



Department of Education, Sabaragamuwa/weekly school

week- September 5

Subject-Accounting

Prepared by -
Zonal Education Office, Rathnapura.

Grade-13

Competency 12.0 – Prepares Financial Statements for a Limited Company.

Competency Level 12.4.1 – Preparing of financial statement of Limited Liability Company by applying Sri Lanka Accounting Standards.

Trial Balance as at 31/3/2017 of Ruwanjalee PLC given below.

(Rs. 000)

Description	Dr	Cr
Property Plant and Equipment – (cost)		
Land and Buildings (land - Rs. 17 500)	22 500	
Motor vehicles	6 600	
Machines	8 400	--
Computer & Equipment	4 200	--
Accumulated depreciation for property, plant & equipment as at 01.04.2016		
Buildings	--	1 000
Motor vehicles	--	300
Machines	--	800
Computers	--	400
10% Fixed Deposit	4 500	--
Cost of sales and sales	20 600	64 500
Income tax payment	400	
Adminstrtaion Expenses	6 520	--
Distribution expenses	8 000	--
Finance Expenses	1 800	--
Trade receivables	2 480	
Trade payable	--	1 800
Allowance for Expected losses on trade receivables	--	200
Stated capital - ordinary shares (2016.01.01)	--	10 000
Revaluation reserves (2016.04.01)	--	3 000
General Reserve (2016.04.01)	--	2 000
Retained Earnings (2016/2017)	--	3 000
Interim dividends (2016.04.01)	400	--
15% Bank Loan	--	2 000
Lease Creditors	--	3 000

Inventories as at 31.03/2017	3 600	--
Cash	2000	
Total	92 000	92 000

Following adjustments to be completed before preparation of financial statements of Rewnajalee PLC for the year ends 31.03.2017

- (01) Adjustments related to property plant and equipment (All depreciable assets to be depreciated on straight line method)
- (i) Useful life time of building is 40 years. No salvage value is estimated.
 - (ii) Balance of Revaluation reserves represents the surplus generated through land revaluation before 2 years. This land was revalued for Rs. 20 000 000 during the year and it was not adjusted yet.
 - (iii) Motor vehicle account balance represent the motor vehicle acquired on finance lease at 01.04.2016 with a fair value if Rs. 3000 000. Down payment was not made when purchasing the motor vehicle. Annual lease installment of Rs. 600 000 to be paid at the end of each year. Installment payment made this year was recorded under finance expenses. Annual interest is 10% of the opening balance, Motor vehicles to be depreciated by 10% per annum.
 - (iv) Salvage value of machines of the end of useful life time of 10 years was estimated as Rs. 40 000.
 - (v) Remaining useful life time of computer and equipment were estimated as another 2 years form 01/04/2017.
- (02) Inventory items cost Rs. 200 000 including stock of 31.03.2017 were sold for Rs. 150 000 on 10.04.2016
- (03) Stock cost Rs. 1000 000 was sent to Padeniya PLC on 31/01/2017 on sale or return basis. They were not sold till 31.03.2017. Invoice value of the stock there were Rs.1500 000. Period of return is not yet over. This stock was not included for closing stock.
- (04) Maspotha PLC, a debtor with a due of Rs. 80 000 was declared as bankrupt by the court on 12.04.2017. This balance was already recognized as an expected losse on trade receivables as at 31.03.2017. Rs. 300 000 Allowance to be maintained for an expected losses on trade receivables on remaining debtor balance.
- (05) Fixed deposit was started on 01.04.2016 and, the interest received was included in bank statement. No adjustment was done on that.

- (06) 6 months interest payment for 15% bank loan was included in finance expenses. Interest for remaining 6 months were not yet paid. Rs. 400 000 out of the bank loan to be paid within 2017/2018.
- (07) Ruwanjalee PLC sold goods under warranty certificates. It was estimated that a provision of Rs. 200 000 to be made for sales warranty.
- (08) Income tax for the year was $\frac{1}{4}$ of profit before tax.
- (09) Rs. 500 000 was paid for advertising expenses during the year. Rs. 300 000 out of that is applied for next year.
- (10) Financial statements were approved by board of directors on 30.06.2017

Required :

- (i) Statement of profit or loss and other comprehensive income for the year ended 31.03.2017
- (ii) Statement of changes in equity for the year ended 31.03.2017
- (iii) Statement of financial position as at 31.03.2017
- (iv) Notes to the account for the year ended 31.03.2017

