

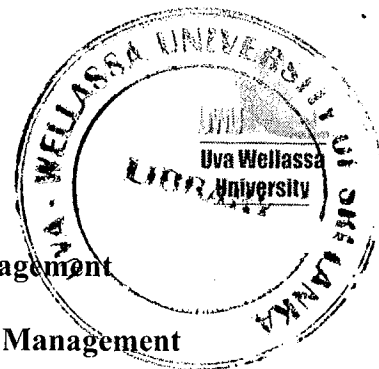
UVA Wellassa University
Faculty of Management

Bachelor of Business Management in Entrepreneurship and Management

Bachelor of Business Management in Hospitality, Tourism and Events Management

FIRST YEAR SECOND SEMESTER EXAMINATION – JANUARY / FEBRUARY 2016

ENM /HTE 121-2 Basic Accounting (Non GPA)



Instructions to candidates:

No. of pages : Three (03)
No. of questions : Five (05) Essays
Time : 02 Hours
Marks allocated : 100 Marks

Index No:

Answer all questions

- (1) Accounting is a process which includes Identification of transactions, Measuring and finally communicating the results to the stakeholder groups that need information for decision making. Elaborate this statement by providing your own definition for Accounting and basic types of Accounts. (15 marks)
- (2) What is the role of Non-profit making organizations in the context of Accounting? Discuss your answer by considering the types of Accounts preparing by the Non-Profit making Organizations. (15 marks)
- (3) "Current Account is the Account preparing to record the partner's re-current financial gains of a Partnership Entity". Do you agree with this statement? Explain your answer. (10 marks)

(4) Following balances were extracted from the ledger of Wellassa Development Enterprises for the financial year ended 31.03.2015

Account balances	Rs'
Land and Buildings	800,000
Inventory (as at 01.04.2014)	15,000
Trade debtors	45,000
Cash at hand	5,000
Trade creditors	37,500
Motor vehicle (cost)	850,000
Provision for depreciation (as at 01.04.2014)	300,000

At the end of the financial year, the business sold all its motor vehicles for a cash price of Rs. 500,000. Business uses **straight line method** to calculate the depreciation and the rate is 8%. The policy of the business is to provide the depreciation for full year of acquiring and disposing of an asset.

You are required to prepare,

- Motor Vehicle Account
- Provision for Depreciation Account
- Motor Vehicle Sales Account

And show the profit or loss gained from selling the motor vehicles

Note : Clearly indicate all the workings separately

(20 marks)

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

Uva Wellassa Enterprises
Trial balance
As at 31st March 2015

Account title	Debit (Rs)	Credit (Rs)
Sales		125,000
Sales return	6,340	
Receivables	11,300	
Purchase return		1,900
Payables		9,700
Office equipment (cost)	10,000	
Accumulated depreciation of office equipment		1,550
Vehicles (cost)	3,500	
Accumulated depreciation of vehicles		700
Purchases	83,080	
Inventory 01/04/2014	5,000	
Rent expense	900	
Sales commissions	280	
Vehicle expenses	1,350	
Electricity	1,800	
Wages and salaries	8,500	
Telephone charges	6,000	
Stationary and postages	2,000	
Cash in bank	14,800	
Finance cost	1,000	
Bank Loan		12,000
Capital		5,000
	155,850	155,850

Following additional information provided

The value of the inventory as at 31st March 2015 has estimated as Rs. 500,000

You are required to prepare,

- I. The Income Statement (Trading , Profit and Loss account) of Uva Wellassa Enterprises for financial year ended on 31st March 2015
- II. The Statement of the Financial Position (Balance Sheet) as at 31st March 2014.

(40 marks)