



UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

BACHELOR OF BUSINESS ADMINISTRATION DEGREE - 2000 LEVEL

SECOND SEMESTER END EXAMINATION (MARCH /APRIL 2019)

ACC 2211 – COMPUTER APPLICATIONS IN ACCOUNTING

DURATION: 3 HOURS

This Question Paper contains 01 question.

Answer question number 01 and upload your answer files into the LMS.

Use last four digits of your index number as the file names.

01. Multi Solutions (Pvt) Ltd engages with buying and selling printing and electronic equipment. The management of the business has decided to use 'Sage Line 50' accounting software for its accounting functions from 01<sup>st</sup> April 2019. The general information relating to the business, the trial balance as at 01<sup>st</sup> April 2019 and business transactions occurred during the month of April, 2019 are given below.

I. General information

- Company details: Multi Solutions (Pvt) Ltd, No 48B, Sea Road, Galle.  
Tel: 091-2245738, Fax: 091-2245739, E-mail: multisolu@gmail.com  
URL <http://www.multisolutions.lk>
- Tax Identification Number: 3219317388-7000
- Financial Year: 01<sup>st</sup> April 2019 – 31<sup>st</sup> March 2020
- Applicable VAT rate for both purchasing and sales will be 15%.
- All expenses of the company should be categorized as Administrative, Selling and Distribution, and Finance and others.

II. The Statement of Financial Position extracted from the books of Multi Solutions as at 01<sup>st</sup> April 2019 is given below.

Assets	Rs.'000
<b><u>Non-current assets</u></b>	
Property Plant and Equipment (Note 01)	5,940
Intangible Assets	2,000
Investments	1,000
	8,940
<b><u>Current assets</u></b>	
Stocks	4,910
Trade Receivables	1,700

Prepaid Advertising	120
Prepaid Sales Commission	360
Bank - People's Bank	1,780
Petty Cash	240
Cash in Hand	10
<b>Total assets</b>	<b>18,060</b>

**Equity and liabilities**

**Equity**

Stated Capital (Rs.10/= each)	9,000
Revaluation Reserves	460
Retained Earnings	(520)
<b>Total equity</b>	<b>8,940</b>

**Non-current liabilities**

10% Debentures	2,400
Sampath Bank Loan (12%)	1,800

**Current liabilities**

Short Term Borrowings	480
Trade Payables	3,200
VAT Liability	220
Accruals	60
Bank – Sampath Bank	960
<b>Total equity and liability</b>	<b>18,060</b>

Note 01 - Property Plant and Equipment (Rs.'000)

	Cost Rs.	Accumulated depreciation Rs.	Net book value Rs.
Buildings	3,200	800	2,400
Motor Vehicle	2,800	700	2,100
Furniture and fittings	1,400	560	840
Office Equipment	750	150	600
Total	8,150	2,210	5,940

- III. Multi Solutions maintains two current accounts at People's Bank (AC No. 23200116688005) and Sampath Bank (AC No. 101068021).
- IV. Details of suppliers as at 01<sup>st</sup> April 2019 are given in the following table.

Code	Name	Address	Outstanding balance Rs.
MSS0038	Gestetner Ceylon	67A, Main Street, Colombo 01.	1,240,000
MSS0145	Office Networks (Pvt) Ltd	104B, Galle Road, Bambalapitiya.	860,000
MSS0082	Print Solutions	43/4, Maradana Road, Borella.	1,100,000



- V. Details of customers as at 01<sup>st</sup> April 2019 are given in the following table.

Code	Name	Address	Outstanding balance Rs.
MSC0123	Galle IT	23/2B, Main Street, Galle.	590,000
MSC0174	Gamage Traders	141, Galle Road, Ambalangoda.	730,000
MSC0092	Print Solutions	89A, Karapitiya, Galle.	380,000

- VI. Company's credit policy for customers is Rs. 500,000 credit limit with a 30-day credit period. All customers are eligible for 6% discount, if the outstanding amount is settled within 20 days. MSSC184 is the next available customer code.
- VII. Maximum credit period given by the suppliers is 45 days. If the accounts are settled within 30 days, a 5% discount is allowed. The maximum credit limit is Rs. 01 million. Next available supplier code is MSS0150.
- VIII. Stock details as at 01<sup>st</sup> April 2019 are as follows.

Code	Description	Quantity in Hand	Unit price (Rs.)	Amount Rs.
MSPHC	Photocopier	5	320,000	1,600,000
MSLSP	Laser printers	12	15,000	180,000
MSFMC	Fax machines	8	35,000	280,000
MSDTC	Desktop computers	15	90,000	1,350,000
MSMMP	Multimedia projector	10	150,000	1,500,000

- IX. Purchase orders placed during the month of April 2019 are given in the following table.

Supplier Name	Description	Units ordered	Unit price Rs.	Units received
Office Networks (Pvt) Ltd	Laptop computers	15	120,000	12
Metropolitan Computers	Fax machines	10	30,000	10
Metropolitan Computers	Multimedia projector	5	200,000	5
Abans Electrics	Tabs	30	150,000	25
Print Solutions	Laser printers	15	18,000	12

- X. To settle a part of outstanding balances, Multi Solutions paid to its suppliers by People's Bank cheques during the month of April 2019. Details are as follows:

Office Networks (Pvt) Ltd – Rs. 500,000 + 50% of the sales during the month of April  
 Abans Electrics – Rs. 300,000  
 Gestetner Ceylon – Rs. 450,000

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- XI. Sales of the company for the month of April are given as follows:

Sales Type	Description	Units sold	Unit price
Credit - Gamage Traders	Laser printers	10	25,000
Cash	Photocopier	2	400,000
Credit - Galle IT	Tabs	12	180,000
Credit - Crystal Computers	Desktop Computers	10	120,000
Cash	Fax machines	5	45,000

- XII. Multi Solutions received cheques from customers for the settlement of their accounts and all cheques were deposited in Sampath Bank during the month of April 2019. Details of the receipts are as follows,

Gamage Traders - Rs.500,000 +50% of the sales during the month of April  
 Galle IT - Rs.250,000  
 Crystal Computers - Rs.300,000

- XIII. From 01<sup>st</sup> April 2019, Company rented out its excess premise to an external party for a monthly rent of Rs. 30,000. On that day, the Company received a Rs. 300,000 cheque as key money and deposited the cheque in People's Bank.
- XIV. During the month of April 2019, company issued Rs. 236,000 People's Bank cheque to settle the loan installment. The interest included in the above installment is Rs. 36,000 for the month of April 2019.
- XV. Payments made during the month of April 2019 are given below.

Payment	Payment Mode	Amount Rs.
Electricity	Cash	25,000
Salaries	Cheque - People's Bank	360,000
Promotion expenses	Cheque - Sampath Bank	75,000
Telephone charges	Cash	12,000
Postal charges	Petty cash	2,500
Stationary	Petty cash	5,000
Rates	Cash	25,000

Note: 15% of VAT need to be added to electricity, promotional expenses and telephone charges.

- XVI. One third ( $\frac{1}{3}$ ) of prepaid expenses are relevant for the month of April 2019.
- XVII. Company issued a People's bank cheque during the month of April 2019 to settle accrued salaries.

XVIII. Deprecia  
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XVIII. Depreciation needs to be provided based on straight line method using the following annual rates.

Qd	Unit price Rs.
10	25,000
2	400,000
12	180,000
10	120,000
5	45,000

Buildings	10%
Motor Vehicle	25%
Furniture and fittings	20%
Office equipment	25%

Note: Default account ranges are as follows:

Group	From	To
Fixed Assets	0001	0999
Current Assets	1000	1999
Current Liabilities	2000	2299
Long Term Liabilities	2300	2999
Capital & Reserves	3000	3999
Sales	4000	4999
Purchases	5000	5999
Direct Expenses	6000	6999
Overheads	7000	8999

You are required to

- I. Computerize the Accounting System of Multi Solutions (Pvt) Ltd. using Sage Accounting Package and record all the relevant transactions and events for the month of April 2019.
- II. Make necessary month-end adjustments.
- III. Generate Profit and Loss Account for April 2019, and Statement of Financial Position as at 30<sup>th</sup> April 2019.

(Total Marks 70)

Notes:

At the end, you are required to upload the following into the appropriate section of LMS

1. Backup file of the company data.
2. Profit and Loss Account in *Text Files (txt)* format (PLXXXX.txt).
3. Statement of Financial Position in *Text Files (txt)* format (BSXXXX.txt).

Last four digits of the index number MUST be used in the file name.

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