

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
THIRD YEAR FIRST SEMESTER EXAMINATION IN BACHELOR OF
COMMERCE HONOURS / BACHELOR OF COMMERCE HONOURS IN
ACCOUNTING AND FINANCE/ BACHELOR OF COMMERCE HONOURS
IN BUSINESS ECONOMICS - 2021/ 2022 (PROPER/REPEAT)
(FEBRUARY/MARCH 2024)
DAF 3053 COMPUTER APPLICATION IN ACCOUNTING

Instructions:

- Create a folder in Desktop and Rename it with your Index Number (Eg: COM 1234).
- Answer All Questions in Part I using Microsoft Office Excel
- Answer All Questions in Part II using QuickBooks Pro Plus

Number of pages: 07

Time: 03 Hours

Part I

Question 01

(i) Prepare a Cash Budget for the three months ending on 30th June 2023 from the information given below:

(a)

Month	Sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Overheads (Rs.)
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

(b) Credit terms are:

- Sales: 10% of sales are in cash, 50% of the credit sales are collected in the next month and the balance in the following month.
- Materials are paid in two months
- Wages are paid in the following month
- Overheads are paid on the same month

(c) Cash and bank balance on 1st April 2023 is expected to be Rs. 6,000.

(d) Other relevant information are:

- The plant and machinery will be installed in February 2023 at a cost of Rs. 96,000. The monthly instalments of Rs. 2,000 are payable from April onwards.
- Dividend at 5% on the preference share capital of Rs. 200,000 will be paid on 1st June.
- Advance to be received for the sale of vehicles Rs. 9,000 in June.

- Dividends from investments amounting to Rs. 1,000 are expected to be received in June.
- The income tax (advance) to be paid in June is Rs. 2,000.

(15 Marks)

- (ii) Galaxy Company experiences a monthly demand of 2000 electric motors per year. Every time the company places an order to the manufacturer, there is a fixed charge of Rs.1,000 independent of the size of the order. It costs Rs.3 to hold a motor in inventory for a year.

Required:

- Compute the economic order quantity.
- Compute the total annual inventory expenses.

(05 Marks)

(Total 20 Marks)

Question 02

- (i) If you invest Rs. 2000 a year for 40 years toward your retirement and earn 8% a year on your investments, how much will you have when you retire? Calculate the FV assuming payments are made at the beginning of the year and the end of the year.

(04 Marks)

- (ii) You would like to buy a new automobile. You have Rs. 50,000,000, but the car costs Rs. 68,500,000. If you can earn 9 percent, how much do you have to invest today to buy the car in two years? Assume the price will stay the same.

(04 Marks)

- (iii) L Company is considering two new machines that should produce considerable cost savings in its assembly operations. The cost of each machine is Rs. 140,000 and neither is expected to have a salvage value at the end of a 4-year useful life. L Company's required rate of return is 12% and the company prefers that a project return its initial outlay within the first half of the project's life. The annual after-tax cash savings for each machine are provided in the following table:

Year	Machine A (Rs.)	Machine B (Rs.)
1	50,000	80,000
2	50,000	60,000
3	50,000	40,000
4	50,000	20,000

Required:

Required:

- a. Compute the net present value for each machine.
- b. Which machine should be purchased?

(05 Marks)

(iv) Mr. Jason borrowed Rs. 2.5 million from Commercial Bank at a 17% annual rate of interest to be repaid over 5 years. Assuming end-of-year payments, prepare a loan amortization table and answer the following questions;

- a. What is the amount of the monthly payment?
- b. What is the total amount of interest payment?
- c. What is the total amount of payments?

(07 Marks)

(Total 20 Marks)

Question 03

The following trial balance was extracted from the books of Supermax Trader and was established in January 2023 to deal in the sale of raw materials.

Trial Balance as of 31 December 2023

Details	Dr Rs. "000"	Cr. Rs. "000"
Capital		71,000
Purchase/ Sales	40,680	98,780
Return inward/ Return outward	680	500
Rent	15,210	
Machinery	20,000	
Freehold land	17,500	
Building	30,000	
Balance at Bank	8,410	
Sundry Expenses	3,000	
Salaries	15,000	
Insurance	600	
Drawings	5,240	
Debtors/ Creditors	14,500	6,300
Stock in trade at 01.01.2023	5,760	
	176,580	176,580

Additional Information

1. Stock in trade on 31st December 2023 Rs. 6,800,000.
2. Machinery is to be depreciated at the rate of 10% and Building at the rate of 20% on cost.

3. Salaries for December 2023 amounting to Rs. 1,500,000 were unpaid
4. Pre-paid Insurance on 31st December 2023 of Rs. 170,000.
5. A provision for Bad and Doubtful Debt is to be created to the extent of 5% on debtors.

Required: Create a model to extract the Income Statement for the year ended 31st December 2023 and the Statement of Financial Position as of 31st December 2023 (Use the maximum formulas (lookup, etc.) and proper financial statement structures).

(20 Marks)

Part II

An institute conducts educational programs. The institute's Statement of Financial Position as of 31st December 2023 is given below. Enter the following transaction in QuickBooks Premier - Accountant Edition.

Institute's Name: Enter your Index Number. (Eg: COM1234)

Start Date: 01/01/2023

ASSETS	Rs.	Rs.
Current Assets		
Cash	7,053.00	
NDB Bank	4,849.80	
BOC	6,720.00	
Accounts Receivable	72,000.00	
Building Advance	120,000.00	
Total Current Assets		210,622.80
Fixed Assets		
Books	13,870.00	
Computer	90,000.00	
Furniture	301,838.00	
Name Board	26,500.00	
Printer	14,500.00	
Recon Photocopier	71,080.00	
Total Fixed Assets		517,788.00
Total Assets		728,410.80
LIABILITIES & EQUITY		
Current Liabilities		
Accrued Lecture fee Course 1	25,850.00	
Accrued rent	21,000.00	
Sri payable	81,075.00	
Total Liabilities		127,925.00

Equity		
Capital	660,100.00	
Net Income	-59,614.20	
Total Equity		600,485.80
Total Liabilities & Equity		728,410.80

Accounts Receivables at 01.01.2023

Ruzaik	11,000
Anojan	13,000
Anusha	15,000
Ifthikar	6,000
Jerusha	7,000
Januka	20,000
Total	<u>72,000</u>

The following transactions occurred during 2023.

a. 03/01/2023 received cash from the following students

- i. Ifthikar Rs.6,000
- ii. Jerusha Rs.7,000
- iii. Januka Rs.20,000

b. 05/01/2023 deposited Rs.30,000 in BOC.

c. 15/01/2023 Paid Rs.6000 to Kalhi printers for banner printing by BOC cheque.

d. 20/01/2023 paid Rs.5000 to Sun Printers for printing handbills.

e. 25/01/2023 Paid Rs.3000 as a salary to marketing people.

f. 01/02/2023 Received cash from the following students for Course 1.

- i. Ranjani Rs.20,000
- ii. Kamal Rs.20,000
- iii. Tharshan Rs.15,000
- iv. Suresh Rs.20,000

Cash received from the above students was deposited at BOC.

g. 02/02/2023 Paid telephone payment Rs.4000 by BOC cheque.

h. 06/02/2023 paid accrued lecture fee and rent by BOC cheque.

i. 12/02/2023 He started Course 2 and received cash from the following students.

- i. Arun Rs.10,000
- ii. Jerusha Rs.10,000
- iii. Januka Rs.8,000

j. 28/02/2023 Paid lecture fee through BOC cheque Rs.12,000 and Rs.8,000 for Course 1 and Course 2 respectively.

k. 07/04/2023 received cash from the following students.

- i. Ruzaik Rs.11,000
- ii. Anojan Rs.13,000
- iii. Anusha Rs.15,000

l. 13/08/2023 He started Course 3, and for that, he spent Rs.4,500 as advertisement expenditure. The course fee per subject is Rs.5000. Following table shows the names of the students and the number of subjects they prefer to study.

Name	Number of subjects
Niroshan	3
Kannan	3
Akalya	1
Athavan	2

m. 31/08/2023 The Lecture fee is paid by BOC cheque.

- i. Course 1 Rs.12,000
- ii. Course 2 Rs.4,000
- iii. Course 3 Rs.11,000

n. 16/09/2023 Owner introduced extra capital of Rs.20,000

o. 10/10/2023 Bought computer Rs.25,000

p. 12/12/2023 Paid electricity Rs.6,000 by BOC cheque.

Additional information

1. Electricity payment for December is unpaid Rs.1,200.
2. He pays a monthly rent of Rs.5000 following the first day of each month by BOC cheque.
3. He pays the salary of Rs.7000 for the clerk by BOC cheque end of each month.
4. Receivables

- a. Tharshan Rs.5,000 for Course 1
- b. Januka Rs.2,000 for Course 2

You are required to

- (i) Enter all information in QuickBooks by using types of courses (**Course1, Course2, and Course3**) as class option.
- (ii) Export the following outputs to Excel;
 - a. Income Statement by Class
 - b. Statement of Financial Position
 - c. Cash flow Statement

(Total 40 Marks)