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**University of Colombo, Sri Lanka****University of Colombo School of Computing**  
**BACHELOR OF SCIENCE IN INFORMATION SYSTEMS**

Academic Year 2016/2017 — First Year Examination — Semester II-2017

**IS 1008 — Financial Accounting (Part A)**

Two (2) Hours

Answer All Questions

Number of Pages = 10

Number of Questions = 3

**To be completed by the candidate**

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**Important Instructions**

- The duration of the paper is 2 Hours.
- The medium of instructions and questions is English.
- Part A has 3 questions on 10 pages and Part B has one question. Answer all 4 questions.
- Write your answers on and only on the space provided on this question paper.
- Do not tear off any part of this answer book. Under no circumstances may this book (or any part of this book), used or unused, be removed from the examination hall by a candidate.
- Questions appear on both sides of the paper. If a page is not printed, please inform the supervisor immediately.
- Any electronic device capable of storing and retrieving text, including electronic dictionaries and mobile phones are **not allowed**.
- You are advised to draft your answer on a separate paper and transfer the completed answer into this answer script.

**To be completed by the examiners**

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2	
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1. Sunil Silva started a software development company on the 1st of January 2016. The name of the company is Sunil Development House. You have been recruited as a Software Engineer. The company currently does not have a qualified Accountant. Since you mentioned that you studied Financial Accounting in your degree program, you have been asked to prepare the Journal Entries to rectify the following errors and omissions.

- (a). Service Income to be received from Janaka for the year amounting to Rs. 30,000/= had not been recorded.

[3 marks]

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- (b). Repair expense of Rs. 1,000,000/= million had been incurred for a particular machine of the company on 31 March 2017. The amount had been posted to the asset account during the period.

[3 marks]

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- (c). Credit Sales invoice of Rs. 90,000/= issued to a customer had not been entered.

[3 marks]

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- (d). The company has entered into a purchase agreement for the next year for the value of Rs. 30,000/= and had paid an advance of Rs. 5,000/=. When recording this transaction Rs. 30,000/= had been debited to purchase account and Rs. 5,000/= and Rs. 25,000/= had been credited to cash book and creditors account respectively.

[3 marks]

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- (e). The company received an order for developing an information system for SLR 1,000,000/=. An advance payment of 25% was also received on the same day.

[3 marks]

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The company has entered into a purchase agreement for the next year for the value of Rs. 50,000/- and had paid an advance of Rs. 12,500/- when recording the transaction. Rs. 50,000/- had been debited to purchase account and Rs. 25,000/- had been credited to cash book and creditors account respectively.

[3 marks]

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2. "Gramin Enterprise" engages in retail trading of computer accessories. Mr. Kamal is the owner of the business and had the following assets and liabilities as per the general ledger as at 31 March 2017. Prepare a Trial Balance according to the format given below. You are required to write your figures in the blank spaces given in the Trial Balance.

[35 marks]

## Balances of accounts

Account	Balance
Cash	140,000
Accounts Receivable	40,000
Notes Receivable	5,000
Interest Receivable	45,000
Prepaid Electricity	9,000
Buildings	85,000
Accumulated Depreciation	8,500
Desktop computer	120,000
Laptop computers	234,000
Software License	3,500
Loan from Mr. James	91,000
Accounts Payable	12,000
Interest Payable	4,900
Dividend Payable	2,500
Income Taxes Payable	3,000
Mortgage Payable	124,000
Share capital	25,000
Additional Paid-in-Capital	396,300
Interest Income	2,500
Laptop Sales	124,300
Desktop Sales	35,000
Lease Revenue	20,000
Cost of Goods Sold	130,000
Salaries and Wages Expense	85,000
Legal Fees	6,400
Telephone Expense	9,000
Building Depreciation	8,500
Salaries and Wages Payable	80,000
Software Amortization Expenses	700
Interest Expenses	4,900
Income tax Expenses	3,000



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<p>Journalize the following transactions for the month of March. Assume the company is a merchandising company. The company's fiscal year ends on March 31. The company's fiscal year is the calendar year. You are required to write your answers in the blank spaces given in the Trial Balance.</p>
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Account	Debit	Credit
Cash		
Accounts Receivable		
Notes Receivable		
Interest Receivable		
Prepaid Electricity		
Buildings		
Accumulated Depreciation		
Desktop computer		
Laptop computers		
Software License		
Loan from Mr. James		
Accounts Payable		
Interest Payable		
Dividend Payable		
Income Taxes Payable		
Mortgage Payable		
Share capital		
Additional Paid-in-Capital		
Interest Income		

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Laptop Sales		
Desktop Sales		
Lease Revenue		
Cost of Goods Sold		
Salaries and Wages Expense		
Legal Fees		
Telephone Expense		
Building Depreciation		
Salaries and Wages Payable		
Software Amortization Expenses		
Interest Expenses		
Income tax Expenses		
Total		



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- A delivery van purchased by Mr. Kamal for Rs. 2,500,000/= has been introduced to the business.
- Cash sales of laptop computers worth of Rs. 250,000/= was not recorded.
- The owner has paid his child/s school fee of Rs. 45,000/= by a cheque of the business.
- Administrative Expenses of Rs. 3,800/= and Selling Expenses of Rs. 2,600/= were not recorded.
- Service fee of Rs. 25,000/= has to be recorded.



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