



**UVA Wellassa University**

Faculty of Management

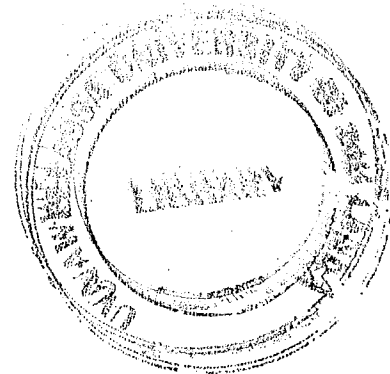
**Bachelor of Business Management in Entrepreneurship and Management**

**Bachelor of Business Management in Hospitality, Tourism and Events Management**

***FIRST YEAR SECOND SEMESTER EXAMINATION – DECEMBER 2016/JANUARY 2017***

**ENM /HTE 121-2 Basic Accounting (Non GPA)**

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**Part C : Essay Questions**  
**Answer all questions**

01. Shantha and Suneetha are in partnership sharing profits in equally. The partnership's profit for the year was Rs.760, 000. The partnership agreement provides for:

- Interest on drawings at a rate of 8% per annum on all drawings during the year
- Partners' salaries of Shantha, Rs 10,000 Suneetha, Rs 5,000 (Per Annum)

At the beginning of the year, the partners' capital and current account balances were as follows:

	Shantha	Suneetha
	Rs.	Rs.
Capital	120,000	150,000
Current	80,000	40,000

Additional Information

- Drawings of the Shantha for the year is 5000.

Based on the following information you are required to prepare:

- a) Profit and Loss Appropriation Account
- b) Partners' Current Accounts
- c) Partners' Capital Account

(20 marks)



02. Following Trial Balance extracted from books of Wisdom Company for the year ended 31<sup>st</sup> March 2017.

Particulars	Debit Balance (Rs)	Credit Balance (Rs)
Capital		325,000
Sales		91,000
Debtors	24,000	
Purchases	50,000	
Sales return / Return inwards	1,000	
Loan from bank		120,000
Creditors		16,000
Distributing expenses	18,000	
Bank	22,000	
Bills payable		4,600
Salaries and wages	10,000	
Stock (01.04.2016)	20,000	
Rent and rates	4,400	
Purchase return / Return outwards		1,500
Electricity expenses	14,000	
Insurance installment	2,200	
Sales commissions	2,500	
Land	300,000	
Vehicle	100,000	
	<b>558,100</b>	<b>558,100</b>

Further, following information is provided for you.

- Accumulated depreciation of vehicle is Rs 10,000 at 31<sup>st</sup> March 2016.
- Value of Inventory as at 31<sup>st</sup> March 2017 has estimates as Rs.15, 500.

You are required to:

1. Prepare the Income Statement for the year ended 31<sup>st</sup> March 2017
2. Prepare the Statement of Financial Position as at 31<sup>st</sup> March 2017

(2 x 15= 30 marks)