

**THE OPEN UNIVERSITY OF SRI LANKA**  
**BACHELOR OF MANAGEMENT STUDIES**  
**LEVEL 03**



**MCU 1206 – FINANCIAL AND COST ACCOUNTING**

**ASSIGNMENT TEST - 2006**

**DURATION: TWO (02) HOURS**

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**Date : 17<sup>th</sup> September 2006**

**Time: 2.00 p.m. – 4.00 p.m.**

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**INSTRUCTIONS :**

**\*Answer three (03) questions including questions one (01) and two(02).**

**\*Non programmable calculators are allowed.**

01. a) "Disputes among partners lead to the dissolution of partnership business" Discuss.  
b) How can you overcome disputes among partners?  
c) The following information extracted from the books of Sarasavi Bros. on 31.12.2005.

	<b><u>Rs.</u></b>
Stock 01/01/2005	42,000
Purchases	690,000
Sales	1,260,000
Closing stock	36,000
Carriage outwards	10,500
Telephone	13,480
General expenses	15,000
Motor vehicle expenses	18,000
Salaries and wages	216,000
Electricity	24,000
Insurance	12,600
Bad debts	1,800
Discounts allowed	6,540
Depreciation of motor vehicles for the year	48,000
Depreciation of furniture for the year	2,400
Discounts received	4,320
Capital Accounts 01.01.2005	
- Saman	56,800(Cr)
- Kelum	56,800(Cr)
- Viran	56,800(Cr)

Current Accounts 01.01.2005	
- Saman	12,000(Cr)
- Kelum	12,000(Cr)
- Viran	12,000(Cr)
Appropriations	
- Salaries to Saman	60,000
Interest on capital	
- Saman	5,680
- Kelum	5,680
- Viran	5,680
Interest on drawings	
- Saman	2,040
- Kelum	5,000
- Viran	5,000
Share of profits	
- Saman	45,000
- Kelum	45,000
- Viran	45,000
Premises	220,000
Motor vehicles at cost	240,000
Furniture at cost	8,000
Provision for depreciation on 01.01.2005	
Motor vehicles	144,000
Furniture	2,400
Creditors	63,000
Debtors	40,140
Bank balance	96,000
Cash	26,060

You are required to prepare Trading, Profit and Loss account and appropriation account for the year ended 31.12.2005 and the Balance Sheet as at 31.12.2005.

(60 marks)

02. The Balance Sheet of Sumal Stores as at 31.12.2005 is as follows.

Rs.		Rs.	
Capital Accounts		Goodwill	30,000
- Sumal	60,000	Motor Vehicle	150,000
- Manel	40,000	Furniture	30,000
- Lily	40,000		<u>210,000</u>
Current Accounts		Stock	30,000
- Sumal	30,000	Debtors	30,000
- Manel	20,000	Bank	25,000
- Lily	10,000	Cash	5,000
Bank Loan	60,000		<u>90,000</u>
Trade Creditors	40,000		<u>300,000</u>
	<u>300,000</u>		

Partners dissolved the partnership on 15.01.2006.

Assets realized as follows.

	Rs.
Motor Vehicles	100,000
Furniture	10,000
Stock	10,000
Collection from Debtors	10,000

Bank loan and creditors were paid in full. Dissolution expenses are Rs. 10,000/=. Show accounts related to the dissolution of partnership.

(20 marks)

03. Sudu and Kalu formed a joint venture to purchase and sell television sets. Sudu purchases sets and send to Kalu for Sale. Following details are relevant for the period of 3 months ended on 31.03.2005.

Purchases by Sudu-200 sets at Rs. 15,000/- each. Sales by Kalu-150 sets at Rs. 20,000/- each. Five sets were given for charity. Ten sets were damaged in transit and were sold at Rs. 15,000/- each. Balance sets were destroyed by fire and the insurance company agreed to pay 50% of the cost.

Prepare joint venture memorandum account for the 3 months ended 31.03.2005.

(20 marks)

04. On 01.01.2005 Sachin sent on consignment of 200 motor cycles to Shiran in Male expecting to sell them at Rs. 50,000/- each including a profit margin of  $\frac{1}{5}$  of the selling price. Sachin paid transport charges and other expenses upto the Colombo harbour. Shiran accepted 190 cycles but returned 10 cycles incurring a cost of Rs. 5,000/-. He sold 150 cycles upto 31.03.2005. His expenses include the following.

Duty	Rs. 760,000
Handling charges	Rs. 40,000/-
His sales commissions	5% on selling price
Advertising charges	Rs. 35,000/-

He sold 5 cycles on credit, and this amount cannot be recovered. Hence 50% of this loss should be recovered from him. He remitted 75% of the balance payable to Sachin on 31.03.2005.

Show the consignees account in the books of Sachin for the period ended 31.03.2005.

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