

UNIVERSITY OF COLOMBO
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Honours in Accounting (Semester VI) Examination-
December, 2021

ACT 3305- Computer Based Accounting

Three (03) Hours

**This Paper Consists of a Case Illustrating Transactions of a Hypothetical Company, and
Printed in Nine (09) Pages**

Read the Case and Answer All Questions Given at the End of the Case

Other Instructions to candidates:

- Edit the company name by entering your index number (e.g. 8765) at the end of the company name
 - Create a folder on the desktop and rename it with your index number used above
 - At the end of the allowed time, backup all your files to the created folder
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A case of Ceylon Fertilizer (Pvt) Ltd

Ceylon Fertilizer (Pvt) Ltd is one of the largest fertilizer buying and selling companies in Sri Lanka. At present, the company is purchasing only from a renowned overseas fertilizer supplier named "Grand Harvest Ltd". Currently the company has two divisions called "Colombo" (CL) division which carries out reselling of the products whereas "Advisory" (AD) division carries out training and consultation relating to farming activities.

With the current import restrictions in Sri Lanka, the government has introduced 8% VAT on all imported fertilizer to promote local organic fertilizer supply. Therefore, this new rule is applicable on several products of Ceylon Fertilizer (Pvt) Ltd with effect from 1st January 2021.

The company is using Sage 50 accounting software package as the accounting system and, they have already created the following in the system.

- Company profile
- General ledger and other relevant sub ledgers, namely Inventory, Customers and Vendors ledgers with the respective beginning balances.

The following transactions took place at Ceylon Fertilizer (Pvt) Ltd during the month of January 2021.

1. On 1st January 2021, the company has built 25 items of CP-001 in order to facilitate the business functions (Reference No "AS001").
2. The following items were ordered from Grand Harvest Ltd during the month of January, 2021.

Date	Order No	Product	Quantity (Packs)	Unit Cost (Rs.)
05 th Jan 2021	C800	Urea 50 Kg	100	500
		Dolomite 50 Kg	80	650
08 th Jan 2021	C801	Compost High Quality 20 Kg	120	1000
		Compost High Quality 40 Kg	40	2000
12 th Jan 2021	C802	Compost Medium Quality 20 Kg	100	800
		Compost Medium Quality 40 Kg	150	1600

3. Details relating to received goods were identified as follows.

Date	Invoice No	Order No	Product	Received Quantity (Packs)	VAT Amount (Rs.)
06 th Jan 2021	GH-101	C800	Urea 50 Kg	100	15,000
			Dolomite 50 Kg	80	
09 th Jan 2021	GH-102	C801	Compost High Quality 20 Kg	110	Exempt
			Compost High Quality 40 Kg	40	
14 th Jan 2021	GH-103	C802	Compost Medium Quality 40 Kg	100	Exempt
			Compost Medium Quality 20 Kg	150	
15 th Jan 2021	GH-104	N/A	Urea 50 Kg	40	1,600

4. Details relating to direct cash purchases were as follows.

Date	Product	Received Quantity (Packs)	VAT Amount (Rs.)	Amount Paid
16 th Jan 2021	Urea 50 Kg	150	12,500	Total amount was paid by a BOC cheque (No:300105)
	Dolomite 50 Kg	100		

5. On 17th January 2021, 15 packets of Urea 50 Kg purchased under Invoice No GH-101 were returned due to low quality. This was subjected to VAT amount of Rs 3,000 (Debit Note No. 01).

6. On 18th January 2021, 10 packets of 50 Kg Dolomite which were purchased at Rs. 650 were returned to the supplier. It was difficult of trace the relevant purchase invoice. The VAT amount included in the above amount was Rs 1,800 (Debit Note No:02).

7. Cheque issues from BOC to the Grand Harvest Ltd during the month of January 2021 were as follows.

Date	Invoice No	Payment Details	Cheque No
07 th Jan 2021	GH-101	Total amount	300101
10 th Jan 2021	GH-102	Rs.40,000	300103
15 th Jan 2021	GH-103	Total amount	300104
20 th Jan 2021	GH-104	Total amount after deducting Rs. 500 as a discount	300106

8. Payments for expenditure during the month of January 2021 were identified as follows.

Date	Expense	Amount (Rs.)	Payment Details
04 th Jan 2021	Distribution Cost	15,000	BOC (300099)
04 th Jan 2021	Electricity	2,500	Cash (Voucher No: 445)
05 th Jan 2021	Salaries for CL division	75,000	BOC (300100)
08 th Jan 2021	Telephone for CL division	3,200	BOC (300102)
26 th Jan 2021	Transportation for CL division	5,000	Cash (Voucher No: 446)
	Transportation for AD division	600	

9. On 21st January 2021, the accrued expenses of the year ended 31st December 2020 was paid issuing a cheque of BOC (Cheque No: 300107).

10. On 14th January 2021, the company received an order from BIO Food Ltd to supply following goods (Order No 501). 8% VAT has been applied.

Product	Quantity (Packs)	Price Level
Urea 50 Kg	30	Retail
Dolomite 50 Kg	40	
Fertilizer Packs	5	Wholesale

11. On 15th January 2021, the company received an order from Green Agro Ltd to supply the following goods (Order No: 502). VAT is exempted on this order.

Product	Quantity (Packs)	Price Level
Compost High Quality 20 Kg	50	Retail
Compost High Quality 40 Kg	60	
Compost Medium Quality 40 Kg	45	
Compost Medium Quality 20 Kg	30	

12. On 16th January 2021, the company sold all items ordered by BIO Food Ltd under the Order No: 501 on credit basis,(Invoice No: CF-401).

13. On 17th January 2021, the company sold all items ordered by Green Ago Ltd under the Order No: 502 (Invoice No: CF-402). On the same day, a cheque (Cheque No: 765432) amounting to Rs 180,000 was received and deposited at BOC bank (Deposit Ticket ID: 01) as a part payment for this invoice.

14. On 20th January 2021, the company sold the following goods to Quality Harvest on credit basis (Invoice No: CF-403). 8% VAT rate was applied on this sale.

Product	Quantity (Packs)	Price Level
Urea 50 Kg	25	Retail
Fertilizer Packs	5	

15. On 25th January 2021, the company sold 50 packs of Compost High Quality 20 Kg to Fresh Fruit Ltd (Invoice No: CF-404) under retail price. VAT is exempted on this sale. The total amount was received by a cheque (Cheque No: 765098) and it was deposited at BOC on the same day (Deposit Ticket ID: 04).

16. On 17th January 2021, BIO Food Ltd returned 10 packs of Urea 50 Kg (Credit Note No: 01). These goods had been sold under the Invoice No:CF-401).

17. On 25th January 2021, Super Fertilizer Ltd paid an advance of Rs 100,000 by a cheque (Cheque No:143567) in view of purchasing some Dolomite packs in the month of April 2021. Super Fertilizer Ltd is agreed to carryout business with the company in the future as well. This cheque was deposited at BOC on the same day (Deposit Ticket ID: 05; Receipt No: R005).

Billing Address of Super Fertilizer Ltd: 450, Middle Road, Kandy, Sri Lanka; Contact person: Mr. Kokila, Tel No: 033-2257412.

18. Cheques received from customers during the month of January 2021 were identified as follows.

Date	Name	Invoice No	Receipt Details	Amount	Cheque No	Receipt No
18 th Jan 2021	BIO Food Ltd	CF001	Full settlement	Total amount	780550	R001
19 th Jan 2021		CF-401	Part settlement	Rs. 80,000	780551	R002
21 st Jan 2021	Green Agro Ltd	CF-402	Part settlement	Rs. 150,000	770625	R003
24 th Jan 2021	Quality Harvest	CF-403	Full settlement	Total amount	775630	R004

19. The details of cheques deposits in to the BOC account during the month of January 2021 were as follows.

Cheque No.	Deposit Date	Deposit Ticket ID
780550	19 th Jan 2021	2
780551	20 th Jan 2021	3
770625	26 th Jan 2021	6
775630	27 th Jan 2021	7

20. On 28th January 2021, the company sold 10 number of Urea 50 Kg packs and 5 number of Dolomite 50Kg packs to Mr. Janaka Perera (One-time customer) under retail price. 8% VAT rate was applied on this sale. The total amount was received by a cheque (Cheque No:820224) and it was deposited at Sampath Bank on the same day (Deposit Ticket ID: 01).

21. On 30th January 2021, the company has provided advisory services for selected farms in the Colombo district. The following receipts and payments are identified relating to this service offered.

Particular	Rs.
Advisory service income (Reference No. AD001; Cash receipt No. R006)	120,000
Stationery cost for the service (Petty cash voucher No. 01)	8,000
Transportation cost (Petty cash voucher No. 02)	5,000

22. On 30th January 2021, the company sold 500 empty fertilizer 50 Kg bags at Rs. 30 each. Total amount was received by a cheque (No:820235) and it was deposited at Sampath Bank on the same day (Deposit Ticket ID: 02).
23. Buildings are depreciated at 6% per annum on the straight-line basis (Reference No. DP001).
24. On 30th January 2021, a customer balance of Rs. 15, 000 has been written off and it was difficult to trace the correct customer (Reference No. BD001).
25. The following accrued expenses are identified for the month of January 2021.
- Salaries of AD division Rs. 50,000 (Reference No. SA001)
 - Water Rs. 4,500 (Reference No. WA001)
26. On 31st January 2021, Rs 30,000 cash balance was transferred from Sampath bank account to BOC account (Reference No: TR001).
27. Monthly bank loan interest of Rs. 3,000 need to be accrued on 31 January 2021 (Reference No: BLI001). This journal entry should recur at the end of each month until December 2021.
28. On 31st January 2021, late interest was charged on overdue balances of all customers of the company.
29. The bank statement received for the month of January 2021 of BOC account is presented as follows.

Date	Description	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
1 st Jan 21	Opening Balance			70,000.00
5 th Jan 21	Payment (Cheque No. 300099)	15,000.00		55,000.00
8 th Jan 21	Payment (Cheque No. 300101)	94,800.00		-39,800.00
10 th Jan 21	Payment (Cheque No. 300102)	3,200.00		-43,000.00
17 th Jan 21	Payment (Cheque No. 300104)	288,000.00		-331,000.00
18 th Jan 21	Receipt (Cheque No. 770340)- G001 for Invoice CF-402		30,000.00	-301,000.00
19 th Jan 21	Receipt (Cheque No. 765432)		180,000.00	-121,000.00
21 st Jan 21	Receipt (Cheque No. 780551)		80,000.00	-41,000.00
22 nd Jan 21	Payment (Cheque No. 300106)	21,100.00		-62,100.00
22 nd Jan 21	Payment (Cheque No. 300107)	3,000.00		-65,100.00
26 th Jan 21	Receipt (Cheque No. 143567)		100,000.00	34,900.00
27 th Jan 21	Receipt (Cheque No. 770625)		150,000.00	184,900.00
30 th Jan 21	Payment (SI001: Insurance)	12,000		172,900.00
30 th Jan 21	Bank charges	2,000		170,900.00
31 st Jan 21	Receipt (TR001)		30,000	200,900.00

30. The budgeted sales and other income items for the month of January and February 2022 are forecasted as follows.

Item Description	January 2022 Budgeted (Rs.)	February 2022 Budgeted (%) change compared to January 2022 Budgeted
Sales-Paddy Fertilizer	40,000	Increase by 5%
Sales-Other Crops Fertilizers	45,000	Decrease by 2%
Sales-Organic Fertilizer	500,000	Increase by 4%
Advisory Income	150,000	Increase by 1%
Sales-Fertilizer Packs	100,000	Increase by 3%
Discount Received	50,000	Increase by 1%
Other Income	20,000	Decrease by 2%
Late Fees Income	2,000	Decrease by 1%
Freight Charges	5,000	Increase by 2%

Using the above information you are required to:

1. Enter all transactions during the month of January 2021 at Ceylon Fertilizer (Pvt) Ltd (Create ledger accounts when and where necessary).

(20 marks)

2. Run the duly completed following reports, save them in the system, and export to separate excel files using appropriate names.

- a. Transaction Detail Report of Ceylon Fertilizer (Pvt) Ltd for the month ended 31st January 2021.

(40 Marks)

- b. Income Statement of Ceylon Fertilizer (Pvt) Ltd for the month ended 31st January 2021.

(15 Marks)

- c. Statement of Financial Position as at 31st January 2021.

(10 Marks)

- d. BOC Bank Account Reconciliation for the month of January 2021.

(10 Marks)

- e. Sales and Other Income Budget for the months of January and February 2022.

(05 Marks)

(Total 100 marks)

Backup above all files to the folder you have created on the desktop.

Note: You may disregard the type of currency in the system
