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

YEAR III SEMESTER II – INTAKE III (GROUP A/B)
END SEMESTER EXAMINATION – JULY 2017

ICT 30430 Accounting Information Systems with ERP Applications

Date : 23rd July 2017
Time : 1.00 p.m. – 4.00 p.m.
Duration : Three (03) Hours

Instructions to Candidates:

- Write the **Index Number** and the **Computer Number** in the space provided at the top of this sheet. Do not write your name anywhere in this question paper.
- Answer **ALL** questions.
- **Restore the given back up file.**
- Enter your **Registration Number** in the **Federal Employer ID field**
- Back up your answer as per the instructions given below:
Access to 'Z' Drive.
Back up your file by giving your **Index Number**.
- The total marks for the paper is 100.

Question No. 01

Mr. Gamage started a business with the name of Gamage Enterprises on 1st January 2015 to trade soft drinks bottles in Rajagiriya area. After some time, Mr. Gamage decided to convert his proprietorship into a **Limited Liability Company**. Accordingly, the business was incorporated under the Companies Act No. 7 of 2007 as a Private Limited Liability Company with effect from 01st January 2017. Along with the incorporation, the following structural changes have been made.

1. Change the Company name as **‘Gamage (Pvt) Ltd’** and convert the business type to a **Limited Liability Company**.
2. Enter your **Registration Number** in the **Address Line Two**.
3. To register for the **Value Added Tax (VAT)** of the **Department of Inland Revenue**, the applicable **VAT rates are 15% and 0%**. The company charges **VAT on Freight** from customers. You are required to create new account for **VAT Liabilities**.
4. The Capital account need to be renamed as **‘Stated Capital’**.
5. To diversify the business into export of Fruit Drinks to the Middle East countries.
 - a. In this respect, initially, the company has come to agreements with two buyers in Dubai and their information is as follows.

Name	Address	Tel. No.	Terms and Credit	Price Level
Zephyr Pvt Ltd.	P.O. Box 123235, Dubai, UAE	Tel: +971 4 435 8888	1.5%, 10, Net 50 days Credit Limit: Rs. 300,000	Normal
Westerly Pvt Ltd	P.O. Box 123432, Dubai, UAE	Tel: +971 4 543 8756	2%, 10, Net 50 days Credit Limit: Rs. 300,000	Special

- b. The two types of local fruit drinks; Pineapple and Woodapple are supposed to be exported and their details are as follows.

Item description	Unit Cost per Bottle (Rs.)	Unit of Measure	Location	Bottle Colour
Pineapple 250 ml Fruit Drink Bottle	45.00	Bottle	D	Orange
Woodapple 250 ml Fruit Drink Bottle	55.00	Bottle	D	Brown

- c. It is also decided to give the sales and purchase descriptions as **Sri Lankan Fruit Drink** with relevant fruit name. E.g., “**Sri Lankan Fruit Drinks – Pineapple 250 ml**”
- d. Selling Price for the above products need to be calculated as follows:
- Normal Price: Cost + 45% margin
 - Special Price: Cost + 30% margin
- e. Both types of fruits are purchased from Ellawala Horticulture (Pvt) Ltd and their related information is as follows.
- Contact Persons Name: Mr. Tom Ellawala
- Contact information: Rajarata Farm, Galkiriyagama, Sri Lanka
- Tel: +9466567025
- Agreed credit terms of Ellawala Horticulture (Pvt) Ltd - 4%, 20, Net 60 days
- Credit Limit: Rs. 400,000
- f. 0% rated VAT is applicable for both purchases and sales of fruit drinks.
- g. Additional accounts for **Sales, Inventory** and **Cost of Sales** should be maintained in the ledger for each type of fruit drink. Further, **another ledger account** in the **Income category** should be maintained to record **Export charges**.
6. To set-up defaults for late interest as **0.5% on 30 days overdue invoices (minimum interest should be Rs. 100)**. You are required to create a ledger account for **Late Interest**.
7. To open a new current account at the **Hatton National Bank (HNB)**.

The following transactions were taken place in January 2017.

1/02 - Deposited Rs. 15,000 to the HNB current account from the cash in hand. (Journal Voucher No. JE01)

1/02 - Purchased following items from Sparkling Co. Ltd. (Invoice No. 234).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Mango Fruit Drink Bottles	1 000	30	30,000
250 ml Mixed Fruit Drink Bottles	2 000	32	64,000
VAT			14,100

1/02 - Sent an order to purchase following items from Ellawala Horticulture (Pvt) Ltd (Order No. 101).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Woodapple Fruit Drink Bottles	2500	55.00	137,500
250 ml Pineapple Fruit Drink Bottles	2500	45.00	112,500
VAT			-

1/03 - Obtained a Bank loan amounting to Rs. 600,000 from HNB and deposited to the HNB current account. (Journal Voucher No. JE02). You are required to create a **HNB Bank loan account** in the ledger.

1/04 - Sent an order to purchase 1500 bottles of 250 ml Papaya Fruit Drink Bottles at Rs. 50 each from WBC Co. Ltd. (Order No. 102).

1/04 - Ellawala Horticulture (Pvt) Ltd confirmed the Order No. 101. (Invoice No. 321) and received all items.

1/06 - Sold following items to Pure Water Co. Ltd. irrespective of the credit limit (Invoice No. 50). 15% VAT was applicable for the sale. Rs. 10,000 was charged from the customer as the transportation charges.

Description	Quantity (Bottles)
250 ml Mango Fruit Drink Bottles	600
250 ml Mixed Fruit Drink Bottles	400

1/06 - Received an order to supply following items from Zephyr Pvt. Ltd. which will be shipped on 10th January 2017 (Order No. 35)

Description	Quantity (Bottles)
250 ml Woodapple Fruit Drink Bottles	1300
250 ml Pineapple Fruit Drink Bottles	1300

1/07 - Sent a quotation to Westerly Pvt Ltd for following items (Quotation No. 10)

Description	Quantity (Bottles)
250 ml Woodapple Fruit Drink Bottles	500
250 ml Pineapple Fruit Drink Bottles	500

1/08 - Purchased following items from Ellawala Horticulture (Pvt) Ltd (Invoice No. 330).

Description	Quantity (Bottles)	Unit Cost
250 ml Woodapple Fruit Drink Bottles	2000	60.00
250 ml Pineapple Fruit Drink Bottles	2000	50.00

1/09 - Westerly Pvt Ltd confirmed the quotation and the entire stock was shipped (Invoice No. 51).

1/10 - Paid the 1st loan installment of HNB loan amounting to Rs. 75,000 (out of which Rs. 40,000 of interest), which was paid from HNB current account (Cheque No. 741702). You are required to create an **Interest Account** in the ledger.

1/10 - Zephyr Pvt Ltd confirmed the Order No. 35 and shipment details were as follows (Invoice No. 52).

Description	Quantity (Bottles)
250 ml Woodapple Fruit Drink Bottles	1300
250 ml Pineapple Fruit Drink Bottles	1300

Export charges Rs. 85,000

1/10 - Received 1000 250 ml Papaya Fruit Drink Bottles at Rs. 50 each from WBC Co. Ltd under the order No. 102 and VAT amount was Rs. 7,500 (Invoice No. 348). As the remaining of the order was not delivered on time, it was decided to close the order.

1/11 - Paid following outstanding purchase invoices.

Invoice	Cash A/C	Cheque No.	Amount (Rs.)	Supplier Code	Discount (Rs.)
456	BOC	223445	78,480	WBC01	Default
221	HNB	741703	42,000	Blue01	200

1/11 - Sold following items to Dimuth Enterprises on cash basis (Invoice No. 53). 15% VAT was applicable for the sale. Cash was deposited to HNB account (Deposit ticket ID 13).

Description	Quantity (Bottles)	Price level
250 ml Mango Fruit Drink Bottles	150	Special
250 ml Papaya Fruit Drink Bottles	100	Special

1/13 - Received following cheques from customers for outstanding sales invoices.

Invoice	Customer Code	Cash A/C	Cheque No./ Ref.	Receipt No.	Details	Deposit Details
14	Pure001	HNB	98965	10	Full amount	Deposited (Ticket ID 14)
15	Pure001	HNB	98966	11	Full amount	Not deposited
21	Dim001	HNB	33452	12	Full amount	Not deposited

1/13 - Paid VAT of Rs. 25,000 to the Department of Inland Revenue from BOC account (Cheque No.223446).

1/14 - It was decided to write off 10 bottles of 250 ml Mango Fruit Drink Bottles due to damages. You are required to create **Stock Loss Account** in the ledger (Ref. 01).

1/15 - Purchased following items from Blue Water Co. Ltd. on cash basis (Invoice No. 234). Payment was made from HNB account (Cheque No. 741704).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Papaya Fruit Drink Bottles	1500	52	78,000
250 ml Mixed Fruit Drink Bottles	1200	35	42,000
VAT			18,000

1/15 - Banked all un-deposited cheques relating to the HNB account.

Cheque No.	Deposit Ticket ID
98966	15
33452	

1/16 - Sent an order to purchase following items from Ellawala Horticulture (Pvt) Ltd (Order No. 103).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Woodapple Fruit Drink Bottles	2000	50	100,000
250 ml Pineapple Fruit Drink Bottles	1000	45	45,000
VAT			-

1/17 - Paid Rs. 23,500 for the telephone bill from the BOC account (Cheque No. 223447).

1/18 - Received following payments from customers for outstanding sales invoices.

Invoice	Customer Code	Cash A/C	Cheque No./ Ref.	Receipt No.	Details	Deposit Details
51	West001	HNB	WR01	13	Full amount after deducting discount (if any)	Direct Deposit (Ticket ID 16)
52	Zeph001	BOC	ZR01	14	Full amount after deducting discount (if any)	Direct Deposit (Ticket ID 17)

1/18 - It was decided to write off the entire amount receivable from Asia Ltd. and this account should be changed to inactive status. You are required to create a **Bad Debt Account** in the ledger (Voucher No. W01).

1/20 - Received following items from Ellawala Horticulture (Pvt) Ltd with reference to the Order No.103 (Invoice No. 350).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Woodapple Fruit Drink Bottles	2000	50	100,000
250 ml Pineapple Fruit Drink Bottles	1000	45	45,000
VAT			-

1/20 - Sold and shipped the following items to Zephyr Pvt. (Invoice No. 54).

Description	Quantity (Bottles)
250 ml Woodapple Fruit Drink Bottles	1200
250 ml Pineapple Fruit Drink Bottles	1000

Export charges: Rs. 55,000

1/20 - Paid Rs. 200,000 to Ellawala Horticulture (Pvt) Ltd as a part payment for the Invoice No. 321 from the HNB current account. No discount was received (Cheque No.741705).

1/21 - Rs. 50,000 should be transferred to the HNB current account from BOC current account (Journal Voucher No. JE03).

1/21 - Following items were returned to Ellawala Horticulture (Pvt) Ltd as those were not in the required quality. These items had been purchased under the Invoice No. 350 (Debit No. D01).

Description	Quantity (Bottles)	Unit Cost (Rs.)
250 ml Woodapple Fruit Drink Bottles	500	50
250 ml Pineapple Fruit Drink Bottles	300	45
VAT		

1/21 - It was decided to reverse the fund transfer made on 1/21 (Journal Voucher no. JE03).

1/22 - Paid Rs. 50,000 of electricity bill from BOC account (Cheque No.223448).

1/22 - It was decided to create a memorized journal entry for depreciation as follows.

	Dr.	Cr.
Depreciation - Furniture	xxx	
Depreciation - Equipment	xxx	
Depreciation - Motor Vehicles	xxx	
Provision for Depreciation - Furniture		xxx
Provision for Depreciation - Equipment		xxx
Provision for Depreciation - Motor Vehicles		xxx

Guidelines

Narration to be written - Depreciation for the month

Transaction ID - DEP001

You are required to create **Depreciation Expense Accounts** in the ledger.

1/22 - Received the total outstanding amount (after deducting discounts, if any) as of this date from Zephyr Pvt Ltd. The received amount was directly deposited to HNB (Deposit Ticket ID 18, Ref. ZR02, Receipt No. 20).

1/23 - Sold following items to Sidath on cash basis. 15% VAT was applicable for the sale.

Cash receipt should be recorded in cash in hand (Receipt No. 55).

Description	Quantity (Bottles)
250 ml Papaya Fruit Drink Bottles	500
250 ml Mango Fruit Drink Bottles	100

1/23 - Sold following items to Pure Water Co. Ltd. irrespective of the credit limit (Invoice No. 56). 15% VAT was applicable for the sale, and Rs. 12,500 was charged as transportation charges.

Description	Quantity (Bottles)
250 ml Mango Fruit Drink Bottles	1800
250 ml Mixed Fruit Drink Bottles	1200

1/23 - Purchased following items from WBC Co. (Invoice No. 76).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Mango Fruit Drink Bottles	1500	40	60,000
250 ml Mixed Fruit Drink Bottles	1500	35	52,500
250 ml Papaya Fruit Drink Bottles	1000	48	48,000
VAT			24,075

1/24 - Paid following outstanding purchase invoices.

Invoice	Supplier Code	Cash A/C	Cheque No.	Details	Discount (Rs.)
321 and 330	Ella01	HNB	741706	Full amount	Default
348	WBC001	HNB	741707	Full amount	Default

1/24 - Following items were returned by Pure Water Co. Ltd. (Credit Note No. C01). 15% VAT had been applied at the point of sale (Invoice No 56).

Description	Quantity (Units)
250 ml Mango Fruit Drink Bottles	350
250 ml Mixed Fruit Drink Bottles	200

1/24 - Purchased an equipment at a cost of Rs. 150,000. This was paid from HNB (Cheque No. 741708).

1/24 - Received Rs. 25,000 from sale of old newspapers to cash account (Ref. - Other Income).

1/24 - Paid following expenses from a cheque of BOC. (Cheque No. 223449).

Transportation - Rs. 10,000

Advertising - Rs. 8,000

1/24 - Depreciations for the month has to be provided as follows. It should be recorded using the memorized journal entry (Journal Voucher No. JE04).

Depreciation - Furniture 8,000

Depreciation - Equipment 12,000

Depreciation - Motor Vehicles 20,000

1/25 - Monthly premium of Rs. 5,000 should be transferred to the insurance corporation on 25th of January every month until 31st December 2017. This transfer should be made from HNB account. It was decided to create a recurring entry (Journal Voucher No. JE05). You are required to create an **Insurance Expenses Account** in the ledger.

1/25 - Bank charges of HNB - Rs. 1,000. (Voucher No. JE06) You are required to create a **Bank Charges Account** in the ledger.

1/26 - Paid Rs. 20,000 with a cheque from BOC as an advance to WBC Co. (Cheque No. 223450).

1/26 - Received money from Pure Water Co. for an outstanding sales invoice.

Invoice	Cash A/C	Receipt No	Cheque No.	Details	Deposit Details
50	BOC	70	34545	Full amount	Not Deposited

1/28 - Purchased following items from WBC Co. (Invoice No. 79).

Description	Quantity (Bottles)	Unit Cost (Rs.)	Value (Rs.)
250 ml Mango Fruit Drink Bottles	1400	42	58,000
250 ml Mixed Fruit Drink Bottles	1600	41	65,600
VAT			18,540

1/28 - Settled the Purchase Invoice No. 79 of WBC Co. by a cheque of HNB after deducting the advance payment (Cheque No. 741709).

1/29 - It was decided to recalculate all prices of Fruit Drinks based on the new costs. However, calculation methods should not be changed.

Required:

1. Make necessary changes to the company profile after restoring the given back-up file according to the suggested structural changes in the question.
(20 marks)
2. Enter all transactions that took place in January 2017 to the company.
(68 marks)
3. Generate the Income Statement to show the budgeted vs. actual amounts for the month of January 2017 and save it in your exam folder in the **Microsoft Excel** format (file name – BUVSAC).
(04 marks)
4. Generate the Statement of Financial position as at 31st of January 2017 and save it in your exam folder in the **Microsoft Excel** format (file name – FINPOS).
(04 marks)
5. Generate the General Ledger Trial Balance for the company for the year ending 31st January 2017 and save it in your exam folder in the **Microsoft Excel** format (file name – TRIAL).
(04 marks)
6. Take the Final Backup of your company data and save it in the Z drive by giving your registration number as the file name.

(Total 100 Marks)