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UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme 2000 Level Semester 2
Examination (February/March 2021)
Academic Year 2020/2021

ACC 22103 Computer Applications in Accounting

Duration: Three hours

The question paper contains 01 question.

Instructions:

- Answer the question number 1
- Upload requested files into the Faculty LMS. Your Index number should be used as the file name.
- Make logical assumptions where necessary.

01. ASM (Pvt) Ltd is a wholesale company that distributes consumer items island wide. The owner of the company is planning to computerize its accounting functions using "Sage Line 50" accounting software starting from 1st March 2021. The trial balance extracted from the books of accounts as at 28th February 2021 is presented below.

Trial Balance - ASM (Pvt) Ltd

Description	Dr (Rs.)	Cr (Rs.)
Land and Building	4,000,000	
Plant and Machinery	1,500,000	
Office Equipment	1,350,000	
Provision for Building Depreciation		180,000
Provision for Plant and Machinery Depreciation		180,000
Provision for Office Equipment Depreciation		162,000
Intangible Assets	700,000	
Investment in Subsidiaries		
Investment in A	600,000	
Investment in B	700,000	
Stock	502,000	
Trade Debtors	500,000	
Other Receivables	200,000	
Cash and Cash Equivalents		
Cash at Bank - People's Bank	1,000,000	
Cash in Hand	500,000	
Prepayment		
Insurance Expenses	120,000	
Advertising Expenses	96,000	

Accrued Expenses		
Electricity		12,000
Telephone		10,000
Short term loan		600,000
Trade Creditors		350,000
Other Payables		200,000
Loans given to related parties	300,000	
VAT		300,000
Amounts due to related parties		500,000
Employee benefit liability		474,000
Share Capital		7,000,000
Capital Reserves		1,500,000
Revenue Reserves		600,000
	12,068,000	12,068,000

Additional Information

- The company details are 11/4,Hakmana Road, Matara, Tel: 041-2254721 Fax: 041-225472, Email: asm.pvt.ltd@gmail.com VAT No: 4782151502-7000
- The financial year starts from 1st January 2021.
- A 10 % VAT rate is applicable for both purchases and sales.
- The company categorizes its expenses as Administrative, Distribution, and Finance.

i. Creditors details as at 01st March 2021

Supplier	Address	Outstanding Balance (Rs.)	Credit Limit (Rs.)
Roland Suppliers	34/2, Main Street, Colombo	150,000	200,000
Ambiga Suppliers	54B, Cross Street, Colombo	200,000	400,000

ii. Debtors details as at 01st March 2021

Customer Name	Address	Outstanding Balance (Rs.)	Credit Limit (Rs.)
Steve Stores	33/2, Station Rd, Kalutara.	300,000	400,000
Danken Brothers	71A, Galle Rd, Waskaduwa.	200,000	300,000

iii. Stock details as at 01st March 2021

Category	Description	Quantity in Hand	Unit price (Rs.)	Total (Rs.)
Food	Red Rice 50Kg (bags)	50	4,500	225,000
Food	White Sugar 50Kg (bags)	40	5,000	200,000
Beverage	Coca Cola 1.5L (bottles)	300	150	45,000
Beverage	Sprite 1.5L (bottles)	200	160	32,000

iv. The following orders have been placed by the company during the month.

Supplier Name	Description	Unit	Unit price (Rs.)	Received Units
Andre Bothers	Soap- 36 pieces Box	100	1,800	100
	White Sugar- 50Kg Bag	50	5,000	30
Ambiga Suppliers	Chili Powder- 5Kg Box	50	2,500	50
	Dhal- 25Kg Bag	40	4,250	40
Steve Suppliers	Milk Powder 10 pieces Box (1Kg)	50	7,500	-

As a credit period was not given by the new supplier, the company paid the full amount of invoice in cash.

v. The following orders have been received during the month.

Customer Name	Description	Units	Unit price (Rs.)	Delivered Units
Mark Stores	Soap -36 Box	30	2,000	30
	Coca Cola 1.5L (bottles)	100	165	100
Danken Stores	Chili Powder-5Kg Bag	20	3,000	20
	Red Rice- 50Kg Bag	05	5,000	05
Parker Brothers	White Sugar -50Kg Bag	30	5,500	30
	Dhal -25Kg Bag	40	4,500	-

- New customers are entitled a 30 days credit period if the invoice value is greater than Rs.100,000. Otherwise, the customers have to pay the invoice value in cash.

- vi. The existing customers have settled their opening outstanding balances by People's Bank's cheques and the suppliers' opening outstanding balances have been settled by the company by People's Bank's cheques as well.
- vii. The company has purchased Rs. 2 million worth furniture and fittings during the month. This amount was financed by a long term loan obtained from People's Bank.
- viii. The company has decided to open a new current account at Bank of Ceylon and deposited Rs.500,000 by sending a bank transfer from People's Bank.
- ix. The following expenses have been paid by the company during the month.

Expenses	Amount (Rs.)	VAT	Type of Payment
Salary	300,000	0%	Bank of Ceylon
Promotional Expenses	150,000	10%	Bank of Ceylon
Rent for Office Building	75,000	0%	People's Bank
Insurance for Sales Staff	125,000	10%	People's Bank
Vehicle repair expenses	20,000	10%	Cash
Telephone charges	15,000	10%	Cash

x. The company has decided to maintain a petty cash book along with Rs.5,000 imprest. The following expenses have been made by petty cashier during the month.

	Rs.
Entertainment expense	1100
Stamps and envelopes expenses	600
Cleaning expenses	900
Travelling expenses	300

Petty cash reimbursement was done by Petty cash cashier during the month.

xi. The company has paid all accrued expenses by people's Bank's cheques. But telephone bill and electricity bill relevant to this month were not paid yet. Details are as follows.

Telephone Bill Rs. 9,000

Electricity Bill Rs. 15,000

xii. Prepaid insurance and advertising are relevant for 12 month period starting from 1st of March 2021. The amounts of these expenses that are relevant for the month of March have not been accounted yet.

xiii. Depreciations are to be provided based on straight line method according to following rates.

Buildings	6 % p.a	Furniture and Fittings	12% p.a
Office Equipment	12 % p.a	Plants and Machinery	12% p.a

- Rs. 3 million worth buildings includes in the Land and Building figure.
- The company policy is to depreciate the assets starting from the purchased month.

Notes- 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	9999

You are required to;

- a) Create a Company, and prepare a Chart of Accounts using Sage Line 50 Accounting Package.
- b) Record the opening balances and other transactions and post month end adjustments for March 2021.
- c) Save the Profit & Loss Account prepared for the month of March and the Balance Sheet as at 31st March 2021 as text files (txt).
- d) Create a backup of the company accounts after recording all above transactions and events.

(Total Marks 70)

N: B- You will be instructed to upload the answer files into the LMS at the end of the examination.