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SCHOOL OF ACCOUNTING AND BUSINESS
BSc. (APPLIED ACCOUNTING) GENERAL/SPECIAL DEGREE
PROGRAMME

END SEMESTER EXAMINATION – JANUARY 2016

ICT 30430 Accounting Information Systems with ERP Applications

Date : 16th January 2016
Time : 1.00 p.m.– 4.00 p.m.
Duration : Three (03) hours

Instructions to Candidates:

- Answer **ALL** questions.
- Enter your **Registration Number** in the **Federal Employer ID** field
- Enter your **National ID Number** in the **State Employer ID** field
- Enter your **Last Name** in the **State Unemployment ID** field
- **Backup information** is available at the end of the paper
- The total marks for the paper is 100.
- The marks for each question are shown in brackets.

Menaka Pvt Ltd. was incorporated on 01/06/2010 as a Private Limited Company by issuing 60,000 ordinary shares at Rs.50 each. Its main operation is purchasing and distributing of furniture. The company is located at No. 264, Homagama, Sri Lanka. The company's Financial Year starts on **1st January and ends on 31st December** each year, and it maintains its accounting records according to the Sri Lanka Financial Reporting Standards (SLFRS).

Currently, the company's accounting system is not computerized, and therefore, the company decided to get advices from Mr Eranda, who is an expert in Computerized Accounting, in view of computerizing the company's accounting function. With the assistance of Eranda, the company decided to use the SAGE 50 Accounting Package with effect from 01/01/2016. Further, they have developed general accounting policies for General Ledger (GL) Accounts, Inventories, Customers and Suppliers. These policies are as follows.

General Ledger

Number of digits in an account code – 4

The design of the Chart of Accounts should be as follows.

Category	Sub category	Number Range
Assets	Non-current Assets	1000-1200
	Current Assets	1201-1500
Liabilities	Non-current Liabilities	2000-2100
	Current Liabilities	2101-2500
Equity	-	3000-3500
Revenue	-	4000-4500
Cost of Sales	-	5000-5500
Expenses	-	6000-6500

Customers:

Sales Terms: 20, Net 45, 2%

Credit Limit: Rs.400,000

Age Analysis based on the invoice date: 0 – 45, 46 – 60, 61 – 90, Over 90 days

Late Interest: 0.5% on invoices which are 30 days overdue, and there is no minimum charge

Payment Methods: Only Cash and Cheques

Customer Analysis: Customers should be able to be analyzed district wise

Suppliers

Purchase Terms: 30, Net 60, 2%

Credit Limit: Rs.500,000

Age Analysis based on invoice date: 0 – 60, 61 – 90, 91 – 120, Over 120 days

Payment Methods: Only Cash and Cheques

Inventory

Default Item Class: Stock Item

Costing Method: Weighted Average

Tax type: Taxable

Shipping Method: Company delivery

Price Level:

Name: Normal

Calculation Method: Last Cost + 40%

Separate GL Accounts for inventory, sales and cost of sales should be maintained **for each category of inventory**. Company very often purchases and sells Chairs than the other products. When an inventory item is selected for a sale or purchase, the item's name should appear in purchase and sale invoices.

The following list of balances has been given:

Inventory list as at 31/12/2015 is as follows:

Item name	Category	Quantity	Cost per unit (Rs.)	Selling price (Rs.)
Chair – Type1	Chair	50	3,000	4,200
Chair – Type2	Chair	45	3,100	4,340
Coffee Table	Table	15	5,000	7,000
Sofa set - Normal	Sofa	10	25,000	35,000
Sofa set - Delux	Sofa	8	30,000	42,000
TV Stand	TV stand	30	5,000	9,000 (Fixed)

Menaka Pvt Ltd is unable to find outstanding debtors' balance invoice by invoice; hence, total outstanding balances of debtors as at 31/12/2015 are given as follows:

Name	Address	Terms and credits	Balance (Rs.)
Lakmali Furniture	No. 125, Padukka, Colombo	Default	89,500
Sandun Traders	No. 500, Rathnapura	20, Net 60, 2% Credit Limit Rs.300,000	112,000
Aloka Furniture	No. 456, Kandy	Default	41,200
Arun Enterprises	No. 605, Jaffna	Default	65,000

Creditors list as at 31/12/2015 is as follows:

Name	Address	Invoice date	Invoice No.	Invoice value (Rs.)
Clean Manufacturers Ltd.	No. 81, Moratuwa	13/11/2015	PI 60	42,000
		25/11/2015	PI 65	180,000
Piyumal	No. 451, Moratuwa	23/10/2015	PI 53	90,000
		05/11/2015	PI 58	125,000
Wasana Wood Centre	No. 65, Panadura	30/11/2015	PI 69	98,000

The assets and liabilities **other than Inventories, Debtors and Creditors** as at 31/12/2015 were as follows:

Name	Balance (Rs.)
Cash in Hand	89,000
Current A/C (Sampath)	423,000
Land	2,100,000
Building	1,500,000
Motor vehicles	1,800,000
Accumulated depreciation - Building	250,000
Accumulated depreciation -Motor vehicles	330,000
Electricity payable	2,050
VAT control (Liability)	6,500
Bank Loan	400,000
Stated capital	3,000,000
Retained earnings	2,700,650

Note: You are required to create new ledger accounts for Inventories, Debtors Control and Creditors Control with their balances.

Some Income and Expenses accounts that would be required are as follows:

Revenue - Chair
Revenue - Table
Revenue - Sofa
Revenue – TV Stand
Cost of sales - Chair
Cost of sales - Table
Cost of sales - Sofa
Cost of sales - TV Stand
Salaries &Wages
Electricity, Water &Telephone
Discount Received
Discount Allowed
Other Income
Freight Income
Other Expenses

Note: You are required to create new ledger accounts as necessary.

The company is registered for VAT and standard VAT rate applicable is 11%. **All purchases and sales, including freight charges are subject to VAT.**

On 01/01/2016, the company decided to set a discounted price for inventory items for festival season. Accordingly, normal selling price of all inventory items **except of Coffee Table** is reduced by 15% (Round-up prices to the next Rupee). It was decided to set a fixed price of Rs.6, 500 for a Coffee Table.

On 02/01/2016, the Company ordered following inventory items from Piyumal (Order No. P85)

Item Name	Quantity	Unit price (Rs.)
Chair – Type1	50	3,000
Chair – Type2	50	3,200

The following quotations **including VAT** have been issued to customers.

Customer	Date	Quotation No.	Details of items		Freight charges
			Item	Quantity	
Lakmali Furniture	03/01/2016	Q 50	Chair – Type1	50	-
			Chair – Type2	50	
Sandun Traders	05/01/2016	Q 51	Chair – Type1	20	Rs.7,000
			Sofa Set - Normal	3	
			Sofa Set - Delux	2	

It was decided to create a Memorized Journal Entry for depreciation and it is as follows.
(Transaction ID – DEP01)

Depreciation – Buildings	Dr	
Depreciation – Motor Vehicles	Dr	
Accumulated Depreciation – Buildings		Cr
Accumulated Depreciation – Motor Vehicles		Cr

On 05/01/2016, Lakmali Furniture confirmed its order for the quotation- Q50 (Order No.S78).

On 07/01/2016, the Company invoiced to Lakmali Furniture for the order number S78 (Invoice No. SI120).

On 10/01/2016, Sandun Traders confirmed its order for the quotation and on the same date the company invoiced for this customer for the quotation- Q51 (Invoice No.SI 121).

On 11/01/2016, the Company received an order from Aloka Furniture to sell following items (Order No. S79).

Item Name	Quantity
Chair – Type2	20
Sofa set - Normal	3

On 14/01/2016, Aloka Furniture requested an additional unit of Normal Sofa Set in addition to the items ordered under S79. The company invoiced for both S79 and the additional unit of Normal Sofa Set (Invoice No.SI 122)

On 14/01/2016, the company purchased all items included in the purchase order P85 from Piyumal. The VAT amount included in the invoice was Rs 34,100(Invoice No. PI78).

On 14/01/2016, the Company received an order from Arun Enterprises to sell following items (Order No. S80). The VAT rate applicable was 11%.

Item Name	Quantity
Chair – Type1	4
Sofa set - Normal	10

On 15/01/2016, the Company purchased following inventory items from Clean Manufacturers Ltd. on credit basis (Invoice No.PI79). Total VAT amount was Rs.52, 140.

Item Name	Quantity	Unit price (Rs.)
Coffee Table	20	5,200
Sofa set - Normal	10	25,000
Chair – Type1	40	3,000

On 15/01/2016, the Company invoiced only for 2 chairs and 5 Normal Sofa Sets which were included in the sales order number S80 (Invoice No. SI 123).

On 16/01/2016, the Company ordered following items from Wasana Wood Centre (Order No.P 86) and made an advance of Rs.50,000 from cash in hand for the same (Payment Voucher No. 46).

Item Name	Quantity	Unit cost (Rs.)
Chair – Type2	20	3,150
Sofa set - Delux	5	30,200

On 16/01/2016, the Company returned one defective item of Coffee Table which was purchased under invoice number PI 79 from Clean Manufacturers (Debit Note No. D5). The proportionate amount of VAT was Rs.572.

On 16/01/2016, the Company sold following inventory items to Arun Enterprises (Invoice No.SI 124) by receiving a part payment of Rs.50,000 in cash (Receipt No. R93). 11% VAT was applied.

Item Name	Quantity
Sofa set - Normal	8
Chair – Type1	15

On 17/01/2016, the Company sold following inventory items to Mr Kamal, who is a onetime customer, on cash basis (Invoice No.SI 125, Receipt No. R 94). 11% VAT was applied.

Item Name	Quantity
Chair – Type1	6
Sofa set - Normal	1
Coffee Table	1

On 17/01/2016, the Lakmali Furniture returned one unit of Delux Sofa Set which had been sold to them for Rs.39,000 (Credit Note No.C 3). However, the company is unable to trace the invoice which is relevant to the returned unit. The VAT amount relevant to this return was Rs.4,290.

On 17/01/2016, the Company purchased following inventory items from Clean Manufacturers Ltd. on credit basis (Invoice No.PI80). Total VAT amount was Rs.44,440.

Item Name	Quantity	Unit price (Rs.)
Coffee Table	20	5,200
Sofa set - Normal	12	25,000

On 18/01/2016, the Company decided to offer a package of products at a discounted price for the season. The package consists of following items. (Package ID: “Pack01”, Name: “Special Package”)

One Coffee Table

One Sofa set (Normal)

One TV stand

The selling price of the package is Rs.35,000. You are required to create new Sales, Inventory and Cost of Sales GL Accounts for this package.

On the same date, it was decided **to assemble 5 of above packages (Reference: Offer 01)**.

On 18/01/2016, following inventory items were given to selected employees free of charge. (Use **Other Expenses** account for this transaction)

Item Name	Quantity	Reference
Chair – Type1	10	SR 01
Coffee Table	5	SR 02

On 18/01/2016, the company opened a fixed deposit by transferring Rs.500,000 from the Sampath Bank A/C (Reference No. JE01)

Customer receipts during the month were as follows:

Date	Customer	Invoice Settled	Reference No.	Receipt No.	Deposit Ticket ID	Deposited to
18/01/2016	Aloka Furniture	Opening Balance	OB	R 95	01	Sampath Bank
19/01/2016	Arun Enterprises	Opening Balance	OB	R 96	N/A	Cash in Hand
20/01/2016	Lakmali Furniture	Opening Balance & SI 120 fully	OB/SI 120	R 97	02	Sampath Bank
20/01/2016	Sandun Traders	Opening Balance	OB	R 98	-	Sampath Bank

Payment during the month for credit purchases were as follows:

Date	Vendor	Invoices/ Settled	Paying A/C	Payment Details	Discount
20/01/2016	Clean Manufacturers Ltd.	PI 60 & PI 65	Samptha Bank	Cheque No 666505	-
20/01/2016	Piyumal	PI 53 & PI 58	Samptha Bank	Cheque No 666506	-
21/01/2016	Wasana Wood Centre	PI 69	Samptha Bank	Cheque No 666507	Rs.1,500

On 22/01/2016, the company sold one unit of assembled package at Rs.35,000 to Isuru Enterprises on credit basis. Isuru Enterprises is located at No 35, Dehiwala and this customer expects to do business with the company in the future (Invoice No.SI 126). 11% VAT was applied.

During the month, following expenses were made.

Date	Expense	Amount (Rs.)	Paying A/C	Reference
23/01/2016	Electricity	17,800 (Including the payable balance of Rs. 2,050 as at 01/01/2016)	Sampath Bank	Cheque No. 666508
23/01/2016	Maintenance	11,000	Cash in Hand	Reference No. P66
24/01/2016	Salary	225,000	Sampath Bank	Cheque No. 666509
24/01/2016	Other Expenses	2,090	Sampath Bank	Cheque No. 666560

On 25/01/2016, the Company sold following inventory items to Isuru Enterprises (Invoice No.S127). 11% VAT was applied.

Item Name	Quantity
Chair – Type1	8
Sofa set - Normal	2
Sofa set - Delux	1
Coffee Table	5
TV Stand	3

The depreciation for the month (Record depreciation as at 31/01/2016 using the ‘DEP01’ memorized journal entry) (JE02).

Depreciation – Buildings	Dr 7,500	
Depreciation – Motor Vehicles	Dr 13,000	
Accumulated Depreciation – Buildings		Cr 7,500
Accumulated Depreciation – Motor Vehicles		Cr 13,000

On 31/01/2016, it was revealed that Rs.1,100 paid for maintenance has been incorrectly recorded as Rs.11,000.

On 31/01/2016, Rs.684 was received to Sampath Bank Current Account as interest on Fixed Deposit.(Deposit Ticket ID: “03”, Reference: “Int”, Receipt No: “R99”). Use Other Income GL Account to record the interest.

Required:

- Develop **Meaningful Coding Systems** for General Ledger, Sales Ledger, Purchase Ledger, and Inventory items.
(4 Marks)
- Develop General Ledger, Inventory, Sales and Purchase Ledgers including their defaults and opening balances.
(35 Marks)
- Create the Sale Tax item and recalculate prices as at 01/01/2016.
(2 Marks)

- iv. Enter above transactions and events of Menaka Pvt Ltd. to the Sage 50 Accounting Package for the month ended 31st January 2016.

(55 Marks)

- v. Run the following reports and export them to **MS Excel** and save them in given names in your folder (as instructed in part vi. below, create a folder in your name using your Index Number).

Report	Name
Trial Balance as at 01 st January 2016	Opening TB
Trial Balance as at 31 st January 2016	Closing TB
Income Statement for the month ended 31 st January 2016	IS
Statement of Financial Position as at 31 st January 2016	BS

(4 Marks)

- vi. Back up your answer as per the instructions given below:

- Access to '**Z**' Drive.
- Back up your file by giving your **Index Number**.

(Total Marks 100)