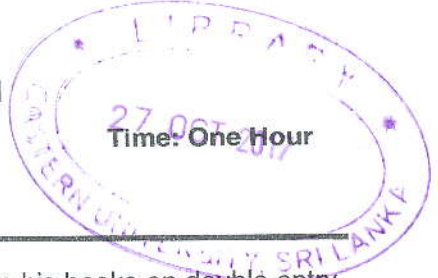


EASTERN UNIVERSITY, SRI LANKA

Second year Second Semester Examination in Science 2012/2013

(October 2016) (Proper/Repeat)

OC 205 Financial Accounting – II



Answer the all questions.

Calculator is permitted.

Mr. Randika carries on a grocery business and does not keep his books on double entry basis. The following particulars have been extracted from his books of accounts:

Balances of accounts:

Balances	01.07.2015	30.06.2016
	Rs.	Rs.
Plant and Machinery	250,000	250,000
Stocks	220,000	195,000
Sundry debtors	80,000	255,000
Sundry creditors	125,000	100,000
Cash in hand	4,000	8,000
Bank balance	62,500	70,000

The following cash transactions took place during the year ending 30.06.2016:

	Rs.
Cash sales	312,500
Received from debtors	1600,000
Cash purchases	288,500
Payment to creditors	132,000
Operating expenses	214,500
Salaries and wages	150,000
Drawings	68,000

During the year, Mr. Randika had taken goods from the business for his own consumption which amounted to Rs.19,500 for the whole year and he had not paid any money into the business for them. A provision for depreciation is to be provided for plant and machinery at 10% p.a on book value.

Required:

Prepare the Trading, and Profit and Loss account for the year ended 30.06.2016, and the Balance sheet as at 30.06.2016.

(50 Marks)

02. The following is the Receipts and Payments Account of Batty Junior Club for the year ended 31.12.2015:

Receipts	Rs.	Payments	Rs.
Balance b/d at 01.01.2015	10,200	Salaries	41,600
Entrance fees	10,000	Rent	18,600
Subscriptions: 2014	2,500	Electricity	12,800
2015	30,500	Postage and Stationery	3,300
2016	3,500	Insurance Premium	1,800
Sale of investment	75,000	General expenses	4,600
10% Bank loan	20,000	Paid for Furniture purchased	45,000
		Balance c/d at 31.12.2015	24,000
	151,700		151,700

The following information is also available:

(i) Balances as at:

	31.12.2014	31.12.2015
	Rs.	Rs.
Rent due	1,800	3,600
Electricity payable	6,400	2,000
Subscription due	2,500	4,000
Insurance paid in advance	500	700

(ii) The cost of investment sold was Rs.50,000. The surplus is to be treated as income.

(iii) Furniture was valued at Rs.30,000 on 31.12.2015. On 30.06.2015 the club purchased additional new furniture at a cost of Rs.52,000. Depreciation is to be provided on all furniture at 10% p.a.

(iv) The entrance fees are to be capitalized.

(v) The 10% Bank loan was received on 01.07.2015.

Required:

Prepare the Income and Expenditure account of the Batty Junior Club for the year ended 31.12.2015, and the Balance sheet as at 31.12.2015.

(50 Marks)