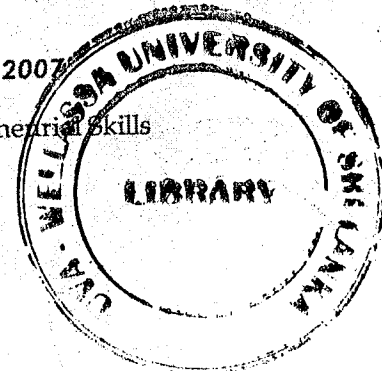


**Uva Wellassa University**

**Faculty of Management**

1<sup>st</sup> Year 2<sup>nd</sup> Semester Examination - June/July 2007

EMG 101 - Business Studies, Accounting and Entrepreneurial Skills



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

**Part B: Accounting**

01. "Accounting concepts layout the conceptual framework for Accounting in an organization". Briefly explain following accounting concepts.

- i. Separate entity concept
- ii. Cost concept

(10 marks)

02. What is meant by "non-profit making organizations"? Clarify your answer using examples. (10 marks)

03. Following balances were extracted from the ledger of "Thusitha Stores" for the financial year ending 31-03 2006.

	(Rs.)
Motor vehicle account	760000
Provision for depreciation (as at 31-03-06)	430000
Cash account	520000

**Additional information**

- i. On 31-07-05, the business sold a motor vehicle for Rs.250000 which cost Rs.425000 when it was purchased on 30-10-02.
- ii. Purchased new motor vehicle on 01-02-06 for Rs.660000. However the cost of new vehicle has mistakenly not been recorded in accounts prepared and the depreciation was also not recorded for the relevant period.
- iii. Business is using straight line method for depreciation and the rate is 8% per year.
- iv. Calculate depreciation proportionately.

You have to;

- a) Prepare all ledger accounts including motor vehicle disposal account and cash account.
- b) Close the ledger accounts.
- c) Find out the profit or loss in sale of motor vehicle.

(40 marks)

04. "Perera and Sons" stores is a well known sole-proprietorship business involving in buying and selling of some selected grocery items in Badulla town. Following balances were extracted for the year ending 31-03-2007.

	(Rs.)
Purchases	350000
Opening stocks (01-04-06)	52000
Sales	740000
Office expenses	78000
Electricity bills	34000
Salaries and wages	52000
Office rent	11000
Other income	4000
Capital	1121000
Land and buildings	1500000
Motor vehicle	300000
Debtors	72000
Creditors	84000
Bank loan (2 years)	500000

Following additional information is provided.

- a) Closing stock in stores as at 31-03-07 estimated to Rs.63000
- b) Unpaid rental amount is Rs.4000

You have to prepare;

- i. Trading, Profit and Loss account and find out the net profit earned or loss occurred for the period
- ii. Balance sheet as at 31.03.2007

(40 marks)