



UVA WELASSA UNIVERSITY
FACULTY OF MANAGEMENT

YEAR I SEMESTER II EXAMINATION- JUNE 2008
EMG 101 – 3 Business Studies, Accounting and Entrepreneurial Skills

- Answer all questions
- Time allowed: 01 hour
- Calculators can be used
- Answer in English only
- Use a separate book to answer

Part B: Accounting

Question no 1

“Shon Publishers” is a well known sole-proprietorship business involving in printing and buying and selling of books in Badulla town.
Following balances were extracted from the Trial balance of “Shon Publishers” for the year ending 31-03-2008

Trial Balance

(Rs.)

Description	debit	credit
Stocks (as at 01-04-07)	38000	
Purchases	450000	
Sales		775000
Office expenses	56000	
Electricity & water bills	42000	
Salaries and wages	72000	
Printing income		45000
Office rental	60000	
Transport expenses	52000	
Capital		510000
Land & buildings	1000000	
Motor vehicles (cost)	500000	
Depreciation for motor vehicles (as at 01-04-07)		245000
Trade debtors	70000	
Trade creditors		65000
Bank loan (BOC- 2years)		700000
	2340000	2340000

Following additional information are also provided

- 1.) Closing stock as at 31-03-2008 was estimated to Rs. 50000
- 2.) Motor vehicles have not been depreciated for the year. The annual depreciation rate is 8% and the business is using straight line basis to calculate depreciation.
- 3.) It has been identified that the debtors worth Rs.4000 cannot be recovered thus, it should be considered as bad debts for the year.

You have to prepare;

- a.) Trading, Profit and Loss Account and find out the net profit earned or loss occurred for the accounting year.
- b.) Balance sheet as at 31-03-2008.
- c.) All workings related to the additional information.

(60 marks)

Question no 2

- a.) What is meant by non-profit making organizations?

(10 marks)

- b.) "Ekamuthu Sports Club" is a non-profit making organization established to develop sports activities of the people in Passara, Badulla.

Using following information for the year ended 31-03-2008, prepare the Receipt and Payments Account and find the closing cash balance for the period.

	Rs.
Opening cash balance (as at 01-04-2007)	25000
Subscription received from existing members	30000
Interest received from fixed deposit (HNB)	700
Other receipts	1000
Salaries for labourers	16000
Rent for the office room	7000
Telephone charges	8000

Other information

During the year, 5 new members joined the sports club.

- | | |
|------------------------------|---------|
| Entrance fee for a new comer | Rs. 300 |
| Registration fee | Rs. 200 |

(30 marks)

