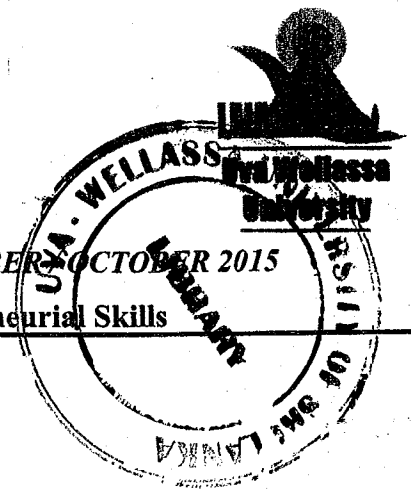


Uva Wellassa University

Faculty of Management

FIRST YEAR SECOND SEMESTER EXAMINATION – SEPTEMBER/OCTOBER 2015

BGE 121-3 Business Studies, Accounting and Entrepreneurial Skills



Instructions to candidates:

No. of pages : Three (03)
No. of questions : Five (05) Essay
Time : 03 Hours
Marks allocated : 100 Marks

Answer all questions

Part A - Business Studies and Entrepreneurial Skills

- 1) Entrepreneurship contributes to uplift the growth prospects of an economy specially by catering to the regional economic development. Venture is defined as a process that initiates with a business idea and develops into an enterprise.

Discuss the stages of venture development path.

(20 Marks)

- 2) Developing a productive business plan is far more a challenge as the plan itself needed to attract different stakeholders including financial investors.

Mr. Alwis needs to prepare a business plan to start a medium-scale restaurant targeting both domestic and foreign travelers at Namaunukula area and he expects your support to prepare a business plan as to provide financial institutions when applying for financial assistance from banks.

Prepare the business plan in a proper format.

(20 Marks)

- 3) Write short notes on any four (04) of followings.

- Mission statement of a business
- Marketing Mix
- Non-profit making organizations
- Sole-proprietorship business
- Partnership business
- Tariff barriers

(4*5 Marks)

(Total 20 Marks)

Part B - Accounting

- 4) Following balances were extracted from the ledger of Uva Udanaya Enterprise for the financial year ended 31.03.2015.

Account Name	Amount (Rs)
Land and Buildings	900,000
Inventory (as at 01.04.2014)	15,000
Trade debtors	35,000
Cash at hand	18,000
Trade creditors	58,000
Motor vehicle (cost)	1,000,000
Provision for depreciation of motor vehicle (as at 01.04.2014)	250,000

At the end of the financial year, the business sold all its motor vehicles for a cash price of Rs. 300,000. Business uses straight line method to depreciate motor vehicle and the applicable rate is 8%. The policy of the business is to provide the depreciation for full year on acquiring or disposing of an asset.

You are required to;

- a) Prepare Motor Vehicle Account, Provision for Depreciation Account and Motor Vehicle Sales Account showing the profit or loss gained from selling of motor vehicles.

(10 Marks)

- b) If the business decided to use reducing balance method from the year 2014 onwards to depreciate motor vehicles, prepare the relevant accounts and show the profit or loss gained from selling of motor vehicles.

(Hint: calculate the depreciation using reducing balance method)

Clearly indicate all the workings separately.

(10 Marks)

(Total 20 Marks)

- 5) Following Trial Balance was extracted from the ledger of Wellassa Enterprises as at 31st March 2015

Account Title	Debit (Rs)	Credit (Rs)
Owners equity		162,550
Sales		45,500
Debtors	12,000	
Purchases	25,000	
Sales return / Return inwards	500	
Loan from bank		60,000
Creditors		13,750
Distributing expenses	9,000	
Cash	11,000	
Bills payable		2,400
Salaries and wages	5,000	
Stock (01.04.2014)	10,000	
Rent and rates	2,250	
Carriage inwards	4,000	
Electricity expenses	2,000	
Insurance installment	2,200	
Sales commissions	1,250	
Land	150,000	
Building	50,000	
	284,200	284,200

Additional Information,

- Inventory as at 31st March 2015 was Rs. 25,000.

You are required to;

- Prepare the Income Statement (Profit and Loss Account) of Wellassa Enterprises for the year ended 31st March 2015
(10 Marks)
- Prepare the Statement of Financial Position (Balance Sheet) of Wellassa Enterprises as at 31st March 2015
(10 Marks)

(Total 20 Marks)

