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University of Sri Jayewardenepura
2011 - B.Sc. Business Administration (General) External - Part I Examination
May 2014
BME 1505: Accounting for Managers

This paper consists of two parts. Answer any **five** questions selecting at least two questions from each part.

Time allowed: **3 hours**

Part I

Question No.01

- I. Briefly explain the following concepts.
 - i. The entity concept
 - ii. The going concern concept
 - iii. The periodicity concept

(03 Marks)
 - II. Define the **three** elements directly related to the Statement of Financial Position (Balance Sheet) as per the IASB Conceptual Framework for Financial Reporting.

(03 Marks)
 - III. Name the qualitative characteristic applicable for following situations as per the IASB Conceptual Framework for Financial Reporting.
 - i. Use of same accounting policies from accounting period to period.
 - ii. Revaluation of assets to reflect their market values.
 - iii. Ability to take decisions based on present financial information.

(03 Marks)
 - IV. State the main components of the 'Regulatory Framework for Financial Reporting in Sri Lanka'.

(03 Marks)
 - V. Define the term 'Inventory' as per the relevant Sri Lanka Accounting Standard.

(02 Marks)
 - VI. Define the term 'Property, Plant and Equipment' as per the relevant Sri Lanka Accounting Standard.

(02 Marks)
 - VII. Name the **two** categories of events identified in the accounting standard on 'Events after the Reporting Period' with an example for each category.

(04 Marks)
- (Total 20 Marks)**

Question No.02

The transactions taken place in Dineth's business during April 2014 and information for the same month are given below.

I

Date	Transaction
02.04.2014	Cash sales Rs.100,000.
12.04.2014	Goods worth Rs.110,000 was purchased from Sama and 10% of this was allowed as a trade discount.
13.04.2014	Goods worth Rs.410,000 was sold to Nayana on credit and the trade discount of Rs.10,000 was allowed.
14.04.2014	Furniture worth Rs.260,000 was purchased on credit from AB Company.
15.04.2014	Goods purchased for the resale from Sandamali on credit was Rs.92,000.
17.04.2014	Credit sales of goods to Athula was Rs.300,000.
22.04.2014	The amount payable to Sama was settled subject to a cash discount of 5%.
24.04.2014	The total amount receivable from Nayana was settled subject to a cash discount of Rs.8,000.
28.04.2014	The monthly rent of Rs.20,000 was paid.
29.04.2014	A cheque of Rs.60,000 sent by Ranga, a trade debtor, was deposited in the bank.

- II. All the transactions were effected through a current account in the bank and the balance of the account as at 01.04.2014 was Rs.40,000.
- III. As per the bank statement received on 01.05.2014, the bank charges for April 2014 were Rs.1,000.
- I. The cheque issued for the monthly rent has not been presented for the payment and the cheque received from Ranga has not been realized.

Required;

- i. Record the transactions stated in I above in relevant prime entry books. (10 Marks)
- ii. Post all these transaction to the relevant ledger accounts and balance them. (06 Marks)
- iii. Prepare the bank reconciliation statement for the month of April, 2014. (04 Marks)
- (Total Marks 20)**

