



Uva Wellassa University



Faculty of Management

Year 1 Semester II Examination – June/July 2009

EMG 101-3 Business Studies, Accounting and Entrepreneurial Skills

Index No.

Section III

Following balances were extracted from 'Freedom Enterprises' for the financial year ending 31-03-2008.

Trial balance

Rs 000'

Description	Debit	Credit
Sales		550
purchases	350	
Purchases returns		4.5
Opening stocks	55	
Lands and Buildings	1500	
Motor vehicles	850	
Computer and other equipments	650	
Provision for Depreciation(as at 01-04-2007 : Motor vehicles		
		360
: Computer and other equipments		75
Administrative expenses	45	
Salaries & wages	34	
Buildings rent collected		14
Capital		2183
Bank loan (3 years)		300
Interest and bank loan	12	
Trade creditors		90.5
Trade debtors	81	
Total	3577	3577

Other information provided as below.

- 1) Closing stock of the organization is valued for Rs. 44, 000
- 2) Depreciation is based on reducing balance method and the rates are as follows
 - Motor vehicles 11%
 - Computer & other equipments 12%
- 3) Following expenses are accrued for the year.
 - Salaries & wages Rs.11 000, Electricity bills Rs.4000
- 4) Although the payment made is Rs. 12 ,000 , the interest for the bank loan is Rs.10,000

5) Bad debts for the year is calculated as Rs. 2,300

You have to prepare the

- a. Trading , Profit and Loss Account to find out the Gross Profit (Loss) and Net Profit (Loss) for the year
- b. Balance sheet as at 31.03.2008

(Total marks 25 x 2 = 50)

