

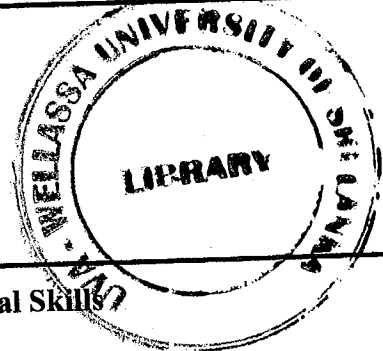
FIRST YEAR SECOND SEMESTER EXAMINATION – JANUARY / FEBRUARY 2016

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 in part A and part B



Part A - Business Studies and Entrepreneurial Skills

- 1) Micro environmental elements of the business directly influence to the organizational activities. Macro environmental elements of the business affect the climate in which an organization's activities take place, but not affect the organization directly.

Explain the elements of External Environment of a business organization.

(20 Marks)

- 2) Entrepreneurial Financing is focusing on the Financial Management of a venture as it moves through its life cycle. Businesses will come across various financial problems in different stages of Business Life Cycle. Making Entrepreneurial Finance available and practice of sound management in finance are crucial for the survival of a business.

Based on the above statement, explain different financing sources that ventures are selecting in different stages of their business life cycle.

(20 Marks)

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

- a) Vision statement of a business
- b) Business plan
- c) Entrepreneurial opportunity
- d) Partnership business
- e) Invention

(4x5 Marks)

(Total 20 Marks)

Part B - Accounting

- 4) Following balances were extracted from the books of ABC Pvt Ltd for the financial year ended 31.03.2015.

| Account Name | Amount (Rs) |
|--|-------------|
| Furniture (cost) | 1,000,000 |
| Provision for depreciation of furniture (as at 01.04.2014) | 500,000 |

On 31st March 2015 the business sold all its furniture for Rs. 700,000. Business uses **straight line method** to depreciate motor vehicle and the applicable rate is 10%.

You are required to;

- a) Prepare Furniture Account, Provision for Depreciation Account and Furniture Sales Account showing the profit or loss gained from selling of furniture.

(10 Marks)

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

(Hint: calculate the depreciation using reducing balance method)

Clearly indicate all the workings separately

(10 Marks)

(Total 20 Marks)

- 5) Following Trial Balance has been extracted from the ledger of Uva Enterprises as at 31st March 2015

| Particulars | Debit (Rs) | Credit (Rs) |
|--|----------------|----------------|
| Equity | | 260,000 |
| Inventory as at 1 st April 2014 | 80,000 | |
| Purchases | 280,000 | |
| Building | 125,000 | |
| Motor Vehicles | 145,000 | |
| Provision for depreciation of Motor Vehicles | | 42,000 |
| Sales | | 480,000 |
| Bank charges | 11,000 | |
| Rent and rates | 8,200 | |
| Sales return | 38,500 | |
| Debtors and Creditors | 40,500 | 23,000 |
| Provision for doubtful debts | | 1,000 |
| Carriage inwards | 15,000 | |
| Cash in hand | 22,000 | |
| Electricity | 9,600 | |
| Discount received | | 7,200 |
| Selling expenses | 30,000 | |
| Other finance expenses | 8,400 | |
| | 813,200 | 813,200 |

Additional Information,

- Inventory as at 31st March 2015 has been estimated as Rs. 26,500.

You are required to;

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

(Total 20 Marks)