

23 AUG 2013

EASTERN UNIVERSITY, SRI LANKA

Second year Second Semester Examination in Science 2009/2010 (April/May 2012)

(Proper)

OC 204 Financial Accounting – I

Answer the all questions.

Time: Two Hours

Calculator is permitted.

(1). From the following transactions of a trader, prepare cash book for the month of July 2011.

	Rs.
July 01 - Cash in hand	11,000
Cash at Bank	13,000 (Cr)
03 - Paid insurance by cheque	5,000
05 - Cash received on account of cash sales	5,000
07 - Cash purchases	3,000
09 – Salaries paid by cash	7,000
10 - Paid a cheque to Mohamed for final settlement of his account of Rs 11000	10,000
12 - Received cheque from Mr. Ram in final settlement and deposited into bank	9,700
14 - Paid a cheque to Neha in settlement of her account at 10% of discount	18,000
15 - Received cash from Mr.Senthil	6,000
Discount	700
17 - Cheque received from Mr.Raja	4,000
22 - Withdrawn from bank for personal use	3,000
24 - Cheque received from Mr.Raja deposited in bank	4,000
27 - Cheque from Mr. Raja dishonored and returned by the bank	4,000
30 - Payment of Telephone bill by cheque (Including Rs.700 residential connection)	4,000

(20 Marks)

- (2). Arun opened a bank account on March 01, 2011. Prepare a bank reconciliation statement starting from adjusted cash book balance by using following information:

Cash book (Bank column)

Date	Particular	Rs	Date	Particular	Rs
01-03-2011	Cash	2,000	05-03-2011	X & Co	✓ 2,000
03-03-2011	A & Co ✓	3,000	08-03-2011	Y & Co	✓ 3,500
08-03-2011	B & Co ✓	6,000	20-03-2011	C & Co(dishonored)	5,000
15-03-2011	C & Co ✓	5,000	25-03-2011	Salary- Cheque. no 01234	✓ 2,000
27-03-2011	D & Co ✗	8,000	31-03-2011	Z & Co ✗	4,500
				Balance c/d	7,000
		24,000			24,000

Pass book for the month of March, 2011

Date	Particular	Withdrawal (Dr)	Deposit (Cr)	Balance
01-03-2011	Cash	-	2,000	2,000(Cr)
05-03-2011	Clearing A & Co	-	✓ 3,000	5,000
10-03-2011	Clearing X & Co ✓	✓ 2,000	-	3,000
12-03-2011	Clearing B & Co ✓	-	✓ 6,000	9,000
13-03-2011	Clearing Y & Co	✓ 3,500	-	5,500
17-03-2011	Clearing C & Co ✓	-	✓ 5,000	10,500
18-03-2011	Dishonor of Cheque of C & Co ✓	5,020	-	5,480
25-03-2011	Ramlal – Cheque no. 01234 ✓	2,000	-	3,480
31-03-2011	Locker's rent ✗	1,400	-	2,080

(20 Marks)



(3). Rectify the following errors using Suspense account, if necessary.

1. Goods purchased from Mahesh Rs.2,500 has been recorded in sales' day book
2. Rent paid Rs.3, 000 has been posted to rent account as Rs.300.
3. Purchase of bicycle for Rs.1, 000 has been debited to transport expenses account.
4. Purchase of furniture for Rs.7000 for office use has been recorded in purchase day book.
5. Rs.5, 000 paid to Mohan has been debited to Sohan's account.

Also find out the amount of difference in trial balance assuming there are no other errors.

(20 Marks)

(4). The following information is extracted from the trail balance of Arumugam Store on 31.03.2011.

Particulars	Debit	Credit
✓ Purchases / Sales	900000	1550000
Fixed assets/Provision for Depreciation as at 01.04.2010:		
✗ Land & Building	450000	45000
✗ Motor vehicle	300000	30000
✗ Furniture and fittings	250000	25000
✗ Debtors/ Creditors	80000	70000
✓ Returns	5000	6000
✓ Salaries	65000	
✓ Advertisement	7000	
✓ Rent and rates	19000	
✓ Insurance	8000	
✗ 10% Investments	90000	
✗ 15% Bank loan		80000

Handwritten notes: $\text{Profit} = \text{Sales} - \text{Costs}$

X	Goodwill	20000	
X	Carriage inwards	3000	
X	Carriage outwards	6000	
✓	Provision for doubtful debt as at 01.04.2010		4500
✓	Discounts	9500	6500
✓	Sales commission paid	30000	
✓	Stationery	3900	
✓	Interest on bank loan	5500	
✓	Motor vehicle maintenance	35000	
✓	Drawing	55000	
✓	Stock on 01/04/2010	220000	
X	Capital		744900
		2561900	2561900

Additional information:

- ✓ 1. Stocks as at 31.03.2011 Rs 245000
- ✓ 2. Rent payable as at 31.03.2011 Rs.3500
- ✓ 3. Insurance prepaid Rs.2500
- ✓ 4. A bad debt of Rs.4500 is to be written off from the debtor's balance and a provision for doubtful debt is to be made 10%
5. the provision for depreciation on fixed assets to be made as follows:
 - X - Land & building - 5% per annum on straight line basis
 - X - Furniture - 12.5% per annum on straight line basis
 - X - Motor vehicle- 10% per annum on reducing balance basis

Required:

Prepare the Profit and Loss account for the year ended 31.03.2011 and the Balance sheet as at 31.03.2011.

(40 Marks)