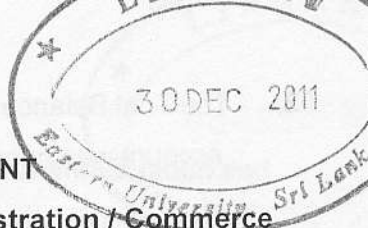


EASTERN UNIVERSITY, SRI LANKA  
FACULTY OF COMMERCE AND MANAGEMENT



First Year Second Semester Examination in Business Administration / Commerce

2009/2010 (December 2011) (Re-Repeat)

DAF 1214 Financial Accounting

Answer All Questions

Calculator Permitted

Time: Three (03) hours

1. Following is a summary of a trader bank account for the year ended 30.06.2011:

Particulars	Rs.	Particulars	Rs.
Balance b/d	4000	Payments to creditors	200000
Receipts from debtors	290000	Administration Expenses	10000
Balance c/d	6000	Selling and Distribution Expenses	12000
		Finance Expenses	3000
		Drawings	65000
		Furniture	10000
	<b>300000</b>		<b>300000</b>
		Balance b/d	6000

The following additional information is also available.

Balances as on	30.06.2010	30.06.2011
	Rs.	Rs.
Stocks in trade	13000	15000
Trade Creditors	40000	30000
Trade Debtors	25000	34000
Prepaid salaries	2000	2500
Rent payable	1500	1000
Furniture (Book Value)	100000	100000

**Required:**

Draw up a set of final accounts for the year ended 30.06.2011 (show your workings clearly)

**(50 Marks)**

02. The Trial Balance of Mr. Sunil, a trader, extracted on 30.06.2011 did not agree. A suspense account was opened for the difference.

The following errors were subsequently discovered.

- (i) Sales daybook had been under cast by Rs.5000.
- (ii) Purchase daybook had been under cast by Rs.10000.
- (iii) Discount received of Rs.3500 had been posted in error to the debit of the discount allowed account as Rs.5300.
- (iv) The sale of a motor vehicle at book value of Rs.25000 had been credited in error to sales account.
- (v) Rent paid Rs.4500 had been wrongly entered in the rent account as Rs.5400.
- (vi) The purchase of furniture of Rs.12000 had been debited in error to purchase account.

**Required:**

- (a) Give the journal entries to correct the errors
- (b) Draw up the suspense account after the errors have been corrected.

**(25 Marks)**

03. On 30.06.2011 the bank column of cashbook of a trader showed a debit balance of Rs.25000. The Bank Statement for the same month showed a different balance. On checking the cashbook with the bank statement it was discovered the following were the reasons for the difference.

- (i) Dividend of Rs.12000 had been directly paid to the bank
- (ii) A direct debit of Rs.5000 for rent had been paid by the bank.
- (iii) Bank charges Rs.2500 had not been reentered in the cash book.
- (iv) A standing order of Rs.3000 for loan repayment had been paid by the bank.
- (v) Two cheques drawn in favour of Ravi Rs.12500 and Mathan Rs.14500 had been entered in the cashbook but had not been presented for payment.
- (vi) Cheques of Rs.18600 deposited into the bank were not realized by the bank.

**Required:**

- (i) Update the cashbook
- (ii) Prepare a Bank Reconciliation Statement as at 30.06.2011, starting with the bank balance as per the updated cashbook.

**(25 Marks)**