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

END SEMESTER EXAMINATION – JULY 2017

ICT 30430 Accounting Information Systems with ERP Applications

Date : 23rd July 2017
Time : 9.00 a.m. - 12.00 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. Silva started a business in the name of Siver Line Enterprises on 15th May 2015 to trade water bottles in Maharagama area. After some time, Mr. Silva 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 April 2017. Along with the incorporation, the following structural changes have been made.

1. Change the Company name as '**Sliver Line (Pvt) Ltd**' and converted 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 a new account for **VAT Liabilities**.
4. The Capital account need to be renamed as '**Stated Capital**'.
5. To diversify the business into export of tea 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 Tea	P.O. Box 123235, Dubai, UAE	Tel: +971 4 435 8888	1.5%, 10, Net 50 days Credit Limit Rs. 300,000	Normal
Westerly Tea	P.O. Box 123432, Dubai, UAE	Tel: +971 4 543 8756	1.5%, 10, Net 50 days Credit Limit Rs. 300,000	Normal

- b. The two grades of tea are supposed to be exported and their details are as follows.

Item description	Unit Cost per Box (Rs.)	Unit of Measure	Location	Package Colour
B.O.P. Grade 1	5,000	Box	D	Green
B.O.P. Grade 2	4,500	Box	D	Yellow

- c. It is also decided to give the sales and purchase descriptions as **Ceylon Tea B.O.P** with the relevant grade.
- d. Selling Price for the above product need to calculate as follows:
 - i. **Normal Price:** Cost + 35% margin
 - ii. **Special Price:** Cost + 20% margin
- e. Both grades of tea are purchased from Kandurata Tea Plantation and their related information is as follows.

Contact Persons Name: Mr. Anura

Contact information: No. 123 Kandapola, Nuwara Eliya, Sri Lanka

Tel: +94 052 5555450

Agreed credit terms of Kandurata Tea Plantation - 2%, 20, Net 60 days

- Credit Limit: Rs. 400,000
- f. 0% rated VAT is applicable for both purchases and sales of tea.
- g. Additional accounts for **Sales, Inventory** and **Cost of Sales** should be maintained in the ledger for each grade of tea. 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 April 2017.

4/02 - Deposited Rs. 10,000 to the HNB current account from cash in hand. (Journal Voucher No. JE01).

4/02 - Purchased following items from Sparkling Co. Ltd. (Invoice No. 234).

Description	Quantity (Units)	Unit Cost (Rs.)	Value (Rs.)
500 ml Water Bottles	1 000	27	27,000
1 liter Water Bottles	2 000	42	84,000
VAT			13,320

4/02 - Sent an order to purchase following items from Kandurata Tea Plantation (Order No. 101).

Description	Quantity (Boxes)	Unit Cost (Rs.)	Value (Rs.)
B.O.P. Grade 1	50	5,000	250,000
B.O.P. Grade 2	50	4,500	225,000
VAT			-

4/03 - Obtained a Bank loan amounting to Rs. 500,000 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.

4/04 - Sent an order to purchase 500 bottles of 5 liter Water Bottle at Rs. 160 each from WBC Co. Ltd. (Order No. 102).

4/04 - Kandurata Tea Plantation confirmed the Order No. 101. (Invoice No. 321) and received all items.

4/06 - Sold following items to Pure Water Co. Ltd. irrespective of the credit limit (Invoice No. 50). 15% VAT was applicable for the sale. Rs. 2,000 was charged from the customer as the transportation charges.

Description	Quantity (Units)
500 ml Water Bottles	600
5 liter Water Bottles	400

4/06 - Received an order to supply following items from Zephyr Tea which will be shipped on 10th April 2017 (Order No. 35).

Description	Quantity (Boxes)
B.O.P. Grade 1	30
B.O.P. Grade 2	30

4/07 - Sent a quotation to Westerly Tea for following items (Quotation No. 10).

Description	Quantity (Boxes)
B.O.P. Grade 1	10
B.O.P. Grade 2	10

4/08 - Purchased following items from Kandurata Tea Plantation (Invoice No. 330).

Description	Quantity (Boxes)	Unit Cost	Value (Rs.)
B.O.P. Grade 1	100	5,000	300,000
B.O.P. Grade 2	100	3,500	350,000
VAT			-

4/09 - Westerly Tea confirmed the quotation and the entire stock was shipped (Invoice No. 51).

4/10 - Paid 1st loan installment of HNB loan amounting to Rs. 45,000 (out of which Rs. 30,000 of interest), which was paid from HNB current account (Cheque No. 741702).

You are required to create an **Interest Account** in the ledger.

4/10 - Zephyr Tea confirmed the Order No. 35 and shipment details were as follows (Invoice No. 52).

Description	Quantity (Boxes)
B.O.P. Grade 1	20
B.O.P. Grade 2	20

Export charges Rs. 4,500.

4/10 - Received 400, from 5 liter Water Bottles at Rs. 160 each from WBC Co. Ltd under the Order No. 102 and VAT amount was Rs. 7,680 (Invoice No. 348). As the remaining of the order was not delivered on time, it was decided to close the order.

4/11 - Paid following outstanding purchase invoices.

Invoice	Cash A/C	Cheque No.	Amount (Rs.)	Supplier Code	Discount (Rs.)
456	BOC	223445	78,480	WBC001	Default
221	HNB	741703	42,000	BLU001	200

4/11 - 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 (Units)	Price level
500 ml Water Bottles	50	Special
1 liter Water Bottles	100	Special

4/13 - Received following cheques from customers for outstanding sales invoices.

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

4/13 - Paid VAT of Rs. 1,200 to the Department of Inland Revenue from BOC account (Check No. 223446,).

4/14 - It was decided to write off 10 items of 500 ml Water Bottles due to damages. You are required to create **Stock Loss Account** in the ledger. (Ref No. 01).

4/15 -Purchased following items from Blue Water Co. Ltd. on cash basis (Invoice No. 234). Payment was made from HNB account (Checque No. 741704).

Description	Quantity (Units)	Unit Cost (Rs.)	Value (Rs.)
500 ml Water Bottle	300	27	8,100
1 liter Water Bottle	200	44	8,800
VAT			2,028

4/15 - Banked all un-deposited cheques relating to the HNB account.

Cheque No.	Deposit Ticket ID
98966	15
33452	

4/16 - Sent an order to purchase following items from Kandurata Tea Plantation (Order No. 103).

Description	Quantity (Boxes)	Unit Cost (Rs.)	Value (Rs.)
B.O.P. Grade 1	100	4,500	450,000
B.O.P. Grade 2	100	3,300	330,000
VAT			-

4/17 - Paid Rs. 4,500 for the telephone bill from the BOC account (Check No. 223447).

4/18 - Received following payments from customers for outstanding sales invoices.

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

4/18 - 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).

4/20 - Received following items from Kandurata Tea Plantation with reference to the Order No.103 (Invoice No. 350).

Description	Quantity (Boxes)	Unit Cost (Rs.)	Value (Rs.)
B.O.P. Grade 1	100	4,500	450,000
B.O.P. Grade 2	100	3,300	330,000
VAT			-

4/20 - Sold and shipped the following items to Zephyr Tea. (Invoice No. 54).

Description	Quantity (Boxes)
B.O.P. Grade 1	20
B.O.P. Grade 2	30

Export charges: Rs. 7,200.

4/20 - Paid Rs. 200,000 to Kandurata Tea Plantation as a part payment for the Invoice No. 321 from the HNB current account. No discount was received (Check No. 741705).

4/21 - Rs. 50,000 should be transferred to HNB current account from BOC current account (Journal Voucher No. JE03).

4/21 - Following items were returned to Kandurata Tea Plantation as those were not in the required quality. These items had been purchased under the Invoice No. 350 (Debit No. D01).

Description	Quantity (Boxes)	Unit Cost (Rs.)	Value (Rs.)
B.O.P. Grade 1	10	4,500	45,000
B.O.P. Grade 2	10	3,300	33,000
VAT			-

4/21 - It was decided to reverse the fund transfer made on 4/21 (Journal Voucher No. JE03).

4/22 - Paid Rs. 5,000 of electricity bill from BOC account. (Check No.223448)

4/22 - 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 respective **Depreciation Expense Accounts** in the ledger.

4/22 - Received the total outstanding amount (after deducting discounts, if any) as of this date from Zephyr Tea. The received amount was directly deposited to HNB (Deposit Ticket ID 18, Ref. ZR02, and Receipt No. 20).

4/23 - 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 (Units)
500 ml Water Bottles	20
1 liter Water Bottles	10

4/23 - 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. 2,500 was charged as transportation charges.

Description	Quantity (Units)
500 ml Water Bottles	300
5 liter Water Bottles	200

4/23 - Purchased following items from WBC Co. (Invoice No. 76).

Description	Quantity (Units)	Unit Cost (Rs.)	Value (Rs.)
500 ml Water Bottles	500	27	13,500
1 liter Water Bottles	500	41	20,500
VAT			4,080

4/24 - Paid following outstanding purchase invoices.

Invoice	Supplier Code	Cash A/C	Cheque No.	Details	Discount (Rs.)
321 and 330	KAN001	HNB	741706	Full amount	Default
348	WBC001	HNB	741707	Full amount	Default

4/24 - Following items were returned by Pure Water Co. Ltd. (Credit No. C01). 15% VAT had been applied at the point of sale (Invoice No 56).

Description	Quantity (Units)
500 ml Water Bottles	50
5 liter Water Bottles	20

4/24 - Purchased and equipment at a cost of Rs. 50,000. This was paid from HNB (Cheque No. 741708).

4/24 - Received Rs. 5,000 from sale of old news papers to cash account (Ref. - Other Income).

4/24 - Paid following expenses from a cheque of BOC. (Cheque No. 223449).

Transportation - Rs. 10,000

Advertising - Rs. 8,000

4/24 - 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

4/25 - Monthly insurance premium of Rs. 5,000 should be transferred to the insurance corporation on 25th of April 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.

4/25 - Bank charges of HNB - Rs. 1,000 (Journal Voucher No. JE06). You are required to create a **Bank Charges Account** in the ledger.

4/26 - Paid Rs. 20,000 with a cheque from BOC as an advance to WBC Co. (Cheque No. 223450).

4/26 - Received following 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

4/28 - Purchased following items from WBC Co. (Invoice No. 79).

Description	Quantity (Units)	Unit Cost (Rs.)	Value (Rs.)
500 ml Water Bottles	400	27	10,800
1 liter Water Bottles	600	41	24,600
VAT			4,248

4/28 - Settled the Purchase Invoice No. 79 of WBC Co. by a cheque of HNB after deducting the advance payment (Cheque No. 741709).

4/29 - It was decided to recalculate all prices of water bottles 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 April 2017 to the company.
(68 marks)
3. Generate the Income Statement to show the budgeted vs. actual amounts for the month of April 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 30th of April 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 30th April 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)