

Uva Wellassa University
Faculty of Animal Science and Export Agriculture
BSc in Tea Technology and Value Addition
End Semester Examination - August/September 2011
Year III Semester II
Financial Accounting (TEA 344-2)



Instructions

Answer **All** questions only.

No. of questions : Five (05)

No. of pages : Six (06)

Total marks allocated : 100%

Time : One Hour and Half (01 and ½ hrs)

Part II - Essay

01. Journalize the following transactions at January 2011

Date	Transactions	Rs.
Jan.1	Started business with cash	50,000
Jan.3	Sold Goods to Rohan	40,000
Jan .7	Goods purchased from Sohan	20,000
Jan.20	Paid Rent	5,000
Jan.25	Commission Received	2,000
Jan.30	Machinery purchased	10,000

(6 marks)

02. Prepare a purchase book for the month of March 2011 of Perera & Sons.

March 1	purchased from M/s Fashion Point 100 Shirts @ Rs. 120 per shirt 50 Jeans @ Rs. 300 per Jean
March 10	Purchased goods from M/s Decent & Bros 80 Shirts @ Rs. 130 per shirt 20 pants @ Rs. 350 per pant Discount – 10%
March 15	M/s Kajal Traders sold goods to us 90 Shirts @ Rs. 140 per shirt 40 pants @ Rs. 360 per pant
March 20	Purchased furniture from M/s Raja & Sons 6 chairs @ Rs. 150 per chair 1 table @ Rs. 300 per table
March 25	Purchased from M/s Chandra & Bros for cash 20 shirts @ Rs. 150 per shirt 50 pants @ Rs. 300 per pant
March 30	Purchased from M/s Sanjeev & Bros 100 Shirts @ Rs. 160 per shirt 50 pants @ Rs. 450 per pant Trade discount 10%

(6 marks)

3. Consider a summary of Colombo Hardware's transactions in March (including the initial investment on February 28, 2011):

- Initial investment by owners, Rs.100, 000 cash.
- Acquisition of inventory for, Rs.75, 000 cash.
- Acquisition of inventory for, Rs.35, 000 on credit Basis.
- Merchandise carried in inventory at a cost of Rs.100, 000 was sold on credit for Rs.120, 000.
- Cash collections of accounts receivable, Rs.15, 000.
- Cash payments of accounts payable, Rs.20, 000.
- Withdrew Rs.1000 cash for personal use.
- Rent paid Rs. 5,000
- Electricity payable Rs. 4,500

I. Prepare following balance sheet equation to use above transaction for Colombo Hardware's as at 31st march

Assets				Liabilities		
Cash +	Accounts +	inventory +	Repaid =	Account s +	capital+	Retained
	Receivable		expenses	Payable		Earnings

(13 marks)

4. Prepare a Cash Book with discount column of Sri Bandara from the following transaction & prepare the trial Balance

March 1		Assets		Liabilities
	Land and Building		Rs 500,000	Creditors (Nalin) Rs.75,000
	Furniture		Rs 50,000	
	Debtors (Shamali)		Rs 30,000	
	Cash in Hand		Rs. 25,000	
	Cash at bank		Rs 20,000	
March 3	Rent paid Rs. 2,000			
March 5	Purchased goods for cash Rs. 100,000			
March 10	Stationery purchased Rs. 2,500			
March 10	Additional capital 200,000			
March 12	Sold Goods for Cash for Rs. 80,000			
March 12	Sales to Ram 100,000			
March 15	Cash received from Ram Rs. 98,000 and discount allowed Rs.2, 000			
March 16	Purchases from Nalin 50,000,			
March 18	Cash paid to Nalin Rs.45, 000 and discount Received Rs.5, 000			
March 25	Wages Paid Rs. 20,000			
March 26	Deposits to bank Rs. 40,000			
March 27	Insurance paid by cheque Rs.4, 000			
March 28	Sales to Shamali Rs.50, 000			
March 30	Purchases from Runil Rs.90, 000,(trade discount 10%)			
March 31	Cash received from Shamali Rs.28, 000 discounts allowed Rs.2, 000			

(15 marks)

5. The following is the trial balance of Rehman & Co for the year ended on December 31, 2010

Particulars	Debits Rs.	Credits Rs.
Capital		1,1 70,000
Sundry Creditors		1 ,000,000
Discount Received		46,500
Bank overdraft		260,000
Provision for bad debts		39,000
Purchase returns		47,000
Sales		5,923,000
Bank Loan		1,000,000
Provision on Depreciation 1.1.2010		
Plant and Machinery		220,000
Fixtures and Fitting		19,000
Electricity	74,300	
Opening stock	785,000	
Plant and Machinery at cost	1,100,000	
Fixtures and Fittings at cost	97,000	
Freehold Premises at cost	1,475,000	
Purchases	2,350,000	
Salaries	182,000	
Sundry Debtors	51 5,000	
Marketing Expenses	195,000	
Administrative Expenses	390,000	
Carriage inward	27,300	
Carriage Outward	26,000	
other expenses	130,000	
Bad Debts	22,000	
bank charges	69,000	
Discount allowed	8,000	
Insurance	60,700	
Cash at Bank	59,000	
Cash in hand	60,000	
Postage, telephone and Stationery	58,200	
Traveling and conveyance	36,000	
Auditors Remuneration	350,000	
	7,554,500	7,554,500

The following adjustments are required to be made

1. Closing stock Rs.741, 000
2. Depreciation:
 - Plant and Machinery @ 5%
 - Fixtures and Fittings @ 10%
3. Insurance (Un-expired) Rs. 6,500
4. Prepaid Salary Rs. 7,800
5. Electricity payable 10000
6. Bad debts provisions to be reduced to 5% on sundry debtors

You are required to

Prepare trading, profit and loss account and balance sheet as at December 31, 2010

(20 marks)