

**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)**  
**2016 / 2017 (JULY / AUGUST 2019)**  
**(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**

Following information is extracted from Creative firm for the month of June 2019 and budgeted value for July 2019.

| Description                              | June 2019 | Budgeted<br>July 2019 |
|--|-----------|-----------------------|
| Sales                                    | 2,280,000 | 2,850,000             |
| Purchases                                | 1,257,000 | 1,571,250             |
| Store Equipment                          | 1,125,000 | 1,406,250             |
| Accumulated Depreciation-Store Equipment | 913,500   | 1,141,875             |
| Capital - beginning                      | 810,000   | 1,012,500             |
| Accounts Receivable                      | 668,745   | 835,931               |
| Accounts Payable                         | 657,900   | 822,375               |
| Merchandise Inventory, ending            | 465,000   | 581,250               |
| Drawing                                  | 432,000   | 540,000               |
| Merchandise Inventory, beginning         | 351,000   | 438,750               |
| Salaries Expense-Selling                 | 288,000   | 360,000               |
| Purchase Discount                        | 162,975   | 203,719               |
| Cash                                     | 160,740   | 200,925               |
| Sales Discount                           | 144,000   | 180,000               |
| Advertising Expense                      | 99,000    | 123,750               |
| Prepaid Insurance                        | 72,000    | 90,000                |
| Salaries Expense-General                 | 54,000    | 67,500                |
| Rent Expense-Selling                     | 45,000    | 56,250                |
| Store Supplies Expense                   | 42,750    | 53,438                |
| Depreciation Expense-Store Equipment     | 27,000    | 33,750                |
| Insurance Expense-Selling                | 24,300    | 30,375                |
| Store Supplies                           | 17,640    | 22,050                |
| Rent Expense-General                     | 13,500    | 16,875                |
| Insurance Expense-General                | 2,700     | 3,375                 |

**Required:**

Create a model to extract the Income Statement for the month of June 2019 and budgeted month of July 2019 and Statement of Financial Position as at 30<sup>th</sup> June 2019 and budgeted Statement of Financial Position as at 31<sup>st</sup> July 2019. [Use the formulas (lookup, etc.) and proper financial statement structures].

02. i. You deposit Rs.1000 per month (at the end of each of month) over the next 10 years. Your investments earn 8% per year. You would like to have Rs.1,00,000 after 10<sup>th</sup> years. How much money should you deposit now?
- ii. Mr. Albert borrows Rs.200,000 on 2 years personal loan with an annual interest rate of 14%. Assuming end of month payments, determine the monthly payment, amount paid toward principle in first month.
- iii. Harani has been trading as a producer of delicious preserves for several months. Her current account bank balance at 31<sup>st</sup> July 2019 is expected to be Rs.8,20,000. She anticipates capital expenditure in August 2019, which will reduce her bank balance substantially. Details of her budgeted data are shown below.

|                     | June   | July   | August | September |
|---------------------|--------|--------|--------|-----------|
|                     | Rs.    | Rs.    | Rs.    | Rs.       |
| Credit Sales        | 17,800 | 16,600 | 17,600 | 19,000    |
| Purchases           | 8,400  | 10,200 | 9,600  | 9,800     |
| Wages               | 4,600  | 4,700  | 4,600  | 4,800     |
| Other Expenses      | 2,100  | 2,160  | 2,140  | 2,180     |
| Capital expenditure | 4,000  |        | 9,000  |           |

Anticipated timings for cash receipts and cash payments are as follows:

- 60% of credit sales are received in the month after sale; the remaining 40% credit sales are received two months after sale.
- Purchases are paid in the month after purchase.
- Wages are paid immediately.
- Other Expenses are paid in the following month, and include Rs.400 per month depreciation.
- Capital expenditure is paid in the same month as budgeted.

**Required:**

Prepare Harani's cash budget for August 2019 and September 2019 in two separate columns. You should also show a total column.

**(10 Marks)**

**(Total 20 Marks)**

A toy manufacturer has under consideration the proposal of production of high quality toy cars. The necessary equipment to manufacture the toy cars would cost Rs.300,000. The production equipment would last 5 years with no salvage value. The toy car can be sold at Rs.40 each. Regardless of the level of production, the manufacturer will incur cash cost Rs.40,000 each year if the project is undertaken. The variable costs is estimated at Rs.25 per toy car. The manufacture estimates it will sell about 125,000 toy cars per year; the straight line method of depreciation will be used, the ordinary tax rate is 55%.

Should the proposed equipment be purchased? Assume 10% as the cost of capital.

**(10 Marks)**

**Part II**

**Instructions:**

- Batticaloa College conducts three educational programs. Enter all information in QuickBooks Pro Plus 2011/2016 by using types of educational programs (Course 1, Course 2, Course 3) as class option for the college.
- Create file in your index number (e.g. COM 1234).

**Statement of Financial Position of the college as at 31<sup>st</sup> December 2017**

| ASSETS               | Rs.        | Rs.               |
|----------------------|------------|-------------------|
| Current Assets       |            |                   |
| Cash                 | 55,000.00  |                   |
| People's Bank        | 120,000.00 |                   |
| Accounts Receivable  | 15,000.00  |                   |
| Building Advance     | 100,000.00 |                   |
| Total Current Assets |            | 290,000.00        |
| Fixed Assets         |            |                   |
| Computer             | 115,500.00 |                   |
| Furniture            | 300,000.00 |                   |
| Photocopier          | 75,000.00  |                   |
| Total Fixed Assets   |            | 490,500.00        |
| <b>TOTAL ASSETS</b>  |            | <b>780,500.00</b> |

| LIABILITIES & EQUITY                  | Rs.        | Rs.               |
|---------------------------------------|------------|-------------------|
| Current Liabilities                   |            |                   |
| Accrued Lecture fee                   |            |                   |
| Course 1                              | 20,000.00  |                   |
| Accrued rent                          | 18,000.00  |                   |
| Total Liabilities                     |            | 38,000.00         |
| Equity                                |            |                   |
| Capital                               | 727,500.00 |                   |
| Net Income                            | 15,000.00  |                   |
| Total Equity                          |            | 742,500.00        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> |            | <b>780,500.00</b> |

Accounts receivables as at 31.12.2017

|      | Rs.           |
|------|---------------|
| Raja | 8,000         |
| Rani | <u>7,000</u>  |
|      | <u>15,000</u> |

Following transactions were occurred during 2018.

02/01/2018 received arrears cash from following students

|      |          |
|------|----------|
| Raja | Rs.8,000 |
| Rani | Rs.7,000 |

04/01/2018 deposited Rs.25,000 in People's Bank.

16/01/2018 paid Rs.5,000 to Alleviation printers for banner printing by People's Bank cheque no. 222231.

21/01/2018 paid Rs.4,500 to Athavan Printers for printing hand bills.

25/01/2018 paid Rs.5,600 as a salary to marketing people.

01/02/2018 received cash from following students for Course 1.

|        |           |
|--------|-----------|
| Ramani | Rs.30,000 |
| Kamal  | Rs.30,000 |
| Haran  | Rs.15,000 |
| Suresh | Rs.20,000 |

Received cash from above students was deposited at People's Bank.

04/02/2018 paid telephone bill Rs.3,000 by People's Bank cheque no. 222232.

15/02/2018 He started Course 2 and received cash from following students.

|       |           |
|-------|-----------|
| Kumar | Rs.18,000 |
| Raja  | Rs.18,000 |
| Rani  | Rs.8,000  |

3/02/2018 paid accrued lecture fee and rent.

3/02/2018 paid lecture fee through People's Bank Rs.14,000 and Rs.7,000 for Course 1 and Course 2 respectively (cheque no. 222233, 222234).

2/05/2018 bought pen, pencil and marker Rs.1,200.

0/07/2018 paid royalty Rs.5000 to ABC institute.

5/06/2018 bought 5 paper reams each Rs.450.

3/08/2018 He started Course 3 by spending Rs.5,500 as advertisement expenditure.

Course fee per subject is Rs.4000. Following students paid course fee according to their choice of subjects.

| Name     | Number of subject |
|----------|-------------------|
| Rajeewan | 2                 |
| Ramesh   | 3                 |
| Nerupa   | 3                 |
| Nimal    | 2                 |

5/08/2018 Received course fee on 13<sup>th</sup> of August 2018 deposited at People's Bank.

1/09/2018 Lecture fee is paid by People's Bank cheque.

Course 1 Rs.10,000 cheque no. 222235

Course 2 Rs.6,000 cheque no. 222236

Course 3 Rs.7,500 cheque no. 222237

0/10/2018 Bought computer Rs.45,000

3/12/2018 paid electricity Rs.6,000 by People's Bank cheque no. 222238.

#### Additional information

- He pays monthly rent Rs.6,000 following first day of each month by People's Bank cheque.
- He pays salary Rs.10,000 for clerk end of each month by People's Bank cheque.
- Electricity payment for December is unpaid Rs.1,450.
- Receivables

Haran Rs.15,000 for Course 1

Suresh Rs.10,000 for Course 1

Rani Rs.10,000 for Course 2

- Depreciation of non-current assets is given below for 2018.

Computer 15,500.00

Furniture 30,000.00

Photocopier 7,500.00

- f. The College received Bank statement from People's Bank for period of 2018 is given below

| Date       | Details                | Debit  | Credit  | Balance |
|------------|------------------------|--------|---------|---------|
| 01.01.2018 | Balance                |        | 120,000 | 120,000 |
| 04.01.2018 | Deposit                |        | 25,000  | 145,000 |
| 18.01.2018 | 222231                 | 5,000  |         | 140,000 |
| 31.01.2018 | Debit tax              | 50     |         | 139,950 |
| 01.02.2018 | Deposit                |        | 95,000  | 234,950 |
| 05.02.2018 | 222232                 | 3,000  |         | 231,950 |
| 28.02.2018 | 222233                 | 14,000 |         | 217,950 |
| 30.02.2018 | 222234                 | 7,000  |         | 210,950 |
| 30.02.2018 | Debit tax              | 150    |         | 210,800 |
| 31.05.2018 | Bank charge            | 500    |         | 210,300 |
| 15.08.2018 | Deposit                |        | 40,000  | 250,300 |
| 02.09.2018 | 222235                 | 10,000 |         | 240,300 |
| 04.09.2018 | 222236                 | 6,000  |         | 234,300 |
| 10.09.2018 | 222237                 | 7,500  |         | 226,800 |
| 15.12.2018 | BC institute (Royalty) |        | 10,000  | 236,800 |
| 31.12.2018 | Bank charge            | 500    |         | 236,300 |

**You are required to**

- i. Enter all information in QuickBooks 2011/ 2016 by using courses as class of
- ii. Reconcile People's Bank account with Bank Statement as at 31<sup>st</sup> December
- iii. Export to Excel
  - a. Bank Reconciliation statement
  - b. Profit and Loss A/c
  - c. Balance sheet