



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

**B.Sc. (General) Degree in Information & Communication Technology
Third Year - Semester I Examination – November/ December 2016**

ICT 3209 - PRINCIPLES OF ACCOUNTING

Time: TWO (02) hours

Answer All Questions.

Use of Calculators is permitted.

Submit all workings. Begin each answer on a separate page.

No. of Questions 05

No. of pages 04

01.

a)

I. "Accounting is a Language of Business". Briefly explain this statement referring to Accounting Process.

(05 Marks)

II. Name five (05) users of accounting information and briefly discuss their information needs.

(05 Marks)

b) Following is the tabulated summary of the month of January, 2016 transactions of Kamal's business. (All figures are in Rupees)

Y	Cash	Debtors	Stock	Equipment	=	Creditors	Capital	Profit	
								Revenue	Expenses
o1	+15,000						+15,000		
u2	-7,000			+7,000					
3			+1,600			+1,600			
a4	+1,200							+1,200	
r5						+250			-250
e6	+1,500	+2,000						+3,500	
7	-1,700								-1,700
r8	-250					-250			
e9	+600	-600							
10	-13,00						-1,300		
q	8,050	1,300	1,600	7,000	=	1,600	13,700	4,700	1,950
R									

Required to describe each transaction that occurred for the month of January, 2016.

(10 Marks)

c) Sampath started a business on 01st of January, 2016 to repair motor vehicles. A summary of the transactions that occurred in January is presented below.

1. Sampath invested Rs. 100,000 as initial capitals.
2. Purchased an equipment for Rs. 15,000 cash.
3. Paid Rs. 4,000 cash for January office rent.
4. Paid Rs. 5,500 cash for repair supplies.
5. Incurred Rs. 2,500 of advertisement expenses. This is payable at the end of the month.
6. Received Rs. 25,000 in cash from customers for repair service.
7. Sampath has taken Rs. 5,000 cash for his personal use.
8. Paid part-time employee salaries Rs. 20,000.
9. Paid electricity bills of Rs. 1,400.
10. Provided repair services on account to customer Rs. 7,500.

You are required to prepare a tabular analysis of transaction using following extended accounting equation.

Cash + Debtors + Stock + Equipment = Creditors + Capital + Profit (Revenue – Expenses)

(10 Marks)

(Total 30 Marks)

02.

a) Briefly discuss the following accounting concepts giving appropriate examples.

- Business Entity Concept
- Historical Cost Concept
- Going Concern Concept
- Matching Concept
- Money Measurement Concept(10 Marks)

b) The Ledger Accounts are normally categorized as Personal Accounts, Real Accounts and Nominal Accounts. Indicate the relevant category of each ledger account listed below.

- Capital Account
- Kamal's Account (Customer)
- Namal's Account (Supplier)
- Building Account
- Sales Account
- Rent Income Account
- Goods Return Inward Account
- Sales Discount Account
- Depreciation Account
- VAT Account

(10 Marks)

(Total 20 Marks)

03.

Mr. Joshep started a Book shop on 1 January 2016 investing Rs. 1,000,000. On that date, Joshep opened up a business bank account and deposited Rs. 400,000. The following is a list of transactions which occurred during the first month of trading.

01/01/2016	Purchase a Building, Motor Vehicle and Furniture costing Rs. 100,000, Rs. 75,000 and Rs. 50,000 respectively.
02/01/2016	Purchase five bundles of A4 sheets, 12 boxes of pen and pencil for Rs. 12,000
03/01/2016	<u>Credit Purchase</u> Bought 12 bundles of Half sheets @ Rs. 500/- per bundle on account from Crystal Ltd. Bought 20 bundles of A4 sheets @ Rs. 650/- per bundle on account from JK Papers Ltd.
05/01/2016	Purchase a Computer for Rs. 150,000 on account from Softlogic Plc.
06/01/2016	Income from Photo copy Rs. 5,000
07/01/2016	<u>Credit Sales</u> Sold 2 bundles of Half sheets @ Rs. 600/- per bundle to Saman Sold 2 boxes of pencil, 1 box of pen and 3 bundles of A4 sheets @ 100/-, 150/- and 750/- each respectively to Amal .
08/01/2016	Purchased a stock stationary for Rs. 25,000
15/01/2016	Paid in cash to Crystal Ltd Rs. 5,500/- and received a discount of Rs. 500/- Paid in cheque to JK Papers Ltd Rs. 9500 and received a discount of Rs. 500/-
17/01/2016	Received Rs. 600/- in cash and given a discount of Rs. 50/- to Saman
22/01/2016	Joshep deposited Rs. 15,000/- into the business bank account,
25/01/2016	Joshep withdrew Rs. 5,000 cash from the business for his personal use.
26/01/2016	Paid electricity bill Rs. 1500/-
28/01/2016	Purchased equipment on credit for business use for Rs. 30,000 plus 15% VAT from Damro Furniture ltd.

You are required to prepare:

- Necessary journals (Day Books)
- Post these transactions into a ledger and prepare required ledger accounts
- Prepare Trail Balance for the month of January, 2016

(Total 25 Marks)

04.

The following Trial Balance is extracted from the books of **Silverline**, a sole proprietorship, as on 01 April 2015.

	Dr. Rs.	Cr. Rs.
Capital		40,000
Sales		160,000
Creditors		12,000
Bills Payables		9,000
Drawings	4,500	
Plant and Fixture	8,000	
Purchases	116,000	
Carriage Inwards	2,000	
Sales Return	4,000	
Wages	8,000	
Salaries	10,000	
Printing and Stationery	800	
Advertisement	1,200	
Electricity	600	
Rent and Taxes	1,400	
Debtors	25,000	
Bills Receivables	5,000	
Investment	15,000	
Discount	500	
Cash at Bank	16,000	
Cash in hand	3,000	
	221,000	221,000

Following additional information are given:

1. The value of stock as at 31st March 2016 was Rs. 26,000.
2. Plant and fixtures are to be depreciated by 10%
3. Salaries outstanding on 31.3.2016 amounted to Rs.500
4. Rs.500 should be written off as bad debts and a reserve for doubtful debts is to be created at 5% of the balance of debtors

You are required to prepare Trading, Profit and Loss Account for the year ended 31st March 2016, and the Statement of Financial Position (Balance Sheet) as on same date.

(Total 25 Marks)

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