



**RAJARATA UNIVERSITY OF SRI LANKA
FACULTY OF APPLIED SCIENCES**

**B.Sc. (General) Degree in Information and Communication Technology
Third Year - Semester I Examination – September/October 2019**

ICT 3209 – Principles of Accounting

Time: Two (02) hours

- Answer **ALL** the questions.
- Calculators are allowed
- Show all workings

1. a) State four objectives of Accounting. (04 marks)

- b) Specify 5 stakeholders of the business and noting their information requirements. (05 marks)

- c) “Accounting can be carried out outside the legal environment”. Explain whether this statement is true or false. (03 marks)

- d) What do you mean by “events”? Explain with two examples. (02 marks)

- e) Explain the accounting process. (05 marks)

- f) Briefly explain following terms with two examples for each. (06 marks)
 - i. Assets
 - ii. Liability
 - iii. Equity

2. Rajitha is carrying on business as retail trader. His transactions and events for the month of January 2019 have been included in the format of the accounting equation given below:

(All figures are in Rs.'000)

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	Assets				=	Liabilities		+ Equity					
Ref. no.	Land and buildings	+	Inventory	+	Debtor	+	Cash	=	Bank loans	+	Creditor	+	Equity
i.			+80				-80	=					
ii.			-150		+250			=					+100
iii.					-30		+28	=					-2
iv.	+1,000						-1,000	=					
v.							-36	=			-40		+4
vi.							-15	=	-12				-3
vii.			-8					=					-8
viii.	-10							=					-10
ix.							+1,200	=					+1,200
x.			-2					=					-2
xi.			+40					=			+40		
xii.							-12	=					-12

Additional information:

- Transaction number vii. and ix. have no impact on profit.
- The assets and liabilities of the business as at 2019.01.01 are as follows:

(All figures are in Rs.'000)	
Land and building	1,000
Stocks	200
Debtors	900
Cash	280
Bank loan	180
Creditors	70

Explain each of transactions/events in above table.

(20 marks)

- The cash payment transactions of a business are given below.

Date	Description	Voucher No.	Amount (Rs.)
2019.04.06	payment of monthly electricity bill	V 01	6,000
2019.04.08	paid Malinda – a creditor	V 02	12,000
	Discount received		1,000
2019.04.10	cash purchases	V03	18,000
2019.04.12	payment of monthly insurance	V04	12,000
2019.04.14	payment to Sagara – creditor	V05	16,000
	Discount received		1,000
2019.04.16	purchased office furniture	V06	50,000
2019.04.18	payment of wages and salaries	V07	30,000
2019.04.20	payment of bank loan installment	V08	12,000
2019.04.22	cash purchases	V09	22,000
2019.04.26	payment of bank loan installment	V10	5,000

Prepare the Cash payment Journal for the month of April 2019.

(15 marks)

4. All the transactions of Hansalee Enterprises for the month ending 31.03.2019 were as follows.

1) All transactions in the business are carried out through the bank account.

Date	Description	Amount (Rs.)
2019.03.01	Investment to start the business	300,000
2019.03.02	Cash purchases	80,000
2019.03.03	Payment of shop rent	4,000
2019.03.08	Obtaining bank loan	200,000
2019.03.10	Cash sales	42,000
2019.03.12	Cash received from Cyril	4,800
	Discount allowed	200
2019.03.15	Paid Albert (creditor) by a cheque	5,700
	Discount received	300
2019.03.16	Imprest paid to the petty cashier	2,000
2019.03.16	Purchases (paid by a cheque)	8,000
2019.03.19	Payment to Beeta (creditor) by a cheque	7,600
	Discount received	400
2019.03.20	Paid (by a cheque) bank loan installment	4,000
2019.03.22	Cash sales	45,000
2019.03.24	Received cheque from Jagath	12,000
2019.03.26	Received cash from Jagath	7,600
	Discount allowed	600
2019.03.31	The Petty cash was reimbursed by a cheque	

2) Purchase of goods on credit

Date	Invoice no.	Details	Amount (Rs.)
2019.03.02	420	Alpha Trade discount 10%	34,000
2019.03.08	318	Beeta Trade discount 5%	40,000
2019.03.15	423	Alpha	20,000
2019.03.23	324	Beeta	48,000

Other information:

- 2019.03.12 purchase of office furniture valued at Rs.150,000 from Kumara Company.
- 2019.03.31 purchased furniture from Coorey company – Rs. 88,000.

3) Information about returns outwards

Date	Debit note no.	Details	Amount (Rs.)
2019.03.10	1	Albert (expired item)	6,000
2019.03.28	2	Beeta (goods not in accordance with order) purchased on 23.03.2019	7,000

4) Trading goods sold on credit and returned inwards

Date	Invoice no.	Credit note no.	Details	Amount (Rs.)
2019.03.07	1		Cyril (Discount allowed 10%)	28,000
2019.03.12		1	Cyril (expire date is passed)	5,000
2019.03.15	2		Jagath (Discount allowed 10%)	45,000
2019.03.22		2	Jagath (colour different to order)	6,000
2019.03.27	3		Cyril	15,000

5) Transactions regarding petty cash payments.

Date	Particulars	Amount (Rs.)
2019.03.17	Entertainment expenses	180
2019.03.18	Postage	220
2019.03.20	Purchase stamps	120
2019.03.22	Cleaning expenses	150
2019.03.24	Postage	160
2019.03.25	Cleaning expenses	80
2019.03.28	Stationary	115
2019.03.30	Stationary	85

Prepare prime books, relevant ledger accounts and trial balance as at 31.03.2019

(40 marks)

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