



**Special Repeat Examination in Business Administration / Commerce 2007/2008  
(March 2010)**

**COM 1014 Financial Accounting**

Answer **All** Questions.

Calculators Permitted.

Time Allowed: **Three Hours**

1. The following table shows the cumulative effects of a succession of separate transactions on the assets and liabilities of a business during a week.

Transaction Day	0	1	2	3	4	5
<b>Assets</b>	<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>	<b>Rs.000</b>
Land & Buildings	450	450	450	450	550	550
Motor Vehicles	95	95	75	75	75	75
Equipment	48	48	48	48	58	58
Stocks	110	100	120	120	120	100
Debtors	188	200	200	178	178	203
Bank	27	27	27	177	67	17
Cash	15	15	28	48	19	14
	<b>933</b>	<b>935</b>	<b>948</b>	<b>1096</b>	<b>1067</b>	<b>1017</b>
<b>Liabilities</b>						
Capital	621	623	620	618	621	621
Bank loan	200	200	200	350	350	300
Creditors	112	112	128	128	96	96
	<b>933</b>	<b>935</b>	<b>948</b>	<b>1096</b>	<b>1067</b>	<b>1017</b>

**Required:**

Identify and state as fully as possible what transactions have taken place in each day.

**(25 Marks)**

2. On 30.06.2009 the bank column of cashbook of a trader showed a debit balance of Rs.15000. 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.2000 had been directly paid to the bank
- (ii) A direct debit of Rs.3000 for rent had been paid by the bank.
- (iii) Bank charges Rs.1500 had not been reentered in the cash book.
- (iv) A standing order of Rs.2000 for loan repayment had been paid by the bank.
- (v) Two cheques drawn in favour of Rajan Rs.2500 and Mohan Rs.4500 had been entered in the cashbook but had not been presented for payment.
- (vi) Cheques of Rs.6000 deposited into the bank were not realized by the bank.

**Required:**

- (i) Update the cashbook
- (ii) Prepare a Bank Reconciliation Statement as at 30.06.2009, starting with the bank balance as per the updated cashbook.

**(25 Marks)**

3. The Trial Balance of Kumar, a trader, extracted on 30.06.2009 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.10000..
- (ii) Purchase daybook had been under cast by Rs.1000.
- (iii) Discount received of Rs.3200 had been posted in error to the debit of the discount allowed account as Rs.2300.
- (iv) The sale of a motor vehicle at book value of Rs.15000 had been credited in error to sales account.
- (v) Rent paid Rs.6900 had been wrongly entered in the rent account as Rs.9600.
- (vi) The purchase of furniture of Rs.10000 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)**

4. Following is a summary of a trader bank account for the year ended 30.06.2009.

Particulars	Rs.	Particulars	Rs.
Balance b/d 01.07.2008	4000	Payments to creditors	200000
Receipts from debtors	290000	Administration Expenses	10000
Balance c/d 30.06.2009	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	30.06.2008	30.06.2009
	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 30.06.2009 (show your workings clearly)

**(25 Marks)**