



**ASSOCIATION OF ACCOUNTING TECHNICIANS
OF SRI LANKA**

CURRICULUM 2025

PILOT PAPER

Level 02

2801 - FINANCIAL & COST ACCOUNTING (FCA)

A publication of the Education and Training Division

Association of Accounting Technicians of Sri Lanka
2801 - Financial & Cost Accounting (FCA)
Pilot Paper

Instructions to Candidates (Please Read Carefully)

Time Allowed:

Reading : 15 Minutes
Writing : 03 Hours

Structure of Question Paper:

- This paper consists of three Sections; Section A, Section B and Section C.
- All the questions of Section A, Section B and Section C should be answered.

Marks:

- Allocation of marks for each section:

Section	Marks
Section A	25
Section B	50
Section C	25
Total	100

- Marks for each question are shown with the question.
- The pass mark for this paper is 50.

Answers:

- All answers should be written in the booklet provided, answers written on the question paper will not be considered for marking.
- Begin your answer of each question on a new page.
- All workings should be clearly shown.
- Do not write on the Margins.

Answer Booklets:

- Instructions are shown on the front cover of each answer booklet.

Calculators:

- Candidates may use any calculator except those with the facility for symbolic algebra and differentiation. No programmable calculators are allowed.

Attached:

- Action verb checklist – Each question will begin with an action verb (excluding OTQ's).
- Students should answer the questions based on the definition of the verb given in the checklist.

(Total 25 marks)

Question 01

Select the most correct answer for question No. **1.1** to **1.5**. Write the number of the selected answers in your answer booklet with the number assigned to the question.

1.1 Which one of the following best describes the scope and objectives of cost accounting?

- (1) To record only financial transactions for external reporting purposes.
- (2) To determine the cost of production, control costs, and assist in decision-making.
- (3) To minimize the waste in the production process.
- (4) To manage human resources and employees' performance evaluations. (02 marks)

1.2 A motor vehicle acquired on 01st April 2022 by **ABC Ltd.** was sold for Rs.2,400,000/- on 30th September 2025. Cost of motor vehicle was Rs.3,200,000/-. If the company depreciates the motor vehicles at 20% per annum on the straight-line basis at cost, profit on disposal of the motor vehicle was:

- (1) Rs.1,120,000/-.
 - (2) Rs.800,000/-.
 - (3) Rs.1,200,000/-.
 - (4) Rs.1,440,000/-.
- (02 marks)

1.3 Consider the following statements in relation to provisions of the Partnership Ordinance 1890:

- (a) All the partners should contribute to the capital equally.
- (b) A new partner should not be introduced to the business without the consent of all the existing partners.
- (c) Partners are entitled to receive salary on managing the business.

Of the above, the correct statements in relation to a partnership are:

- (1) (a) and (b) only.
- (2) (a) and (c) only.
- (3) (b) and (c) only.
- (4) All of the above.

(02 marks)

1.4 Which one of the following is an example for Property, Plant and Equipment?

- (1) A partly completed vehicle in a vehicle manufacturing company.
- (2) Furniture held for sale in a furniture shop.
- (3) Computers held for office use.
- (4) All of the above.

(02 marks)

1.5 Which one of the following statements correctly distinguishes between an integrated accounting system and non-integrated accounting system?

- (1) In an integrated system, separate books are maintained for cost and financial accounts.
- (2) In a non-integrated system, a single set of books records both financial and cost transactions.
- (3) Integrated systems eliminate the need for reconciliation between cost and financial accounts.
- (4) Non-integrated systems allow automatic generation of financial reports from cost data.

(02 marks)

Write the answers for question No **1.6** to **1.10** in your answer booklet with the number assigned to the question.

1.6 Explain briefly what is meant by **ABC costing**.

(02 marks)

1.7 XYZ (Pvt) Ltd. is a Value Added Tax (VAT) registered company. The following information was extracted from the books of accounts of **XYZ (Pvt) Ltd.** for the month of March 2025:

	Rs.
Sales (exclusive of VAT)	1,367,000
Credit purchases (exclusive of VAT)	696,000
Sales Returns (exclusive of VAT)	23,450
Credit balance of VAT control account as at 01 st March 2025	24,000

The applicable VAT rate is 18%.

Calculate the VAT payable balance as at 31st March 2025.

(03 marks)

Five (05) Compulsory Questions
(Total 50 marks)

SECTION B

Question 02

(A) You are given the following information with reference to the **product 111** of a toy manufacturer:

Annual Demand	11,250 units
Ordering Cost	Rs.500/- per order
Purchase Price Per Unit	Rs.50/-
Holding Cost	10% of the purchase price per year
Usage	200 - 300 units
Lead Time	4 - 6 months

You are required to:

Calculate the following

- (a) Economic Order Quantity (EOQ). (02 marks)
- (b) Re-order Level. (02 marks)
- (c) Minimum Stock Level. (02 marks)

(B) The following wage details of an employee are provided for the last week of December 2025 of **Star Ltd.:**

Basic hourly wage rate	Rs.180/-
Standard time allowed to produce one unit	15 minutes
No. of units produced by the employee during the last week	180 units
Actual working hours per week	40 hours
Bonus	150% of the saved hours at basic rate.

Based on the above information:

You are required to:

- Calculate** the total earnings of the employee for the last week of December 2025. (04 marks)
- (Total 10 marks)

Question 03

ABC Footwear Ltd. produces **product X** and has two production departments (**A1** and **A2**) and one service department (**S1**):

The company has estimated the budgeted production overheads for the month of April 2026 as follows:

Cost Item	Cost (Rs.)
Electricity	540,000
Rent	210,000
Employees' Welfare	270,000
Depreciation on Machinery	90,000
Building Insurance	180,000
Machinery Insurance	120,000

The following budgeted data are provided for the month of April 2026:

	A1	A2	S1	Total
Indirect Material Cost (Rs.)	600,000	700,000	200,000	1,500,000
Number of Employees	20	25	5	50
Value of Machinery (Rs.)	8,000,000	10,000,000	6,000,000	24,000,000
Usage of Electricity (kilowatts)	10,000	7,000	3,000	20,000
Floor Area Occupied (square feet)	2,000	2,500	500	5,000
Apportionment of Cost - S1	60%	40%	-	-
Number of Direct Labour hours	18,000	12,000	-	30,000
Number of Direct Labour hours per product	3	2	-	-

The estimated prime cost per product is Rs.360/-.

You are required to:

- (a) **Prepare** a statement showing how the overheads are allotted and apportioned to each production department. (07 marks)
- (b) **Calculate** the estimated total production cost of a product. (03 marks)
- (Total 10 marks)

Question 04

Danuka, Tharindu and **Kasun** started a partnership as **DTK Escapes**, (a safari travel business) on 01st January 2025, sharing profits and losses at the ratio of 3 : 2 : 1 respectively.

- (1) The partnership agreement includes the following:
- Kasun** is responsible for managing the partnership and is entitled to receive a monthly salary of Rs.80,000/-.

- Partners are entitled for interest on capital at 8% per annum on the initial capital introduced.
 - Interest on loans provided by partners to the business is paid at a rate of 10% per annum.
- (2) A jeep owned by **Tharindu** was used by the business for safari tours from 01st October 2025. He is entitled to receive Rs.60,000/- per month as vehicle rental. The amount relevant for the year was not paid and not recorded in the accounts.
- (3) The total revenue and net profit for the year ended 31st December 2025 were Rs.7,200,000/- and Rs.5,100,000/- respectively.
- (4) A loan of Rs.1,800,000/- was given by **Danuka** to the partnership on 01st July 2025. Interest for the year which was paid in January 2026 was not accounted yet.
- (5) The following balances were extracted from the books of the partnership:

(Rs.'000)

	Debit	Credit
Capital introduced on 01 st January 2025:		
Danuka		1,200
Tharindu		900
Kasun		600
Loan - Danuka		1,800
Drawings during the year:		
Danuka	500	
Kasun	350	

- (6) On 31st December 2025, **Kasun** decided to resign from the partnership and **Danuka** and **Tharindu** agreed to continue the partnership on the same name sharing profit and losses 3 : 1 respectively.
- (7) Goodwill of the partnership was valued at Rs.3,600,000/- as at 31st December 2025 and it should be adjusted through the partners' capital accounts without showing the goodwill account.

You are required to:

Prepare the followings for **DTK Escapes** for the year ended 31st December 2025:

- (a) Profit and loss Appropriation Account. (04 marks)
- (b) Partners' Capital and Current Accounts. (06 marks)

(Total 10 marks)

Question 05

You are provided with the following information relating to **Golden Star Sports Club** for the year ended 31st December 2025.

The club had 540 members as 31st December 2025 and the annual membership fee is Rs.3,000/- per member.

Details of membership subscription are as follows:

- 10 members paid membership fees for the year 2024 during the year 2025.
- 2 members paid their membership fees for the year 2026 during the year 2025.
- As at 31st December 2025 membership fees of 6 members were in arrears.

Extracts from Trial Balance as at 31st December 2025 (Rs.'000)

	Dr.	Cr.
Membership Subscription Received During 2025		1,638
Restaurant Income		420
Restaurant Expenses	280	
Salaries	100	
Repairs and Maintenance	45	
Electricity	30	
Sports Equipment	75	
Accumulated Depreciation on Sport Equipment as at 01 st January 2025		18
Cash and Bank balances	125	

The following additional information is also provided:

- (1) An electricity bill of Rs.5,000/- for the month of December 2025 is to be accounted for in the books of accounts.
- (2) Repairs and Maintenance include Rs.20,000/- worth of Printer purchased on 01st July 2025.
- (3) The sports club depreciates its sports equipment and office equipment on the straight-line basis at 20% per annum on cost.

Prepare the following for the year ended 31st December 2025:

(a) Members' Subscription Account (04 marks)

(b) Income and Expenditure Account (06 marks)

(Total 10 marks)

Question 06

Senaka runs a small trading business in the name of **Senaka Enterprises** and he does not keep proper books of accounts. However, the following information is available for the year ended 31st March 2025.

Other assets and liabilities of **Senaka Enterprises** as follows:

(Rs.)

As at	01 st April 2024	31 st March 2025
Cash and Bank Balance	37,000	?
Trade Receivables	60,000	72,000
Inventory	80,000	90,000
Furniture and Fittings at Carrying Value	100,000	90,000
Trade Payables	40,000	35,000
Bank Loan	50,000	30,000

The following additional information is also provided:

- (1) All purchases and sales are made on credit basis.
- (2) Cash received from customers during the year is Rs.750,000/-.
- (3) Payments to suppliers during the year are Rs.500,000/-.
- (4) Operating expenses paid during the year are Rs.120,000/-.
- (5) No Property, Plant and Equipment were acquired or disposed during the year.
- (6) Drawings during the year are Rs.40,000/-.
- (7) Accrued expenses of Rs.15,000/- have not been recorded as at 31st March 2025 in the books of accounts.
- (8) Loan interest for the year was Rs.8,000/- and it was paid during the year.

You are required to:

Calculate the following:

- (a) Net profit of the business for the year ended 31st March 2025. (06 marks)
 - (b) The capital (equity) balance as at 31st March 2025. (04 marks)
- (Total 10 marks)

End of Section B

One (01) Compulsory Question**(Total 25 marks)****SECTION C****Question 07**The Trial Balance of **Pinewell (Pvt) Ltd.** as at 31st March 2025 is as follows: (Rs.)

	Dr.	Cr.
Stated Capital (200,000 Ordinary Shares) as at 01 st April 2024		2,000,000
Retained Earnings as at 01 st April 2024		400,000
Property, Plant and Equipment at cost:		
Land and Buildings (Land value Rs.1.2 million)	2,000,000	
Plant and Machinery	1,800,000	
Accumulated Depreciation as at 01 st April 2024:		
Plant and Machinery		400,000
Buildings		100,000
Inventory as at 31 st March 2025	720,000	
Cost of Sales	2,655,000	
Sales		6,340,000
Sales Commission	220,000	
Advertising Expenses	220,000	
Printing and Stationary	180,000	
Electricity	120,000	
Insurance	150,000	
Office Rent	180,000	
Salaries and Wages	900,000	
Cash & Bank Balance	390,000	
Trade Receivables / Trade Payables	1,300,000	750,000
Bank Loan (12% per annum)		1,000,000
General Reserve as at 01 st April 2024		100,000
Audit Fees Payable		40,000
Allowance for Trade Receivables as at 01 st April 2024		50,000
Prepaid Rent	20,000	
Income Tax Paid	325,000	
	11,180,000	11,180,000

The following additional information is also provided:

- (1) Net Realizable Value (NRV) of inventory as at 31st March 2025 was Rs.700,000/-.
- (2) Property, Plant and Equipment are to be depreciated on the straight-line method at cost and useful life of Property, Plant and Equipment is as follows:

Buildings	20 years
Plant and Machinery	04 years

- (3) A debtor owing Rs.60,000/- to the business has been declared bankrupt on 10th April 2025 and should be written off as bad debt. Further, the company has decided to maintain allowance for trade receivables at 5% of balance trade receivables as at 31st March 2025.
- (4) On 01st July 2024 the company obtained a bank loan of Rs. 1 million at 12% per annum with a grace period of one year to pay the capital amount. However, the company has not paid interest relevant for the year. $\frac{1}{4}$ of the loan should be settled in the financial year 2025/26.
- (5) The following prepayments have not yet been accounted as at 31st March 2025 in the books of the accounts:

	Rs.
Prepaid Insurance	40,000

- (6) The prepaid rent amount relates to the rent for April 2024, which was paid in March 2024.
- (7) On 31st March 2025, the Board of Directors has decided to transfer an amount of Rs.500,000/- to the general reserve account.
- (8) The audit fee payable of Rs.40,000/- shown under liabilities, relates to the audit for the year ended 31st March 2024. This amount has not yet been paid in the year of 2024/25. The audit fee for 2024/25 is Rs.50,000/-, which has not been recorded yet.
- (9) The company's income tax liability for the year of assessment 2024/25 is Rs.427,000/- and out of that amount Rs.325,000/- has been paid as quarterly installments during the year.
- (10) The financial statements were authorized for issue by the Board of Directors on 31st May 2025.

You are required to:

Prepare the following of **Pinewell (Pvt) Ltd.** for the use of management:

- (a) Statement of Profit or Loss and Other Comprehensive Income (Comprehensive Income) for the year ended 31st March 2025. (13 marks)
- (b) Statement of Financial Position as at 31st March 2025. (12 marks)

(Total 25 marks)

End of Section C

Action Verbs Check List

Level	Action Verb	Definition	Detailed Instructions for Students
REMEMBER Recalling facts, terms, basic concepts, or answers without necessarily understanding what they mean.	Identify	Recognition of someone or something.	Find and name key parts of the topic.
	Define	Meaning of a word or concept.	Provide a clear meaning of a term or concept.
	Recognise	Awareness of something seen before.	Spot and acknowledge something from previous learning.
	State	Clear and concise expression of information.	Express key facts or concepts in a straightforward way.
	List	A series of names, numbers, or items.	Write down key points in an organized manner.
	Record	Entry of details into a system (not accounting).	Enter relevant details clearly and accurately.
UNDERSTAND Comprehending the meaning of informational materials and being able to interpret or explain it.	Construct	Formation of something by combining elements.	Bring together different parts into a meaningful whole.
	Differentiate	Recognition of differences between two or more things.	Highlight distinctions between concepts or items.
	Discuss	Consideration of different ideas and opinions about a topic.	Explore various perspectives and provide insights.
	Explain	Clarification of something in greater detail.	Provide a logical and detailed description.
	Illustrate	Use of examples, charts, or visuals to clarify a point.	Support explanations with appropriate examples or visuals.
	Interpret	Explanation of the meaning of information or actions.	Explain what something means in your own words.
	Describe	A detailed account of something.	Provide relevant details in a structured manner.
APPLY Using learned material in new and concrete situations. It requires the practical application of knowledge and skills.	Apply	Use of knowledge, skills, or rules in a situation.	Utilise relevant knowledge or techniques to achieve an outcome.
	Calculate	Determination of a value through mathematical or logical methods.	Use numerical or logical processes to reach a solution.
	Determine	Establishment of something through research or calculation.	Find out or conclude something after calculation or research.
	Demonstrate	Display of a process or method.	Show a clear example through structured steps.
	Prepare	Organisation of materials or information for use.	Arrange necessary details before engaging in a task.
	Use	Application of a concept, tool, or method for a purpose.	Implement relevant knowledge or resources appropriately.
	Present	Sharing of information effectively.	Deliver key insights clearly and professionally.

Level	Action Verb	Definition	Detailed Instructions for Students
ANALYSE 1Breaking down information into its components to understand its structure and relationships.	Analyse	Detailed examination of something to understand its components.	Break down information into key parts for better understanding.
	Compare	Examination of similarities and/or differences.	Point out the key commonalities and distinctions.
	Distinguish	Recognition of unique characteristics.	Identify what makes things different from each other.
	Examine	Inspection of something to determine its nature.	Look at something closely to understand it better.
	Outline	Summary of the main points.	Provide an organised overview of key aspects.
	Conduct	Organisation of elements for an experiment, survey, or study.	Follow structured steps to carry out a task systematically.
	Report	Structured presentation of findings.	Present analysed information in a clear and logical format.
EVALUATE Making judgments about the value or quality of ideas or materials based on criteria or standards.	Advise	Offering of suggestions or recommendations.	Provide informed guidance based on analysis.
	Evaluate	Critical assessment of value, effectiveness, or impact.	Judge the quality or relevance of something based on criteria.
	Formulate	Development of a structured approach or plan.	Create a well-defined method or strategy.
	Recommend	Suggestion of a suitable course of action.	Propose an approach backed by logical reasoning.
CREATE Combining elements in novel ways to form a coherent or functional whole; the ability to generate new ideas, products, or ways of understanding.	Create	Generation of something new.	Develop something original and purposeful.
	Assess	Estimation or evaluation of quality, ability, or nature.	Provide a reasoned judgment based on available information.
	Develop	Expansion or refinement of an idea, product, or concept.	Strengthen and improve an idea over time.
	Propose	Suggestion of a plan or concept for consideration.	Present an idea or structured recommendation.
	Synthesis	Combination of different elements to form a coherent whole.	Integrate multiple ideas or insights into a meaningful conclusion.
	Design	Creation of a structured plan for something	Formulate a detailed structure for a product or process.
	Compile	Assembly of information from various sources.	Organise collected data into a comprehensive format.



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CURRICULUM 2025

SUGGESTED ANSWERS

Level 02

2801 - FINANCIAL & COST ACCOUNTING (FCA)

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Objective Test Questions (OTQ)10 Compulsory Questions
(Total 25 marks)**SECTION A****Answer to Question 01**

1.1 (2)

1.2 (2)

1.3 (1)

1.4 (3)

1.5 (3)

(02 marks each, 10 marks)

1.6 In ABC system, costs are first traced to variety of activities involved in the production process and then they are charged to products based on use of each activity by individual product.

OR

ABC is a costing method that assigns overheads and indirect costs to related products and services.

(02 marks)

1.7

VAT Control Account

Purchases	125,280	B/B/F	24,000
Sales Returns	4,221	Sales	246,060
B/C/F	140,559		
	270,060		270,060

(03 marks)

1.8

(Rs.)

Non-current Assets (Dr.)	400,000	-
Capital Account A (Cr.)	-	240,000
Capital Account B (Cr.)	-	160,000
(Being account of revaluation of non-current assets)		

(03 marks)

1.9

Stores Ledger

Date	Particulars	Receipts			Issues			Balance		
		Qty.	Unit Price (Rs.)	Value (Rs.)	Qty.	Unit Price (Rs.)	Value (Rs.)	Qty.	Unit Price (Rs.)	Value (Rs.)
01.12.2025	Opening Stock	100	10	1,000	-	-	-	100	10.00	1,000
05.12.2025	Purchases	200	13	2,600	-	-	-	300	12.00	3,600
10.12.2025	Issue	-	-	-	150	12	1,800	150	12.00	1,800
15.12.2025	Purchase	100	14	1,400	-	-	-	250	12.80	3,200

Closing Stock as at 31st December 2025:

- Units = **250**
- Average Cost per Unit = **Rs.12.80**
- Closing Stock Value = $250 \times 12.80 = \text{Rs.3,200/-}$

(04 marks)

1.10

Direct Material (300 x 8,500)	2,550,000
Direct Labour – Dep. A (800 x 450)	360,000
– Dep. B (900 x 800)	720,000
Production Overheads (1,080,000 x 120%)	1,296,000
Total Cost	4,926,000
Profit Margin @ 20%	1,231,500
Price to be charged	6,157,500

(03 marks)

(Total 25 marks)

End of Section A

Answer to Question 02**Unit 5 - Cost Accounting**

Learning outcome - Explain procedures used in material control and calculate stock levels and costs related to inventory including EOQ.

- Identify procedures used in labour and calculate the labour cost.

(A) (a)

$$\begin{aligned} \text{EOQ} &= \sqrt{\frac{2DC_0}{C_h}} \\ &= \sqrt{\frac{2 \times 11,250 \times 500}{5}} \\ &= \sqrt{\frac{11,250,000}{5}} \\ &= \sqrt{2,250,000} \\ &= \underline{\underline{1,500 \text{ Units}}} \end{aligned}$$

(02 marks)

(b) Re-Order Level = Maximum Usage x Maximum Lead Time

$$= 300 \times 6 = \underline{\underline{1,800 \text{ Units}}}$$

(02 marks)

(c) Minimum Stock Level = $ROL - (Average\ Lead\ Time \times Average\ Usage)$
Average Usage = $(200 + 300) / 2 = 250$
Average Lead Time = $(4 + 6) / 2 = 5$
= $1,800 - (250 \times 5)$
= **550 Units**

(02 marks)

(B)

	Rs.
Basic Salary (40 x 180)	7,200
Bonus - (W-1) (150% x 180 x 5)	1,350
Total Earnings	8,550

(W-1) Bonus Calculation

	Rs.
Standard hours to produce 180 units (15 minutes x 180 units / 60)	45
Actual hours	40
Saved Hours / (Over Spent)	5

(04 marks)

(Total 10 marks)

Answers to Question 03

Unit 5 - Cost Accounting

Learning outcomes - Explain and calculate allocation, apportionment, re-apportionment, and absorption of overheads.

- Prepare a statement on how the overheads are allotted and apportioned.

(a)

(Rs.)

Item	Basis of Allocation	Production Service			Total
		A1	A2	S1	
Indirect Materials	Allocation	600,000	700,000	200,000	1,500,000
Electricity	Usage of Electricity (Kilowatts)	270,000	189,000	81,000	540,000
Rent	Floor Area (Square Feet)	84,000	105,000	21,000	210,000
Employees' Welfare	No. of Employees	108,000	135,000	27,000	270,000
Machinery Depreciation	Value of Machinery	30,000	37,500	22,500	90,000
Building Insurance	Floor Area (Square Feet)	72,000	90,000	18,000	180,000
Machinery Insurance	Cost of Machinery	40,000	50,000	30,000	120,000
Total Overhead Costs		1,204,000	1,306,500	399,500	2,910,000
Service Department S1		239,700 (60%)	159,800 (40%)	(399,500)	-
Total Overhead Costs of Production Departments		1,443,700	1,466,300	-	2,910,000

(07 marks)

(b)	Prime Cost	360.00
	Overhead - A₁ (3 x 80.20)	240.60
	- A₂ (2 x 122.19)	<u>244.38</u>
	Total Cost	<u>844.98</u>

Working:

	A₁	A₂
Overhead Absorption Rate	1,443,700/18,000	1,466,300/12,000
	Rs.80.20	Rs.122.19

(03 marks)

(Total 10 marks)

Answers to Question 04

Unit 2 - Financial Statements for a Partnership

Learning outcomes - Prepare appropriation of partnership profit/loss, partners' capital accounts, and partners' current accounts.

(a)

DTK Escapes

Profit and Loss Appropriation Account

For the Year Ended 31st December 2024

(Rs.)

Net Profit for the year		5,100,000
Less: Interest on Loan - Danuka (1,800,000 x 10% x 6/12)	90,000	
Less: Vehicle Rent Payable to Tharindu (60,000 x 3)	180,000	(270,000)
Adjusted Net Profit		4,830,000
Salary to Kasun (80,000 x 12)		(960,000)
Less: Interest on Capital:		
Danuka (1,200,000 x 8%)	96,000	
Tharindu (900,000 x 8%)	72,000	
Kasun (600,000 x 8%)	48,000	(216,000)
Profit Share:		
Danuka	1,827,000	
Tharindu	1,218,000	
Kasun	609,000	(3,654,000)
		-

(04 marks)

(b)

Partners' Current Accounts

(Rs.'000)

	Danuka	Tharindu	Kasun		Danuka	Tharindu	Kasun
Drawings	500	-	350	Salaries	-	-	960
Capital Account	-	-	1,267	Rent	-	180	-
Closing Balance	1,513	1,470	-	Loan Interest	90	-	-
				Interest on Capital	96	72	48
				Profit Share	1,827	1,218	609
	2,013	1,470	1,617		2,013	1,470	1,617

Partners' Capital Accounts

(Rs.'000)

	Danuka	Tharindu	Kasun		Danuka	Tharindu	Kasun
Goodwill	2,700	900	-	B/B/F	1,200	900	600
Loan	-	-	2,467	Current	-	-	1,267
B/C/F	300	1,200	-	Goodwill	1,800	1,200	600
	3,000	2,100	2,467		3,000	2,100	2,467

(06 marks)

(Total 10 marks)

Unit 4 - Financial Statements Using Incomplete Records and Financial Statements for Non-Profit Organizations

Learning outcomes - Prepare a set of financial statements for a non-profit organization using accounting policies and an appropriate financial reporting framework.

(a) **Membership Subscription Account** (Rs.)

01/01/2025 B/B/F (10 x 3,000)	30,000	Receipts and Payments	1,638,000
Income and Expenditure Account (540 x 3,000)	1,620,000	31/12/2025 B/C/F (6 x 3,000)	18,000
(31/12/2025) B/C/F (2 x 3,000)	6,000		
	1,656,000		1,656,000
01/01/2026 B/B/F	18,000	01/01/2026 B/B/F	6,000

(04 marks)

(b)

Golden Star Sports Club
Income and Expenditure Account
For the Year Ended 31st December 2025 *(Rs.'000)*

Income:	
Membership Subscription Fee	1,620,000
Profit on Restaurant (420,000 – 280,000)	140,000
Total Income	1,760,000
Expenses:	
Salaries	100,000
Repairs and Maintenance	25,000
Utilities (30,000 + 5,000)	35,000
Depreciation – Sports Equipment (75,000 x 20%)	15,000
Depreciation on Office Equipment (20,000 x 20% x 6/12)	2,000
Total Expenses	177,000
Surplus	1,583,000

(06 marks)

(Total 10 marks)

Working:

(W-1)

Statement of Affairs as at 01st April 2024

Trade Payables	40,000	Trade Receivables	60,000
Bank Loan	50,000	Inventory	80,000
Capital as at 01.04.2024	187,000	Furniture and Fittings	100,000
		Cash and Bank Balance	37,000
	277,000		277,000

(W-2)

Trade Receivables Account

01/04/2024 - B/B/F	60,000	Cash	750,000
Sales	762,000	31/03/2025 - B/C/F	72,000
	822,000		822,000
01/04/2025 B/B/F	72,000		

(W-3)

Purchases Account

Cash	500,000	01/04/2024 B/B/F	40,000
31/03/2025 B/C/F	35,000	Purchases	495,000
	535,000		535,000
		01/04/2025 B/B/F	35,000

(Total 10 marks)

End of Section B

One (01) compulsory question

(Total 25 marks)

SECTION C*Answers to Question 07***Unit 1 - Elements & Components of Financial Statements and Adjustments for Financial Statements****Unit 3 - Financial Statements for a Limited Liability Company**

Learning outcomes - Explain and calculate accounting treatment and disclosure requirements as per the Sri Lanka accounting standards (LKAS 2, LKAS 8, LKAS 10, LKAS 16, and LKAS 37).

- Prepare a set of financial statements for a limited liability company (only for internal management's purpose).

(a)**Pinewell (Pvt) Ltd.****Statement of Profit or Loss and Other Comprehensive Income****For the year ended 31st March 2025***(Rs.'000)*

Sales		6,340
Cost of Sales (2,655 + 20)		(2,675)
Gross Profit		3,665
Distribution Expenses (W-3)	512	
Administration Expenses (W-4)	2,050	
Finance Expenses (W-5)	90	(2,652)
Profit Before Tax		1,013
Income Tax		(427)
Total Comprehensive Income		586

(13 marks)

(b)

Pinewell (Pvt) Ltd.
Statement of Financial Position
As at 31st March 2025

(Rs.'000)

Non-Current Assets:		
Property, Plant and Equipment (W-1)		2,810
Current Assets:		
Inventory	700	
Trade Receivables (W-2)	1,178	
Pre-paid Insurance	40	
Bank Balance	390	2,308
Total Assets		5,118
Equity & Liabilities:		
Stated Capital	2,000	
General Reserves (100 + 500)	600	
Retained Earnings (400 + 586 - 500)	486	3,086
Non-Current Liabilities:		
Bank Loan		750
Current Liabilities:		
Trade Payables	750	
Bank Loan	250	
Audit Fee Payable (40 + 50)	90	
Income Tax Payable	102	
Interest Payable	90	1,282
Total Equity & Liabilities		5,118

(12 marks)

Workings:**(W-1)****Property, Plant and Equipment***(Rs.'000)*

Cost:				
Type of Asset	Balance as at 01/04/2024	Additions / Revaluations	Disposal	Balance as at 31/03/2025
Land	1,200	-	-	1,200
Buildings	800	-	-	800
Plant and Machinery	1,800	-	-	1,800
	3,800	-	-	3,800
Accumulate Depreciation:				
Type of the Asset	Balance as at 01/04/2024	Charge for the year	Disposal	Balance as at 31/03/2025
Land	-	-	-	-
Buildings	100	40	-	140
Plant and Machinery	400	450	-	850
	500	490	-	990
Carrying Value as at 31st March 2025				2,810

(W-2) Bad Debt Provision / Allowance for Trade Receivables

	Rs.'000
Trade Receivable Balance	1,300
Less : Bad Debts	(60)
Balance	1,240
Allowance for Trade Receivable Provision (1,240 x 5%)	(62)
	1,178

(11 marks)

(W-3) Distribution Expenses

Bad Debt	60
Provision for Bad Debt (62 – 50)	12
Sales Commission	220
Advertising	220
	512

(W-4) Administration Expenses

Depreciation - Building	40
Depreciation – Plant & Machinery	450
Insurance (150 – 40)	110
Rent (180 + 20)	200
Audit Fee	50
Printing & Stationery	180
Electricity	120
Salaries & Wages	900
	2,050

(W-5) Finance Expenses

Interest Expense (1,000 x 12% x 9/12)	90
	90

(Total 25 marks)

End of Section C