Uva Wellassa University

Faculty of Management

Bachelor of Business Management in Entrepreneurship and Management

Year 2 Semester I Examination – December/January 2009/2010

EMG 282-2 Buyer behavior and Marketing

Index No.

Time : Twenty (20) minutes
Total marks : 15
Answer all questions
Underline the correct answer from the choices given below for each question. Each question carries only one correct answer.

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Part C – Essay Questions

Answer all questions

1. Discuss the Product Life Cycle with different marketing strategies that can be adopted in each stage. Explain by using examples in relevant stages.

(15 marks)

2. Briefly explain any five criteria for choosing **Brand elements**.

(15 marks)

3. Briefly explain **Branding decisions** and **Branding Extensions**.

(20 marks)

(Total 50 marks)

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Realization activities were started on 1/4/2009. Rs 20,000 supposed to pay as realization expenses for the person who is undertaking the realization activities. Details of asset realization are given below.

On 5/4/2009 the Motor Vehicle was realized at Rs.50,000

On 20/4/2009 Inventories were realized at Rs 80,000

On 30/5/2009 Partnership's Land and Building and Furniture were realized at Rs.450,0000

On 2/6/2009 Debtors settle their liability to the partnership business fully.

End of the realization activity the actual realization expense was Rs 15,000 and it was paid.

You are required to prepare cash distribution summary using the maximum possible loss method. **(20 Marks)**

02.

i) Identify the importance of preparing Cash Flow Statement as a component of financial statements. **(3 Marks)**

ii) Following Balance sheets were extracted from Lucky Ltd. as at 31 December 2007 and 2008.

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		2008		**2007**
		Rs. 000		Rs.000
Property plant and equipment		3,000		2,000
Less: accumulated depreciation		(1,400)		(1,500)
		1,600		500
Current Assets				
Inventories		380		400
Trade receivables	330		220	
Less: provision for doubtful debts	(30)	300	(20)	200
Bills receivables		-		100
Cash		200		100
		2,480		**1,300**
Stated capital		1,250		900
Debentures		570		200
Reserves		370		100
Tax		100		50
Dividends		190		50
		2,480		**1300**

Additional information;

Motor vehicle cost of Rs. 500,000 had been disposed during the year for Rs. 250,000. This had been purchased on 1/7/2002 and respective percentage of depreciation was 10% on cost.

During the year tax paid Rs. 60,000 and dividend paid Rs.50,000

You are required to prepare the Cash Flow Statement of lucky Ltd. For the year ended 31/12/2008. **(17 Marks)**

03.

i) Briefly describe the prospective adjustment and retrospective adjustment in relation with Sri Lanka Accounting Standard 10 - Accounting Policies, Changes in Accounting Estimates and Errors. **(4 Marks)**

ii) State when do the companies can change their accounting policies? **(4 Marks)**

iii) During the year 2008 Gamma Company changed its accounting policy for treatment of borrowing costs that are directly attributable to a construction of factory building. In previous periods the company had capitalized those costs and now decided to treat these costs as an expense. Management judges that new policy is preferable because it results in a more transparent treatment of finance costs and is consistent with industry practices.

Company capitalized borrowing costs incurred of Rs. 3,200 during 2007 and Rs. 5,200 in periods before the year 2007. All borrowing costs incurred in previous years in respect of the construction of factory building were capitalized.

The company's accounting records for 2008 shows PBIT of Rs.35,000, interest expense Rs.4,000 (for year 2008 only) and income tax of Rs. 9,300. Company not yet recognized any depreciation on factory building because it is not yet available for use.

The company's accounting records for the year 2007 shows PBIT Rs.22,000 Income taxes Rs.6,600 and PAT Rs. 15,400. No interest expense has been charge to income statement.

Tax rate applicable for the company is 30% for the current year and previous years.

Company had Rs.50,000 stated capital throughout the year and 2007 opening retain earnings was Rs 30,000 and closing retained earnings Rs.45,400 and there was no any other component of equity.

You are required to explain with supportive calculations how you would treat this issue as per SLAS 10? **(14 Marks)**