

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

SECOND YEAR SECOND SEMESTER EXAMINATION IN SCIENCE 2003/2004 (PROPER)

OC 205 FINANCIAL ACCOUNTING – II

Answer all questions

Time:-01 Hour

Non-Programmable calculator permitted.

01. The Receipts and Payments Account of a Leon Club for the year ended 31/12/2004.

Receipts	Amount (Rs)	Payments	Amount (Rs)
Opening Balance		Furniture Purchase	12,000
Cash	5,000	Salaries	35,000
Bank	80,000	Instruments Purchase	100,000
Subscriptions	125,000	Sundry expenses	80,000
Interest received	14,000	Diet expenses	22,000
Donations	40,000	Insurance	37,000
Bar Sales	325,000	Bar Purchase	225,000
		Closing Balance	
		Cash	8,000
		Bank	70,000
	589,000		589,000

Further information are as follows.

(i) Balances as on	01/01/2004	31/12/2004
Land & Building	500,000	500,000
Furniture	48,000	60,000
Instruments	35,000	135,000
Investment	150,000	150,000
Subscription arrears	18,000	15,000
Subscription advance	12,000	8,000
Salaries payable	4,500	5,500

Bar Stock	5,000	7,000
Interest Receivable	1,000	500

(ii) Depreciation on all fixed assets for the year ended 31/12/2004 is to be provided at 10%

You are required to prepare for Leon Club the following for the year ended 31/12/2004

1. Subscription Account
2. Bar trading Account
3. Income & Expenditure Account.
4. Statement of state affairs as at 31/12/2004.

02. You are given the following information supplied by a small business trader Mr. Prem who not keep proper Books of Accounts.

Assets & Liabilities	01/01/2004	30/12/2004
Land & Building	400,000	400,000
Motor vehicle	125,000	125,000
Cash	22,400	39,800
Stock	80,000	93,000
Debtors	22,000	15,000
Creditors	40,000	50,000
Rent paid advance	1,200	1,400
Bank Loan	50,000	50,000

Additional information are as follows.

1. Mr. Prem has drawn Rs.500 per month during the year.
2. Sales are mainly for cash but limited credit given to a small number of customers.
3. Cash received and payments made during the period.
 - Received from debtors Rs.67,000.
 - Cash Sales Rs.1,229,500.
 - General Expenses Rs.95,000.

Rent Paid Rs.3,500.

Bank Loan Interest Rs.4,000.



4. Mr Prem proposed to provide depreciation on opening balance

Land & Building 5% at cost.

Motor vehicle 10% at cost.

You are required to prepare the following Account for the year ended 31/12/2004.

- (1) Cash Book.
- (2) Trading and Profit & Loss Account.
- (3) The Balance Sheet as at 31/12/2004.

(40 Marks)