



UNIVERSITY OF KELANIYA – SRI LANKA

Centre for Open and Distance Learning

Faculty of Commerce & Management Studies

Bachelor of Commerce (Special) Degree Examination (External) – 2011

Year I

BCOME 1035 – Financial Accounting

No. of questions: Five (05)

Time: 03 hours

Answer all questions.

(01)

- a). The Balance Sheet of two partnership firms “Amaya Enterprise” and “Suvisal Enterprise” as on 31st March 2012 are as follows.

	Amaya Enterprise	Suvisal Enterprise		Amaya Enterprise	Suvisal Enterprise
Capital – Arjuna	500,000	-	Land & Buildings	600,000	893,000
Amaya	300,000	-	Furniture	125,000	189,000
Sudara	-	750,000	Stock	210,000	234,000
	-	480,000	Debtors	143,000	165,000
Tharushi	200,000	-	Cash	72,000	74,000
Bank Loan	150,000	325,000			
Creditors	<u>1150,000</u>	<u>1555,000</u>		<u>1150,000</u>	<u>1555,000</u>

- 1) Arjuna and Amaya share profits and losses in the proportion of 5:3.
- 2) Sudara and Tharushi share profits and losses equally.
- 3) Amaya Enterprise and Suvisal Enterprise decided to amalgamate on 31st March 2012 and form a new partnership called “Amaya Suvisal Enterprise”. Additional information regarding amalgamate are as follows.

- I. Amaya Enterprise’s and Suvisal Enterprise’s assets are revalued as follows.

	<u>Amaya</u>	<u>Suvisal</u>
Land & Building	800,000	1015,000
Furniture	185,000	223,000
Stock	195,000	220,000
Debtors	143,000	165,000

- II. The Capital of the new partnership firm would be Rs.2,000, 000 which would be contributed by Arjuna, Amaya, Sudara and Tharushi in the ratio of 1:1:2:1. Deficit or surplus to the capital should be adjusted through the cash account.

You are required to:

- i). Close the books of Amaya Enterprise and Suvisal Enterprise.
- ii). Prepare the balance sheet of “Amaya Suvisal Enterprise” as on 31st March 2012.

(22 Marks)

- b). Manoja and Lalanka, who shared profits in the ratio 2:1 as partners, propose to dissolve the partnership as from 31 December 2012 and their assets and liabilities were stated as follows on that date.

Fixed Assets	Rs.72,840
Stocks	Rs.59,275
Cash & Bank	Rs.11,792
Creditors	Rs.42,600

Fixed assets realized for Rs.64, 280, stock 20% more than cost, while creditors were settled at a discount of 10%. Expenses of dissolution amounted to Rs.1, 555.

You are required to calculate profit or loss on dissolution.

(08 Marks)

(Total 30 Marks)

(02)

Awanthi Traders operates a branch in Kandy and Head Office in Colombo. The following Trial Balances has been extracted from the books, as on 31.12.2012.

	Head office	Head office	Branch	Branch
	Dr (Rs.'000)	Cr.(Rs'000)	Dr (Rs.'000)	Cr.(Rs'000)
capital		6,000		
Land	10,095.41		1944.9	
Plant at cost	600		225	
Plant – Accumulated depreciation		150		30
Debtors and Creditors	450	225	255	135
Cash in hand	300		60	
Stocks as at 01.01.2012	45		30	
Purchase and Sales	3,600	8,250	-	2994
Insurance	10.5		5.25	
Salaries and wages	36		30	
Administrative Expenses	14.34		6.60	
Provision for Unrealized profit		5		
Selling and Distribution Expenses	3.75		2.25	
Goods from H/O and to branch		1335	1200	
Current accounts	810			600
	15,965	15,965	3,759	3,759

Additional information

- I. All goods are purchased by the Head Office. The goods required by the branch is invoiced by the Head Office at cost plus 20%. On 31st December 2012, the head office held stocks which had cost it Rs.60,000. On the same date, the branch held stocks which had been invoiced to it at Rs.36,000.
- II. Depreciable assets are to be depreciated at 10% p.a, based on the reducing balance method. There have been no fixed assets purchases or sales of fixed assets during the year.
- III. The following expenses were outstanding on 31.12.2012.

Head Office	- Salaries and wages	Rs. 6,000
	- Electricity	Rs. 4,500
Branch	- Salaries and wages	Rs.2,250

- IV. Pre payment expenses in the branch on 31.12.2012 are as follows.

Rent	Rs.1,000
Insurance	Rs. 2,400

You are required to prepare, in columnar form, the trading and profit and loss account for the year ended 31st December 2012 and the combined balance sheet as at 31st December 2012 for

- i). The head office
- ii). The branch and
- iii). The business as a whole

(Total 25 Marks)

- (03) Manjula & Ashan entered into a joint venture & agreed to share profits & losses in the ratio of 2:3. They open a joint bank account in which Manjula & Ashan contributed Rs.320,000 & Rs.400,000 respectively. They purchased 10 televisions at Rs.60,000 each. They met the reconditioning cost Rs.120,000 from the joint bank account. Carriage & other expenses of Rs.80,000 were borne by Ashen. Ashen receive a cheque of Rs. 40,000 from Manjula. Nine televisions were sold at Rs.100,000 each and the rest was taken over by Ashen at cost.

You are required to prepare, Joint venture account Joint Bank account and close the accounts at the end.

(Total 15 Marks)

(04) The following were the transactions taken place in the PQR Ltd for the year ending 31st March 2013. Interests are paid semi annually on 30th September and 31st March

May 1st – Purchased Rs 50,000 12% debentures at a price of Rs 102. Face value of a debenture is Rs 100.

Sept 30th - Received the interest (Interest are paid semi-annually)

Oct 31st - Sold Rs 25,000 12% debentures at a price of Rs 105 each.

March 31st- Received the interest

Market price of a debenture was Rs.108 as at 31.03.2013

By using above information you are required to prepare Debenture account.

(Total 15 Marks)

(05)

a). X & Co. purchased a Motor car on April 1, 2007 on hire-purchase paying Rs. 600,000 cash down and balance in four annual installments of Rs. 550,000, Rs. 500,000., Rs. 450,000 and Rs. 400,000 at the end of each accounting period. You are required to calculate total cash price and amount of interest in each Installment.

(10 Marks)

b). State 5 disclosures for inventories, according to the Sri Lanka Accounting Standards 02.

(05 marks)

(Total 15 Marks)