) in accordance with the accounting of Partnership businesses.

True (T) / False (F)

A - All partnerships should act according to the section 24 of the partnership ordinance 1890.

B - According to the 1890 partnership ordinance, when the ownership of the partnership changes the goodwill should be always adjusted through the capital account.

C - When a partner retires from a partnership, if the goodwill is adjusted only through the capital accounts, there is no change in the total ownership of the partnership business. -----

D - A loan provided by a partner in addition to the capital, is not included in the equity and the loan interest paid is considered as an expense of the business. -----

40. Following information relates to Madhuranga PLC for the year 2024/2025.

	Rs.'000
Provision for income tax as at 01/04/2024	248
Provision for Income tax as at 31/03/2025	345
Paid income tax	883

- The paid income tax includes, the tax amount related to the last quarter for the year 2023/2024 and under provision of tax for the year 2023/2024 Rs.128 000.
 - a. What is the total income tax estimation for the year 2024/2025? -----
 - b. What is the amount of income tax paid in cash for the year 2023/2024? -----

41. Fill in the blanks according to the accounting ratio analysis,

A - A high interest coverage ratio indicates a ----- (greater/lower) ability to pay debts.

B - When the debt turnover ratio is ----- (high /low) the average debt collecting period increases.

C - The debt equity ratio indicates the ----- (profitability/financial stability) of an enterprise.

D - A business with a low stock retention period has a -----(high/low) inventory turnover ratio.

42. State the Sri Lanka Accounting Standard / Sri Lanka Financial Reporting Standard related to each situation given below.

A - Proposed dividend is not adjusted as a liability in the financial statements relevant to an accounting period. -

B - In a lawsuit filed by an external party claiming compensation against a business, without any evidence related to the verdict, no liability can be identified. -----

43. Sathya Limited Company obtained the right of use, of a machine under a lease agreement by paying an initial payment Rs.1 000 000 to the leasing company, on 01/04/2024, the annual instalment to be paid starting from 31/03/2025 Rs.800 000.

- The ownership of the machine transfers to the leasing company at the end of the lease period and the useful life of it is six years.
 - The lease liability recognized in the initial measurement on 01/04/2024 Rs.2 060 000 and the first installment has been paid duly on 31/03/2025.
 - The value of the lease liability as at 31/03/2025, Rs.1 672 000.
- Values to be recognized in the profit or loss statement for the year ending 31/03/2025,
- i. Depreciation of right of use asset -----
 - ii. Lease interest. -----

44. State whether the following statements are True (T) or False (F) in accordance with SLFRS -15 (Revenue from Contracts with Customers)

True (T) / False (F)

A - Revenue should be recognized only if there is a valid contract between the two parties.

B – If the performance obligations included in a contract are interrelated to each other, each performance obligation should be identified separately.

C - When allocating the transaction price to performance obligations, the relative standalone selling price of the performance obligations should be used as the basis.

D - Even if the physical possession of an asset has been transferred to the customer by the business entity, it cannot be concluded that control has been transferred.

45. Following transactions have been taken place in Sarasi PLC for the year ending 31/03/2025.

Rs.'000

Right issue 3 200

Paid interim dividend 386

Land revaluation surplus 1 000

Capitalization of Reserves 1 240

- Land has been revalued for the first time during the year.
- The total equity of the company, is as follows.

Rs.'000

As at 01/04/2024 6 220

As at 31/03/2025 12 034

What is the profit or loss of the company for the year ending 31/03/ 2025?

46. According to LKAS – 07 (statement of cash flows) standard indicate the classification of each of the following cash flows.

Operating/Investment/Finance

A - Interim dividend

B - Initial direct cost incurred for right of use assets

C – Payments to long term loan providers

C - Cash received from public share issue

47. Indunil Limited company has submitted a proposal to a customer for the supply and installation of a production machine and to provide monthly service for a period of one year and the customer has approved the proposal on 01/03/2025. The total consideration of the transaction is Rs.600 000, to be paid on 30/03/2025 by the customer. Following are the standalone selling prices related to each performance obligation according to the agreement.

Performance obligation	Relative standalone selling prices
Supply of production machine.	Rs.480 000
Installation	Rs.120 000
To provide 12 services	Rs.120 000

On 31/03/2025 Indunil PLC, completed the supply and installation of the machine.

The customer can obtain the machine even without the installation and services.

No discount for the supply of service.

a. How much is the consideration distributed among each performance obligations given below?

Supply of production machine Rs. ----- Installation Rs. -----

b. How much is the unearned revenue as at 31/03/2025? Rs. -----

48. Lahiru Production Enterprise pays to the two workers on the output basis. Following are the number of units produced by them on a day, within 8 hours.

Workers	units produced
S. Sunil	120
N. Nihal	96

The production target is 100 units in eight hours and the payment for each unit exceeding the target is Rs.60.

The payment for each excess unit is 150% of the average payment per unit.

What is the total cost of wages of the organization for both employees for that day? -----

49. Following are some information related to the production cost of Divithuru Production Company.

Overhead cost absorbed for the units produced Rs.45 000.

Overheads are absorbed on machine hours basis. The budgeted total machine hours were 1 200, while the actual total machine hours were 900.

To produce 1 unit three machine hours are required.

Given below are the unit direct costs.

Direct Material Rs.920 Direct labour Rs.580 Direct Other Rs.300

What is the cost of a unit produced by the company? -----

50. Nuwangi PLC entered into a lease agreement with Saranga PLC to obtain the right of use of a machine. Following are the conditions related to the agreement.

- Down Payment Rs.160 000 Annual installment Rs.120 000 Initial direct cost incurred Rs.43 200

Lease period is five years, and the useful life of the machine is 80 years. At the end of the lease period, ownership transferred to Nuwangi PLC.

The implicit interest rate in leasing 10% and the annual discounting factor as follows.

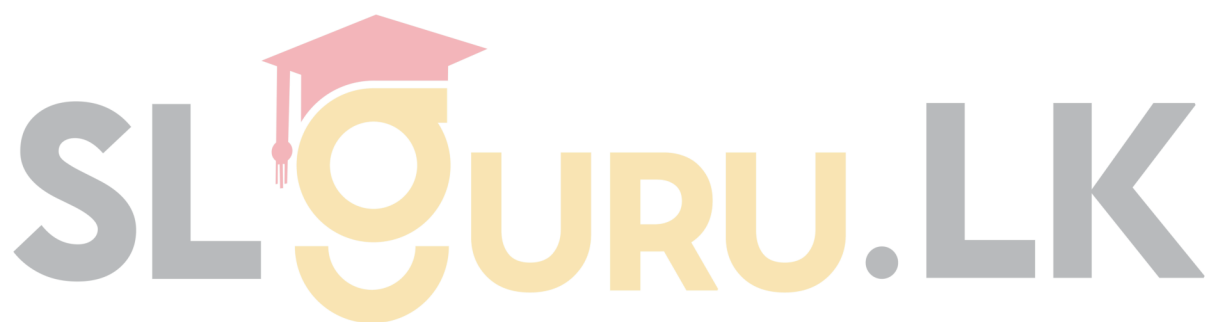
Year	1	2	3	4	5
Discounting Factor	0.91	0.83	0.75	0.68	0.62

The scrap value at the end of the useful life is Rs.58 000

a. What is the lease liability recognized initially? -----

b. What is the annual depreciation amount related to the right of use asset if straight line method is used?

“An investment in knowledge pays the best interest.” – Benjamin Franklin



Visit SLGURU.LK to download papers and notes.

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දෙවන වාර ඇගයීම - 2025 Second Term Evaluation - 2025 இரண்டாம் துவண்ப் பரீட்சை - 2025		
ශ්‍රේණිය Grade	Accounting part II	කාලය Time
13		3 Hours
නම පෙර Name		

Answer five questions only, including questions one and two

1) The trial balance of A J Public Company Limited as at 31 /3/ 2025 is given below ,

description	Debit Rs ,000	Credit Rs ,000
Carrying value of the property, plant and equipment	48,000	
Cost of sales, sales inventory,	40,000	60,000
trade receivables	3000	
trade payables	4200	
Building rent		2500
Warranty provision		600
provision for income tax		700
administrative expenses	3000	500
distribution expenses	2000	
financial expenses	500	
other expenses	1000	
A stated capital Ordinary share (per share value is Rs 30)		29500
general reserve		1000
retaining earnings		9950
revaluation reserve-land		1500
Income tax paid	1800	
cash	500	
Treasury bill	1200	
fixed deposit	800	

dividends	500	
allowance for impairment loss.		250
	106,500	106,500

Following adjustment should be done to prepare the financial statements for the year ending 31/3/ 2025.

1) Paid audit charges Rs 200,000 for the year ending 31st March 2025 has been included audit under administrative expenses. Annual audit charges is Rs. 300,000.

2) Following is the information on property, plant and equipment at 31st March 2025.

Assets	Cost Rs, 000	Carrying value Rs ,000	Residual value Rs .000	Useful life time
land	30,000	30,000	-	Unlimited
Building	15,000	9,000	1000	14 years
Moter vehicle	8,000	6,000	1000	07 years
machinery	5,000	3,000	1000	4 years
	58,000	48,000		

Following are the transactions on property, plant and equipment for the year ending 31/03/2025

The building was renovated by incurring Rs. 2,000,000 at 1/4/2024, but no entries were recorded in the books of accounts regarding this. Because of the renovation of the building, useful lifetime has been increased by 04 years and residual value has been increased by Rs 600,000. Depreciation was calculated by ignoring this transaction.

All the motor vehicles were purchased at 1/4/2022. At 31/3/ 2025, a motor vehicle of Rs 4,000,000 was sold for Rs 3,200,000. This transaction was recorded in the books correctly. But disposal profit or loss was recorded in the cash control account by a mistake.

Following property, plant and equipment were revalued at 01/04/2024.

Assets	Revaluation amount	Remaining useful life time	Residual value
Land	28000,000	Unlimited	no
Machinery	4500,000	03	no

Revaluation deficit on machine on 2023/24 is Rs. 300,000. But no any records were entered in the books. Company policy is to calculate the depreciation on straight line method.

03) The company sells goods with a one-year warranty. Warranty paid Rs 400,000 for the previous year has been included in the current year financial expenses. Rs.100,000 Warranty provision was made by the business for the year ending 31/03/2025

04) Company has given a building for monthly rent of Rs. 60,000 from 01/01/2024 onwards. From 01/01/2025, annual rental has been increased up to Rs. 960,000. But rental income has been recorded as rental expenses in the books.

05) Income tax paid includes Rs 400,000 paid for the previous year. The income tax liability for the last quarter of the current year was estimated as Rs 600,000. And it has to be adjusted in the financial statements.

06) The company entered into a lease agreement for 04 years at 01/04/2024 to obtain a machine. At 01/04/2024, an initial payment of Rs. 500,000 was done. It has been included in the stated capital account by a mistake. Business paid Rs.100 000 for machine transportation and it has been included under the marketing and distribution expenses by a mistake. Following are the lease interest for the four years.

	Rs ,000
2024/2025	480
2025/2026	390
2026/2027	290
2027/2028	160

Annual lease installment of Rs. 930,000 has been included under the other expenses. No other records have been kept other than the above-mentioned records. Its useful lifetime is 6 years and residual value is Rs 300,000. After the lease period, the right of the lease asset is transferred to the company.

07) A Court decision was received to write off Rs 400,000 from the trade receivables as impairment loss. 50% of these were made as an allowance for the last year. On the remaining balance of the debtors, allowance for impairment losses should be adjusted of 10%.

08) Following are the decisions taken by the Board of Directors at 31/03/2025.

- ❖ Rs 200,000 is to be transferred to the General Reserve.
- ❖ It is decided to capitalize retained earnings 100:1 of the ordinary shares available at 01/04/2024
- ❖ Final dividend of Rs. 2 each is to be proposed to the ordinary share available at 01/04/2024

Required;

1. Statement of profit or loss and other comprehensive income for the year ending 31/03/2025.
2. Statement of changes in equity for the year ending 31/03/2025
3. Statement of financial position as at 31/03/2025 (40 marks)

02)

(a) The following are the information regarding raw material stocks of Dhanawardhana Company for the month of May 2025.

Date	description	Quantity	Unit cost
1/5	balance	10,000	20
3/5	purchases	20,000	25
8/5	Issues	25,000	-
15/5	purchases	30,000	30
20/5	Issues	20,000	-
25/5	Issues	10,000	-

1. The stores Ledger according to the FIFO method.
2. Material cost calculation statement for the month of May 2025.
3. Calculate the followings under the WAC method.
 - i. Value of raw material purchases
 - ii. Value of raw material issues
 - iii. Value of raw material inventory at 31/5/2025 (10 marks)

(b) The following information is provided regarding the labour costs for the month of May 2025 of Dhanawardhana Company.

Names	Basic salary	Overtime payments		Employee loans	Insurance (Agrahara)
		week days	Weekends		
Amali	32,000	10	20	5000	4000
Thamali	48,000	12	10	10,000	1000
Samali	56,000	10	10		1000

The following additional information is provided.

- 1) An employee must work 160 hours during a month.
- 2) For each hour worked beyond normal working hours, wages are paid as follows.
 - ❖ Overtime hours on weekdays must be paid at 1 1/2 as the regular hourly rate.
 - ❖ Overtime worked on weekends is paid at double as regular rate.
- 3) The employee contribution to the Employees' Provident Fund is 10% and the employer contribution is 15 % and the employer contribution to the ETF is 4 %. Overtime payment is not considered in calculating the EPF and ETF.
- 4) Monthly salary is paid on the 15th of the next month.

Required;

- 1) Prepare the pay sheet for the month of May 2025.
- 2) Write the relevant journal entries to post them to the ledger. (10 marks)

(C) An electronic equipment manufacturing company produces two types of goods saying A and B. To produce these goods, two production cost centers are maintained as Assembly and finishing, and a service center. The budgeted production costs for the year 2026 are as follows.

Description	Assembly Rs.000	Finishing Rs.000	Stores Rs.000	Total Rs.000
Direct material	700	340	100	1140
Direct labour	300	200	60	560
Electricity				700
rent				1500
depreciation				1000
insurance				200
Machine cost Rs ,000	3000	2000		
number of employees	50	30	20	
Kilowatt	1500	1000	500	
Square feet	2000	2000	1000	
Machine hours	20,000	10,000		
Labour hours	30,000	40,000		
stores requisition note	1000	500		

The following additional information is provided.

- I. Electricity expense include an electricity bill of Rs. 100 related to the marketing department.
- II. Overhead costs in the assembly and finishing departments are calculated based on the machine-hour basis and a labour-hour basis.

III. The information related to goods A and B is shown below.

	A	B
Direct material,	2000	3000
Direct labour	1000	1800
Direct other	850	300
Actual machine hours	5	4
Budgeted machine hours	6	3
Actual labour hours	8	6
Budgeted machine hours	7	8
Profit on production cost	20%	Selling price 331/3

Required;

1. Overhead cost analysis sheet stating the basis
2. Overhead absorption ratios
3. Production cost of goods a and b.
4. Selling price of goods a and b.

(20 marks)

(total = 40 marks)

03) Assets and liabilities of Amali's business following are provided at 01/04/2024.

	Rs ,000
Property, plant and equipment.	6000
Provision for depreciation,	1000
inventory,	800
trade receivables.	1000
Allowance for Impairment losses.	100
Salary advances (other receivables)	200
Cash	1500
bank loan	2500
trade payables	1600
Retained earning	200
payable VAT.	300

This company is a VAT registered company. VAT rate is 18%.

Following accounting equation shows the transaction related for the month of March 2025.

	Assets					Liabilities			Equity	
	PPE	Stocks	Trade receivables	Other receivables	Cash	VAT	Trade payable	Bank loan	Capital	Retained Profit
Balance	5000	1800	900	200	1500	300	1600	2500	4800	200
1		1000			(1180)	(180)				
2		(2000)			2832	432				400
3			(800)		700					(100)
4				(200)	(300)					(500)
5					(1000)		(1300)			300
6		1500				(270)	1770			
7		(1000)	1416			216				200
8		(100)				18				(118)
9	(500)									(500)
10					800					800
11								(500)	600	(100)
12					(100)	(100)				
13			(416)				(416)			
14				100	(400)					(300)
Total	4500	1200	1100	100	2852	416	1654	2000	5400	282

The following additional information is provided.

- I. Every transaction affect retained earnings, except transaction number 8.
- II. The relevant cheques for transactions numbers 10 and 14 have not been presented to the bank.

- III. Allowance for impairment losses on trade receivable is 10%.
- IV. Following are the transactions which are entered only in the bank statement.
- ❖ Direct remittances Rs. 400,000,
 - ❖ Bank charges and cheque book charges Rs. 50,000.

Required;

1. Describe the above transactions with values.
2. Calculate profit or losses for the month.
3. Prepare the adjusted cash control account
4. Prepare bank reconciliation statement.
5. Preparing the statement of financial position as at 31/03/2025. (40 marks)

04) Kalahari Company is a VAT registered company and VAT rate is 18%

Following are the balances at 1st June 2025.

	Rs ,000
Trade receivable control,	500
Tradable control,	800
Cash control,	1000
Receivable VAT	200

Following transactions occurred during the month of June 2025.

- ❖ Cash purchases with VAT Rs 944,000.
- ❖ Cash sales without VAT Rs 1,200,000.

Following are the information of credit sales at 08/06/2025.

Debtors	Cost	Marked up price (rs.000)	Selling price (rs.000)
Jagath	1000	1500	1400 (exclusive vat)
Lasith	1200	1600	1770 (inclusive vat)

Following are the credit purchases at 10/06/2025.

Creditors	Marked up price (rs.000)	Purchase price (rs.000)
Saman	1000	900 (exclusive vat)
Kamal	1200	1298 (inclusive vat)

06/12

- ❖ Cash paid to saman Rs 90,000 and discount received 10%.
- ❖ Cash paid to Kamal 1000,000 to settle of Rs 1,100,000 .

6/14

- ❖ Cash received from Jagath 1,080,000. Discount given was 10%.
- ❖ Cash received from Lasith Rs 1350,000 for Rs 1500,000 receivables

6/20 return inwards

Debtors	Cost	Marked up price (Rs.000)	Selling price (Rs.000)
Jagath	180	250	200(exclusive VAT)
Lasith	100	220	236(inclusive VAT)

6/22 return outwards

Creditors	Marked up price (Rs.000)	Purchase value (Rs.000)
Saman	120	100 (exclusive VAT)
Kamal	200	177 (inclusive VAT)

6/23 - Insurance expenses was Rs 100,000 but cash paid Rs 200,000.

6/25 - Cash invested by Kalahari Rs 300,000 and received rental income Rs 150,000.

6/30 - paid VAT Rs 90,000.

Following are the causes for the difference of the debtor control account and the sub ledger on 31/06/2025.

- ❖ Interest charged on late receipt an interest charged on late payments Rs. 80,000 and Rs 70,000 respectively were not recorded in books.
- ❖ Contra entries of Rs 90,000 have not been entered in the general Ledger.
- ❖ Credit balance of a trade receivable Rs 60,000 has been entered in the sub ledger as a debit balance.
- ❖ debit balance of the trade payable Rs 20,000 has not been recorded in the sub ledger .

Prepare the following primary books

- Cash receipt journal
- Cash payment journal

- iii. Sales journal,
- iv. Purchase journal.

Prepare the following Ledger accounts.

1. Cash control account
2. VAT control account
3. Trade receivable control account before adjusting.
4. Creditor control account before adjusting.

After correction the above errors prepare;

1. Adjusted debtor control account
2. Adjusted trade payable control account
3. Debtors ledger listing
4. Creditors ledger listing

(40 marks)

05)

(a) Aruna, Varuna and Sarana are Partners engaged in a manufacturing business. The following information are included in the partnership agreement.

- ❖ Aruna, Varuna and Sarana share profit and losses in the ratio of 5:3:2 respectively.
- ❖ Partners are entitled to an annual interest of 10% on the adjusted capital balances.
- ❖ The salaries of the partners Aruna, Varna and Sarana are Rs. 250,000 and Rs. 150,000 and 100,000 respectively.

Sarana retired from the partnership on 1/4/2024 and goodwill was estimated as Rs 1,000,000. Rs 300,000 was paid in retirement and the amount paid was debited to the sales account. Varuna agreed to take Sarana's share of the profits and Rs 700,000 was paid to Varuna for it. This has not been recorded. It was decided to transfer the remaining balance to a loan account and to pay 50% of the loan amount on 01/10/2024. It was agreed to pay the remaining balance in two installments from 01/10/2026.

The new partners agreed to continue the other terms of the partnership agreement.

Before the retirement of Sarana the prepared trial balance as at 31/03/2025 is given below.

Description	Debit Rs ,000	Credit Rs ,000
Capital account		
Aruna		4000
Varuna		3500

Sarana		2900
Current account		
Aruna		300
Varuna		200
Sarana	100	
Sales		9400
Cost of sales	5000	
Distribution expenses	2000	
Administrative expenses	1500	
Other expenses	500	
Financial expenses	200	
Other income		1000
Property, plant and equipment	14000	2900
Inventories		
Raw materials	500	
Work in progress	200	
Finish inventories	800	
Trade receivables	2800	
Trade payables		3900
	27,600	27,600

Adjustments should be made for the following transactions and events during the year ending 31/03/2025.

- I. 50 % of Sarana's loan amount was paid with interest on 1/10/2024, and the payment was accounted as a distribution expense.
- II. 50 % of the partners salaries have been paid during the year and debited the other income account.
- III. The annual depreciation of motor vehicle is Rs 100,000 and Machinery is Rs 200,000. Motor vehicle depreciation is accounted for as manufacturing overhead costs, while machinery and equipment depreciation are accounted for as administrative expenses.
- IV. Good drawings were not recorded in books; Aruna Rs 100,000, Varuna Rs 200,000.
- V. Administrative expenses include the salary paid to employees of Rs. 900,000. The employee and employer contributions to the Employees Provident Fund should be adjusted 10 % and 15% respectively.
- VI. Partners are conducting the partnership in a building which belongs to Aruna. The monthly rent is Rs 50,000 and an account will not be kept in this regard.
- VII. Varuna's motor vehicle rental was paid of Rs 270,000 and it was accounted for under other expenses of the business.
- VIII. The partnership is registered for VAT and includes VAT of Rs. 300,000 in raw material purchases and VAT Rs. 400,000 in sales. The VAT included in raw materials was taken as purchases.

IX. Closing stock consists 10% from the inventory produced during the year.

Required;

- 1) Income Statement with appropriation for the ending 31/03/2025.
- 2) Capital and current account of the partners for the year ending 31/03/2025.
- 3) loan account of Sarath at 31st March 2025.

(30 marks)

B) Following are the financial statement extractions of Vandana's company at 31/03/2025.

Extractions from the statement of trading profit or loss and other comprehensive income statement

	Rs ,000
Sales	Rs 25,000
Cost of sales	Rs 15,000
Other income	Rs 1000
Marketing and distribution	Rs 300
Administrative expenses	Rs 3500
other expenses	Rs 1500
Financial expenses (interest)	Rs 500
Income tax	Rs 1000
other comprehensive income	Rs 500

Following are the balance sheet extractions at 31/03/2025

	Rs ,000
closing inventory	900
Trade receivables	600
Prepaid expenses	200
Cash	300
State of capital	3000
Revolution Reserve	1000
General reserve	400
Retaining earnings	2600
Bank loan	2000
Trade payable	600
Other payables	400

The following additional information are provided.

- ❖ credit sales of 80% from the total sales and the balance of trade receivables as at 1/4/2024 is Rs. 400,000.
- ❖ Per share value of an ordinary share is Rs. 10 and the interim dividend is Rs. 600,000.

Calculate the following ratios for the year ended 31 /3/2025.

1. Quick ratio
2. Gross profit ratio
3. Interest coverage ratio
4. Return on assets ratio
5. Earnings per share ratio
6. Trade receivables (debtors) turnover ratio
7. Dividends per share.

(10 marks)

(total 40 marks)

06) Extractions of trading profit or loss and other comprehensive income statement of Nagaraja company for the year ending 31/3/2025.

	Rs.000	Rs ,000
Sales		20 800
(-) Cost of sales		(12 000)
Gross profit		8 000
+ Other income		500
		8500
Distribution cost	1500	
Administrative expenses	2000	
Other expenses	800	
Financial expenses	300	(4600)
Profit before tax		3900
Income tax		(1900)
Profit for the period		2000
Other comprehensive income		
Land revaluation surplus		500
Total comprehensive income for the period		2500

Following are the statement of financial position extractions for 2024/2025

	31st March 2025 (Rs,000)	31st March 2024 (Rs,000)
Property, plant and equipment (accumulated depreciation)	25 000 4000	28500 7000
Inventory	800	700
Trade receivables	2200	3300
Impairment losses	(200)	(300)
Prepaid expenses	400	300
Receivable, rental income	50	150
cash.	4950	1850
Treasury Bill	1000	1200
Total	30200	28 700
The ordinary share capital	17 000	16 000
revaluation, Reserve	600	
General reserve	2 000	1500
Retaining profit	3900	4 000
Bank loan	4500	5000
Trade payable	1200	1000
Interest payable	250	350
Income tax payable	600	500
Bank overdraft	50	150
Payable expenses	100	200
total	30 200	28 700

Following, additional information is provided for the year ending 31/03/2025.

- I. On 01/12/2024, a building of Rs. 10,000,000 was revalued for the first time for Rs 8100 000. On that day, the accumulated depreciation of the building was Rs 2,500,000.
- II. Earned Rs 400,000 disposal profit by selling a machine costing 5000, 000 on 01/10/2024. Annual depreciation of PPE is Rs 800,000.
- III. A motor vehicle was purchased during the period.
- IV. Obtained Rs 500,000 worth of bank loan during the period.
- V. Reserve capitalization is done by the business using the retaining earnings for 10,000 per share value is Rs 20 each.
- VI. Dividend was paid by the business during the period. Over provision for impairment of Rs 100,000 has been included under the marketing and distribution.

Required;

1. Prepare the cash flow statement under the direct basis for the year ending 31/03/2025
2. calculate the following ratios
 - ❖ Return on Equity Ratio
 - ❖ Inventory residence period
 - ❖ Debt ratio
 - ❖ Debt equity ratio.

(25 marks)

B) The Asarana Sarana Youth Society has provided you with the following information for the year ending 31st December 2025.

Property, plant and equipment	31/3/2025	31/3/2024
Receivable	19500	20000
Subscription fees	150	100
Sufficient fees received in advances	80	70
Life membership fees	1300	1200
Cash		800

Following are the transactions occurred during the year ending 31st March 2025.

The annual subscription fee is Rs 2,250,000, and that membership fee includes Rs 250,000 lifetime membership fees. A flag-selling campaign was implemented to raise funds during the year. Details regarding this are given below.

- ❖ The cost of printing the flag is Rs 20,000
- ❖ the money received from selling flags was Rs 500,000
- ❖ The money to be received from selling flags is Rs 200,000.
- ❖ The cost of selling flags is Rs 15,000
- ❖ The entertainment expenses payable is Rs 25,000.

At 1/4/ 2024 a donation of Rs 1,000,000 was received from a society and should be recognized it over 10 years as an income. Residual value of the motor vehicle of Rs 100,000 and its useful lifetime 10 years. Company policy is to calculate the depreciation on a straight-line method annually. No entries were entered regarding the depreciation. Other operating expenses is Rs 80,000, while the donation to the people in need is Rs 1800,000

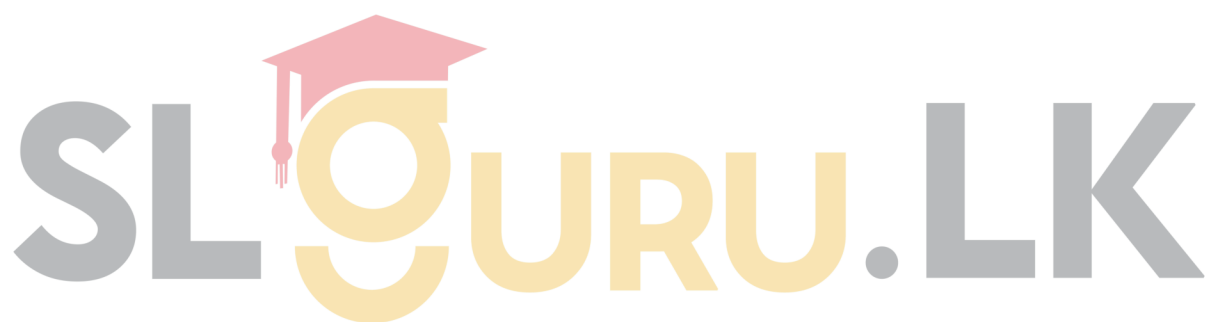
Required,

1. Income statement for selling flags.
2. Income statement for the year ending 31st march 2025.
3. Accumulated fund at 31/3/2025

(15 marks)

(total 40)

“An investment in knowledge pays the best interest.” – Benjamin Franklin



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