



RAJARATA UNIVERSITY OF SRI LANKA

FACULTY OF APPLIED SCIENCES

B.Sc. in Information Technology

Third Year - Semester II Examination – January / February 2023

ICT 3209 - PRINCIPLES OF ACCOUNTING

Time: Three (03) hours

Instructions:

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

1.

- a) Define "Accounting" and briefly discuss each step in the accounting process.

(10 Marks)

- b) Discuss why accounting is important for a business.

(10 Marks)

(Total 20 Marks)

2.

- a) The following is a tabulated summary of Sagara's business transactions for the month of January 2022. (All figures are in Rupees)

Se. No	Cash +	Debtors +	Stock +	Equipment	=	Creditors +	Capital +	Profit	
								Revenue	Expenses
1	+25,000						+25,000		
2	-16,000		+9,000	+7,000					
3			+5,000			+5,000			
4	+4,500		-3,000					+1,500	
5						+500			-500
6	+3,000	+10,000						+13,000	
7	-2,500								-2,500
8	-4,000					-4,000			
9	+600	-600							
10	-3,000						-3,000		
Total	7,600	9,400	11,000	7,000	=	1,500	22,000	14,500	-3,000

You are required to describe each transaction that occurred in the month of January 2022.

(10 Marks)

b) Basil started a Graphic Design business on 01st of January 2022. A summary of the transactions that occurred in January is as follows.

1. Basil invested Rs. 500,000 as initial capitals.
2. Purchased computer for Rs. 150,000 cash.
3. Paid Rs. 12,000 cash for January office rent.
4. Paid Rs. 5,500 cash to the SLT to obtain an internet connection.
5. Incurred Rs. 5,500 of advertisement expenses. This is payable at the end of the month.
6. Received Rs. 55,000 in cash from a customer for banner design.
7. Basil has taken Rs. 10,000 cash for his personal use.
8. Paid part-time employee salaries Rs. 25,000.
9. Paid electricity bills of Rs. 4,400.
10. A customer requested wedding cards for an amount of Rs. 15,000 was completed and the customer yet to settled the amount.

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

Cash + Debtors + Stock + Computer = Creditors + Capital + Profit (Revenue – Expenses)
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(10 Marks)

(Total 20 Marks)

3.

a) Briefly discuss five accounting concepts giving appropriate examples.

(05 Marks)

b) Are the Bookkeeping and Accounting same? Discuss.

(05 Marks)

c) Briefly discuss the users of accounting information and how they use it.

(10 Marks)

(Total 20 Marks)

4.

"Easy Hardware Ltd." is a Sole proprietorship owned by Mr. Nimal and the followings are the business transactions that took place during the first month of its operation.

01/01/2022	Mr. Nimal invested Rs. 2,000,000 in the business and deposited Rs. 500,000 in a Chequing Account.
01/01/2022	Purchased Furniture and some equipment costing Rs. 100,000, and Rs. 75,000 respectively.
02/01/2022	Outright purchase of building construction materials for Rs. 200,000.

03/01/2022	<u>Credit Purchases</u> 10 Packs of Cement @ Rs. 2000/- each from Sandaruwan (Pvt.) Ltd. 5 Cubes of Sand @ Rs. 15,000/- each from Samanala Ltd. 5 Boxes of Ceramic roof tiles @ Rs. 5,000 each and 6 boxes of Ceramic @ Rs. 2,000 each from Royal Builders Ltd.
04/01/2022	Purchase a Computer for Rs. 150,000 on account from Softlogic Plc.
06/01/2022	Outright Sale of Building Material for Rs. 50,000
08/01/2022	<u>Credit Sales</u> 05 Packs of Cement @ Rs. 2500/- each to Amal. 2 Cubes of Sand @ Rs. 17,000/- each to Amal. 2 Boxes of Ceramic roof tiles @ Rs. 6,000 each to Sudesh.
10/01/2022	Purchased a stock stationary for Rs. 20,000.
13/01/2022	Settled the outstanding balance of Sandaruwan (Pvt.) Ltd. and received a discount of Rs. 1,000. Paid Rs. 50,000 to Samanala Ltd. and the discount received was Rs. 500.
16/01/2022	Received Rs. 12,000/- in cash and given a discount of Rs. 500/- to Amal
25/01/2022	Mr. Nimal withdrew Rs. 15,000 cash from the business's bank account for his personal use.
27/01/2022	Paid electricity bill Rs. 4,500/-
30/01/2022	Purchased a table from Singer Homes on credit for use in the business for Rs. 30,000 plus 8% VAT.

You are required to prepare:

1. Necessary Journals (Day Books)
2. Post these transactions into the Ledger and prepare required Ledger Accounts
3. Prepare the Trail Balance as of 31st January 2022

(Total 20 Marks)

5.

The following Trial Balance is extracted from the books of **Moonlight Ltd**, a sole proprietorship, as on 31st March 2022.

Description	Dr.	Cr.
Capital		150,000
Sales		240,000
Creditors		56,000
Bills Payables		12,000
Stock (01.04.2021)	20,000	
Drawings	7,500	
Building	130,000	

Plant and Fixture	20,000	
Purchases	155,000	
Carriage Inwards	1,500	
Sales Return	5,000	
Wages	13,000	
Salaries	12,500	
Printing and Stationery	200	
Advertisement	1,600	
Electricity	2,000	
Rent and Taxes	1,200	
Debtors	35,000	
Bills Receivables	6,500	
Investment	20,000	
Discount Given/ Received	3,000	2,000
Cash at Bank	21,000	
Cash in hand	5,000	
Total	460,000	460,000

Following additional information are given:

1. The value of stock as at 31st March 2022 was Rs. 16,000.
2. Building, and Plant and fixtures are to be depreciated by 2% and 10% respectively.
3. Telephone bills outstanding on 31st March 2022 amounted to Rs.1,500.
4. Rs.700 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 Income Statement (Trading, Profit and Loss Account) for the year ended 31st March 2022, and the Statement of Financial Position (Balance Sheet) as on same date.

(Total 20 Marks)

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