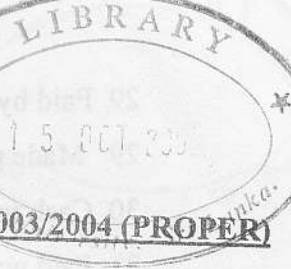


EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT



SECOND YEAR SECOND SEMESTER EXAMINATION IN SCIENCE 2003/2004 (PROPER)

OC 204 FINANCIAL ACCOUNTING - I

Answer all questions

Time:-02 Hours

Non-Programmable calculator permitted.

01. The following are the transactions of sole trader Mr.Kabilan for the month of January 2005.

January 01 Cash in hand Rs.125,000 and cash at bank Rs. 100,000.

03 Bought goods by cheque Rs.20, 000.

05 Purchased goods from

Naresh Rs.50,000

Deepak Rs.45,000

Sultan Rs.75,000

08 Paid trade expenses Rs.2, 000.

10 Goods sold to

Vinoth Rs.90,000

Kamal Rs.60,000

Raja Rs.45,000

12 Withdrawn from bank for personal use Rs.3,000.

14 Cash sales Rs.85,000.

16 Goods returned to

Naresh Rs.2,000

Deepak Rs.5,000

18 Paid salaries by cheque Rs.7,000.

20 Goods returned by

Vinoth Rs.5,000

Kamal Rs.4,000

24 Credit purchase of Motor vehicle from Modern Company for Rs.150,000.

26 Received cheque from Vinoth in final settlement and deposited the same day.

27 Deposited in the bank Rs.25,000.

28 Received cash from Raja for the full settlement of claim after deducting cash discount Rs.5,000.

- 29 Paid by Cheque to Naresh Rs.10,000.  
 29 Made payment to Deepak by cash. Discount allowed by them Rs.2000.  
 30 Cash received from Kamal Rs.2000.  
 31 Paid wages by Cheque Rs.1000.

**Required**

Record the above transaction in the subsidiary books post them into ledgers balance off the Accounts as at the end of the month and extract a trail balance as at that date.

(40 M)

02. The following trail balance was extracted from the books of Atlas Company as at 1<sup>st</sup> January 2004.

**Trial Balance as at 1<sup>st</sup> January 2004.**

Particulars	Debit (Rs)	Credit (Rs)
Capital		348,750
Sales		535,000
Purchase	370,000	
Carriage inwards	15,000	
Carriage Outwards	12,000	
Returns	17,000	23,000
Debtors \ Creditors	45,000	37,000
Advertisement	9,500	
Salary & wages	7,000	
Investment	50,000	
Investment income		3,000
Fixed Assets as at 01/01/2004.		
Land & building	250,000	
Furniture & fitting	125,000	
Machinery	150,000	



Provision for Depreciation as at 01/01/2004

Land & building	100,000	
Furniture & fitting	65,000	
Machinery	25,000	
Provision for doubtful debt	500	
Insurance	5,500	
Discount	1,200	750
Maintenance	2,500	
Stock	70,000	
Rent & Rates	3,000	
Rent & Rates advance	300	
Cash in hand	5,000	
	<u>1,138,000</u>	<u>1,138,000</u>

You are given the following additional information.

- Closing Stock as at 31/12/2004 Rs.90,000.
- Bad debts of Rs.3000 is to be written off from the debtor balance and a provision for doubtful debt is to be made at 10% on balance.
- Accrued expenses – Advertisement Rs.400.
- Rent & Rates Advance Rs.750.
- Depreciation on fixed assets is to be provided as follows.
  - Land & building 5% at cost
  - Furniture & fitting 10% at cost
  - Machinery 20% at reducing balance.

**Required**

Prepare a trading and profit and loss account for the year ended 31<sup>st</sup> December 2004 and the Balance sheet as at that date.

(40 Marks)

03. The following are the Cash book and Bank Pass book of Vinoth for the month of June 2005

**Cash Book A/C (Bank Column)**

Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
June 01	Cash	40,000	June 02	Kanth (1001)	12,000
08	Deposit (414)	18,000	03	Praveen (1002)	40,000
20	Deposit (415)	12,000	15	Prakash (1003)	2,000
28	Deposit (715)	15,000	25	Jeeva (1004)	3,000
30	Deposit (823)	24,000	30	Balance	52,000
		109,000			109,000

**Bank Statement for the month of June 2005**

Date	Particulars	Debit (Rs)	Credit (Rs)	Balance (Rs)
June 01	Deposit		40,000	40,000
04	Kanth (1001)	12,000		28,000
05	Deposit (414)		18,000	46,000
12	Praveen (1002)	40,000		6,000
20	Deposit (415)		12,000	18,000
28	Deposit (244)		5,000	23,000
30	Bank Charges	1,000		22,000

**Required**

Prepare the Bank Reconciliation statement as on 30<sup>th</sup> June 2005.