

THE OPEN UNIVERSITY OF SRI LANKA
 BACHELOR OF MANAGEMENT DEGREE PROGRAMME – LEVEL 3
 ASSIGNMENT TEST - 2007
 FINANCIAL AND COST ACCOUNTING – MCU 1206



Date : 26.05.2007

Time : 2.00 p.m – 4.00 p.m

DURATION TWO(02) HOURS

Answer any three (03) questions.

Non Programmable calculators are allowed.

01. Assume that you are the accountant of a Private Hospital. The management has requested you to prepare a statement giving the sources of revenue and various types of expenditure of the private hospital. State what are the contents of your statement to the management team.
02. (a) Discuss the factors that lead to the dissolution of partnership.
 (b) The following balance sheet extracted from the books of Asiri Brothers on 31.12.2006.

Capital a/c	Rs.	Assets	Rs.
A 200,000		Non Current Assets	300,000
B 150,000		Motor Vehicles	200,000
C 100,000	450,000	Furniture	<u>50,000</u>
			550,000
Current a/c		Current Assets	
A 50,000		Stocks	50,000
B (25,000)		Debtors	60,000
C (25,000)		Cash	35,000
			145,000
Loan from Bank	200,000		
Trade Creditors	<u>45,000</u>		
	695,000		
			<u>695,000</u>

The partners dissolved the partnership as the business had faced liquidity problems within one month. The partnership had to pay interest on loan 24,000/=, accrued expenses 8,000/= and dissolution expenses 10,000/= while the assets realized Rs.525,000 and the liabilities were paid in full and settlement took place among partners on 31st January. Show the partners capital a/c, Realization a/c and Cash Book related to the dissolution of partnership.

03. Mahage and Malavige formed a Joint Venture to buy and sell gems.

Mahage purchase gems from Keerthipura and Malavige sell them at Vijayapura. Following transactions took place for the 3 months ended on 31.03.2007

Purchases by Mahage	Rs. 1,500,000
Expenses of Mahage	Rs. 35,000
Sales by Malavige	Rs. 2,500,000
Expenses of Malavige	Rs. 65,000

Cash sent by Malavige to Mahage Rs. 2,000,000

Some of the gems sold by Malavige for Rs. 100,000 returned to Malavige.

Prepare

Joint venture memorandum a/c, Joint venture a/c with Mahage in the books of Malavige and Joint venture a/c with Malavige in the books of Mahage for the period of 3 months ended on 31/03/2007.

04. On 01st October 2006, Sekara Brothers of Sri Lanka sent a consignment of 2500 leather bags to Tony Brothers requesting them to sell them at 350/= each. (Cost Price 100/= each)

Details of transactions for the 3 months ending on 31st December 2006 are as follows.

Expenses of Sekara Brothers

Sent 2500 bags at 100/= each
Transport charges 5000/=
Packing charges 2500/=

Expenses of Tony Brothers

Duty for 1250 bags at 50/= each and Freight charges for 2500 bags at 25/= each.

Tony Brothers returned 1250 bags without accepting them at their port incurring an expenses of Rs.25,000/=

Sold 1000 bags at 350/= each

Balance were unsold on 31.12.2006 (250 bags) and sales commission payable to Tony Brothers is 20% of sales price.

Show the consignment a/c with Tony Brothers in the Books of Sekara Brothers for the 3 months ended 31.12.2006.