JMC JAYASEKERA MANAGEMENT CENTRE
"Pioneers in Professional Education"

AAT Level 03
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Sandeepa Jayasekera

B.Sc. (Acct.) Hons. Gold Medal Winner, ACA, SAT, ACMA (UK), CGMA (UK), CA Prize Winner for AFR subject in Strategic Level II, CA First in Order of Merit Prize Winner in CAB II Level, CIMA Strategic Level Aggregate Prize Winner, MBA (PIM-SJP), Visiting Lecturer – Colombo University.

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Question 01 – SLFRS 15 Revenue

The following information is extracted from **ABC Ltd**. A company engaged in selling air conditioners and providing maintenance services.

ABC Ltd. entered into an agreement on 01st April 2024 for a 2 year period with Ranga Ltd. to sell an air conditioner with maintenance services at a monthly charge of Rs.22,000/-.If this sells separately, the market price of an air conditioner is Rs.360,000/- and monthly maintenance service is Rs.8,000/-.

You are required to :

Identify the revenue for years ended 31st March 2025 and 31st March 2026 on the above transaction as per SLERS 15- Revenue from Contracts with Customers.
(04 marks)

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Question 02 – SLFRS 15 Revenue

Amali PLC is renting out generators. The daily rent is Rs. 20,000. A customer entered into an agreement to rent a generator for 7 days on 29/3/2022. On the same the company received Rs. 100,000 as an advance. This advance included a refundable deposit of Rs. 50,000/-. Generator was delivered to the premises of the customer on 30/3/2022.

As per SLFRS 15,

1. How much is the rent income to be recognized for the year ended 31/3/2022?
2. How much is the unearned rent income?

Question 03 – SLFRS 16 Leasing

Sunshine Ltd. Purchased a motor vehicle at a cost of Rs.8 million on 01st April 2022 paying an advance of Rs.3 million and obtained a finance leasing facility for the balance Amount From **ABC Bank** on the same day. You are provided the following information with reference to the finance lease:

Lease Term	4 years
Implicit Interest Rate	18% per annum
Annual Lease Installment	Rs.1,858,736/-

Lease installment is paid at the end of each year and ownership of the asset is transferred to **Sunshine Ltd.** at the end of lease term. First installment of the lease was paid by the company On 31st March 2023.Useful life of the motor vehicle is 4 years.

You are required to:

Prepare the extracts of Statement of Comprehensive Income for the year ended 31st March 2023 And the Statement of Financial Position as at 31st March 2023 with reference to this lease. (06 marks)

Question 04 – SLFRS 16 Leasing

On 1st April 2023,**Public Leasing Ltd**. Sold a motor lorry to **Singhe Ltd.** under a finance lease agreement for a 5 year period. Fair value of the motor lorry was Rs.6,800,000/- and **Singhe Ltd**. Paid an advance of Rs. 2,000,000/- on 01st April 2023. Annual lease Installment is Rs. 1,534,934/- and should be payable at the end of each financial year. Implied interest rate was 18% per annum. The first Installment of the lease was paid on 31st March 2024 by **Singhe Ltd.**

You are required to :
Prepare the following ledger accounts for the year ended/as at 31st March 2024 of **public Leasing Ltd.**

Lease Receivable Account (04 marks)
Unearned Finance Income Account (02 marks)

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Question 05 – LKAS 23 Borrowing Cost

On 01 January 2023 Sun Sola Ltd. commenced the construction of solar power plant in Mannar and completed the construction on 30th November 2023. The management expects to identify the borrowing cost that can be capitalized in the cost of power plant.

1. Total construction cost was Rs.400 million and the following payments were made to the constructor of the solar power plant:

Description	Date of payment	Rs.000
First Bill	01.02.2023	50,000
Second Bill	31.03.2023	100,000
Third Bill	01.09.2023	140,000
Final Bill	30.11.2023	110,000
		400,000

2. The loan from XYZ Bank was obtained and it was fully utilized for the construction of solar power plant. Balance amount incurred on construction was used from the loan obtained from ABC Bank. Details of these finance facilities are as follows:

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Bank	Loan Amount	Rate of Annual Interest	Date Obtained
ABC Bank	550,000	12%	30.04.2023
XYZ Bank	200,000	13%	01.01.2023

3. Capital repayments of both loans were started from 01 January 2024.

You are required to:

Calculate the borrowing costs to be capitalized under Solar Power Plant as at 31 December 2023 as per LKAS 23 - Borrowing Cost.
(04 marks)

Question 06 – LKAS 36 Impairment

Carrying value of a motor vehicle as at 31st March 2022 of Sam Ltd was Rs.3,600,000/- and this motor vehicle was purchased for Rs.4.800.000/- on 1st April 2019. The company carried out an impairment test on 31st March 2022 and it was found that the fair value less cost of disposal of the motor vehicle was Rs.2.8 million and the value in use was Rs.3 million.

You are required to:
Calculate the impairment loss of the motor vehicle as per LKAS 36.
(04 marks)

Question 07 – LKAS 12 Income Tax

The following information was extracted from Sigma Exports Ltd.'s books of accounts for the year ended 31st March 2022:

(1) Taxable profit for the year ended 31st March 2022 was Rs.800,000/-.
(2) Differed tax asset as at 01 April 2021 was Rs.150,000/-
(3) Carrying value and tax base of non-current assets are as follows:

Assets	Carrying Value (Accounting Written Down Value) as at 31 March 2022 (Rs.)	Tax Base (Rs.)
Machinery	10,000,000	9,000,000
Motor Vehicles	6,000,000	5,500,000

(4) Provision for Gratuity as at 31st March 2022 was Rs.500,000/-.
(5) Corporate Tax Rate is 14%.

You are required to:

Compute the following:

(a) Deferred tax asset/liability as at 31st March 2022. (03 marks)
(b) Tax expenses for the year ended 31st March 2022. (02 marks)

Question 08 – LKAS 12 Income Tax

The Following information was extracted from books of **Beta Ltd.** for year ended 31st March 2025:

	Rs. (000)
Profit before tax for the year ended 31st March 2025	12,400
Taxable Profit for the year ended 31st March 2025	20,000
Deferred Tax Liability as at 01st April 2024	3,500

Details of Property, Plant and Equipment are as follows:

Assets	Cost	Carrying Value (Accountiing Written Down Value As at 31st March 2025	Cumulative Depreciation as per Tax Purpose (Capital Allowance) As at 31st March 2025
Land	10,000	10,000	-
Buildings	54,000	38,500	22,500

Corporate Income Tax Rate is 30%

You are required to:

Calculate the deferred tax asset/liability as at 31st March 2025 (03 marks)
Calculate the tax expense for the year ended 31st March 2025 (02 marks)