

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

THIRD YEAR SECOND SEMESTER EXAMINATION IN BACHELOR OF COMMERCE /
BACHELOR OF COMMERCE (SPECIALIZATION IN ACCOUNTING AND FINANCE) /
BACHELOR OF COMMERCE (SPECIALIZATION IN BUSINESS ECONOMICS) 2015 /

2016 (JULY / AUGUST 2018)

(PROPER / REPEAT)

DAF 3084 COMPUTER APPLICATION FOR ACCOUNTING

Number of pages: 06

Time 3:00 Hours

Answer All Questions in Part I using Microsoft Office Excel 2007 / 2013

Answer All Questions in Part II using QuickBooks Pro Plus 2011 / 2016

Part I

01. Following are the budgeted values for the years ended 30th September 2018 and 2019 of the Win (Pvt) Limited.

Detail	2018 Rs.	2019 Rs.
Sales	793,800	743,040
Opening Inventory	22,040	121,392
Purchases	488,160	410,400
Closing Inventory	121,392	119,880
Selling expenses	88,560	106,920
Administrative expenses	36,720	64,800
Depreciation	54,000	54,000
Interest	27,000	32,400
Income tax expenses	38,880	29,160
Retained profit at the beginning the year	268,704	315,684
Dividends paid	12,852	26,460
Accounts Receivable	378,000	403,920
Cash at Bank	186,840	117,720
Prepayment at the end of the year	49,248	52,380
Short term investment	117,720	-
Buildings	587,520	652,320
Goodwill	12,960	8,640
Patents	142,560	143,640
Plant	205,200	226,800
Land	432,000	324,000
Accounts Payable at the end of the year	618,516	499,068
Wages payable at the end of the year	106,920	90,720
Provision for the income tax for the year	38,880	29,160
Loan	453,440	397,280
Paid up capital	700,000	700,000

Required:

Create a model to extract the Budgeted Income Statement for the period ended 30 September 2018, 2019 and Budgeted Statement of Financial Position as at 30 September 2018, 2019 [Use the maximum formulas (lookup, etc.) and proper financial statement structures].

(20 Marks)

02. i. ABC company provides you following information relating to its Non-Current Assets.

	Rs.
Cost of Asset	266,000
Estimated salvage value	20,000
Estimated useful life in years	5

Required

- To develop a model to calculate the depreciation expenses for next 5 years using Straight Line Method, Sum of Years Digit Method, and Declining Method.
- Accumulated depreciation for next 5 years using Straight Line Method, Sum of Years Digit Method, and Declining Method.

(08 Marks)

ii. The following information relates to Ranbima (Pvt) Limited. Forecasted Income and expenses of the company for the six months of the operation in 2019 are as follows (All in Rs.000).

Month	Sales	Purchases	Salaries	Overhead
January	4,000	2,500	300	600
February	5,500	3,000	450	700
March	8,000	5,000	600	900
April	10,000	6,000	800	1,200
May	13,000	8,000	1,000	1,500
June	18,000	10,000	1,400	1,800

The following additional information is also available for you.

- 20% of the sales will be on cash basis and the balance will be on credit. Credit sales will be recovered in the second month following the month of sale.

- b. 40% of the purchases will be on cash while the balance will be on credit basis. Credit purchases will be settled in the month following the month of purchase.
- c. Salaries will be paid within the month they are incurred.
- d. All overhead expenses are paid in the month of incurring such expenses. Overhead expenses include monthly depreciation charges amounting to Rs.100,000.
- e. Company is planning to sell an old machine for Rs.500,000 in the month of April. A new machine will be purchased in April for Rs.10,000,000 and 75% of the purchase cost will be paid in the same month and the balance will be paid in the following month.
- f. Cash balance of the company as at 31st March is estimated to be Rs.1,500,000.

From the above information, you are required to prepare the Cash Budget of Ranbima (Pvt) Limited for the months April to June 2019 on monthly basis.

(12 Marks)

(Total 20 Marks)

03. i. What is the PV of an ordinary annuity with 10 payments of Rs.1000 if the appropriate interest rate is 10%? What would the PV be if the interest rate were 4%?

(04 Marks)

- ii. You are evaluating an investment project, Project VV, with the following cash flows:

Period	End of year cash flows
	Rs.
0	-10,000,000
1	2,000,000
2	4,000,000
3	6,000,000

Calculate the Net present value, assuming a 10% cost of capital.

(04 Marks)

- iii. The Honda Motors Company is considering an investment of Rs.1,200,000 in a new motorcycle. They expect to increase sales in each of the next three years by Rs.900,000, while increasing expenses by Rs.400,000 each year. They expect that

they can carve out a niche in the market place for this new motorcycle for three years, after which they intend to cease production on this motorcycle and sell the manufacturing equipment for Rs.600,000. Assume the equipment is depreciated at the rate of Rs.400,000 each year. Honda's tax rate is 40%.

Required

- a. What are the net cash flows for each year of the motorcycles 3 years life? (06 Marks)
 - b. What is the net present value of the investment if the cost of capital is 10%? (04 Marks)
 - c. What is the IRR of the motorcycle investment? (02 Marks)
- (Total 20 Marks)**

Part II

Instructions:

- Enter all information in QuickBooks Pro Plus 2011/2016 by using types of rice (Basmati Rice, White Rice, Red Rice) as class option for the farmer, Mr. Kandaiyah who cultivates Paddy in Batticaloa and he sells all types of rice immediately after harvesting (Non-inventory part).
- Create file in your index number (e.g. COM 1234).

The Following trial balance has been extracted from the books of Kandaiyah on 01st January 2017.

Items	Debit Rs.	Credit Rs.
Land	8,000,000	
Oil Sprayer pump (at cost) / Accumulated Depreciation	100,000	10,000
Equipment (at cost) / Accumulated Depreciation	800,000	80,000
Debtors / Creditors	200,000	100,000
12% Bank Loan		800,000
Accrued electricity		12,000
Prepaid royalty	7,000	
Cash	55,000	
Bank (BOC)	230,000	
Net profit		130,000
Capital		8,260,000
	9,392,000	9,392,000

Details of debtors and creditors are as follows:

a. Debtors as at 01st January 2017:

Invoice No.	Name	Rs.
D001	Kamal	100,000
D002	Mano	58,500
D003	Kajan	41,500
Total		200,000

b. Creditors as at 01st January 2017:

Invoice No.	Name	Rs.
C 001	Kevin	25,000
C 002	Obeth	32,000
C 003	Thivya	43,000
Total		100,000

Following transactions occurred during financial year of 2017:

- 01.01.2017 bought Water pump Rs. 120,000 from Mohan by cheque
- 04.01.2017 purchased seeds of Basmati Rice Rs. 45,000 and seeds of White Rice Rs.20,000 from Murukaiah by cash
- 05.01.2017 received cash Rs.12,000 from Mano
- 01.01.2017 purchased seeds of Red Rice Rs. 9,450 from Kevin
- 08.01.2017 bought fertilizers Rs. 9,000 by cash for three crops equally
- 05.02.2017 paid wages by cash for labours for paddy portion of Basmati Rice, White Rice and Red Rice Rs.12,500, Rs.15,500 and Rs.20,000 respectively.
- 14.02.2017 purchased Fertilizer Rs. 12,200 from Kavi
- 21.02.2017 sold Basmati Rice s 500 Kgs @ Rs.150 by cash
- 30.02.2017 sold White Rice 200 Kgs @ Rs.140 to Kajan
- 06.09.2017 paid cash Rs. 15,000 to Kevin and received discount Rs.1,500
- 11.03.2017 sold Red Rice 250 Kgs @ Rs.170 to Kamal
- 24.03.2017 sold White Rice 320 Kgs @ Rs.180 to Mano by cheque
- 28.03.2017 paid outstanding electricity by cheque
- 12.04.2017 sold Basmati Rice s 250 Kgs @ Rs.175 Kamal
- 01.05.2017 paid Land Tax by cash for Paddy land Rs.30,000 of three Paddy lands equally
- 16.05.2017 purchased seeds of Basmati Rice Rs.12,000 and seeds of White Rice Rs.15,000 from Murukaiah by cheque
- 28.06.2017 sold Basmati Rice s 250 Kgs @ Rs.160 Kajan

- 01.07.2017 settled Thivya outstanding balance by cash
- 09.07.2017 paid Rs.9,000 by cheque for transporting each of Rice types
- 04.08.2017 paid wages by cheque for labours for Basmati Rice, White Rice and Red Rice paddies Rs.15,000, Rs.14,000 and Rs.16,000 respectively.
- 10.09.2017 paid Rs. 22,500 for Fertilizer by cash
- 21.10.2017 sold White Rice 300 Kgs @ Rs.180 to Kamal by cash
- 22.10.2017 Kamal returned 100 Kgs of White Rice @ Rs.180 and it was refunded to Kamal by cash.

Additional information:

- i. Outstanding Fertilizer expenses Rs.35,000 as at 31st December 2017
- ii. Insurance prepaid Rs.20,000 as at 31st December 2017
- iii. Depreciation for Oil Sprayer pump, Equipment and Water pump is to be provided at 10% on cost.

You are required to:

- i. Enter above information in QuickBooks Pro Plus 2011/ 2016 by using types of rice (Basmati Rice, White Rice, Red Rice) as class option.
(35 Marks)
- ii. Export to Excel
 - a. Profit and Loss A/C Crop wise
 - b. Balance sheet
 - c. Cash flow statement
 - d. Customer balance summary
 - e. Vendor balance summary**(05 Marks)**

(Total 40 Marks)