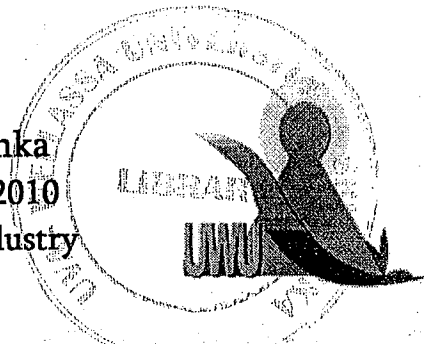


Uva Wellassa University, Sri Lanka
End Semester Examination – June 2010
IIT 205-2 Financial Accounts for Industry
Time: Two (02) hours



Total 05 Questions

Answer four (04) questions only

Question 01 is compulsory

1)

I. Write brief answers (each Question carries 2 Marks) (10 marks)

- a. Indicate the basic Accounting Equation.
- b. List two (2) Books of Prime Entry.
- c. What do you understand by the term "Double Entry System" in Accounting?
- d. What are the types of cash books that a business can maintain?
- e. Give four (4) examples for Capital Expenditure?

II. The following trial balance was extracted from the ledger of Dimantha Wijewardena, a sole trader, as at 31/12/2009. (15 marks)

Dimantha Wijewardena
 Trial Balance as at 31/12/2009

Description	Dr	Cr
Motor Vehicles	20,000.00	
Cash at bank	7,000.00	
Cash in hand	1,200.00	
Bank loan		40,000.00
Capital		46,000.00
Rent (paid)	5,000.00	
Furniture & Fittings	8,000.00	
Telephone Charges	1,000.00	
Advertising	2,500.00	
Bank Loan interest	1,300.00	
Creditors		5,000.00
Debtors	1,200.00	
Buildings	80,000.00	
Electricity Bill	200.00	
Sales		120,000
Opening Stock	4,000.00	
Insurance(Paid)	1,800.00	
Salaries	5,000.00	
Purchases	72,800.00	
Total	211,000.00	211,000.00

Notes:

- o The closing stock as at 31st December 2009 is Rs. 4,000/-
- o The monthly rent is Rs. 500/- and the annual insurance premium is Rs. 1,500/-

- a. Prepare the Income Statement of Dimantha Wijewardena for the year ended 31st December 2009
- b. Prepare the balance sheet of Dimantha Wijewardena as at 31st December 2009.

2) Following transactions took place in Mr. Perera's business during January 2009. (25 marks)

01/01	Cash brought forward balance Rs. 125,000/-
01/03	Opened a Bank Current A/C in Sampath Bank by depositing Rs. 20,000/-
01/07	Paid the electricity bill by cash, Rs 2,300/-
01/08	Goods sold Rs. 8,750/- (Cash received Rs. 5000/- and Cheques received Rs. 3,750/-)
01/10	Banked the received cheques
01/12	Purchased goods from Amal worth of Rs. 6,000/- on credit
01/18	Sold Rs. 5,000/- worth of goods to Nimal on credit
01/20	Received a cheque from Nimal worth of Rs. 2,730/-
01/25	Banked the Cheque of Nimal
01/26	Bank had dishonored the Cheque of Nimal

Record these transactions in a double column cash book and balance it at the end of the month.

3) Following cash flow information relates to Roshan Traders for the period ended 31st March 2009. (25marks)

- Payment made to purchase fixed assts -- Rs. 150,500/-
- Obtained a loan worth of Rs. 65,000/-
- Proceeds received from customers Rs. 125,000/-
- Payment made to employees Rs. 12,000/-
- Payment made to suppliers Rs. 75,000/-
- Proceeds from sale of an old machine Rs. 2,700/-
- Tax (on income) paid Rs. 2,000/-

Note

The opening cash balance was Rs. 10,000/-

Prepare the Cash flow statement of Roshan Traders for the period ended 31st March 2009.

- 4) The Cash book (bank column) and the Bank Statement of Bank of Colombo has been given below for Mr. Ajith's business for the month of January 2009. (25 marks)

Cash Book for the Month of January 2009

Date	Details	Bank	Date	Details	Bank
01 Jan	Balance B/F	2,500.00	02 Jan	Rent - CHQ-15501	500.00
10 Jan	Sales (CASH)	6,230.00	03 Jan	Shehan - CHQ-15502	355.00
15 Jan	A.Silva (CHQ)	744.00	05 Jan	Electricity- CHQ-15503	2,700.00
20 Jan	Cash Deposited	2,500.00	08 Jan	Amila - CHQ - 15504	2,750.00
30 Jan	C. Silva (CHQ)	235.00			
31 Jan	N. Rani (CHQ)	571.00	31 Jan	Balance C/F	6,475.00
		12,780.00			12,780.00

**Bank of Colombo
Bank Statement for the Month of January 2009**

Date	Details	Dr.	Cr.	Balance
01 Jan	Balance B/F			2,500.00
03 Jan	CHQ - 15501	500.00		2000.00
06 Jan	CHQ - 15503	2,700.00		(700.00)
10 Jan	CASH		6,230.00	5,530.00
16 Jan	Deposit - CHQ		744.00	6,274.00
20 Jan	CASH		2500.00	8,774.00
30 Jan	Bank Charges	200.00		8,574.00
30 Jan	Direct Deposit		1,000.00	9,574.00

Prepare a bank reconciliation statement for the month of January 2009 for Mr. Ajith's business reconciling the Cash book (bank column) balance with the bank statement Limited balance.

5) The following details are given for Lanka Manufacturers Limited

(25 marks)

Fixed Cost:	Rs. 2,000,000/-
Variable Cost Per Unit:	Rs. 0.2/-
Sales Price:	Rs. 0.4/-

- a. Construct a table showing the sales value, variable cost, fixed cost for the contribution of the product levels: 5,000 units, 10,000 units, 20,000 units and 25,000 units.
- b. Sketch a break-even chart using the table of *Part a* (a diagram in a sketch form is only required)
- c. Using relevant formula and the sketch diagram find the following for Lanka Manufactures Limited:
 - i. The Contribution Sales (C/S) Ratio
 - ii. The break-even point