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Second Term Test - Grade 11 - 2023

**060 - Bussiness and Accounting Studies - I-II**

**Time 03 hours**

**Name/Index No:**

**Notes:**

**060 - Bussiness and Accounting Studies - I**

- Answer all questions.
- In each of the questions 1 to 40, Pick one of the alternatives 1, 2, 3, 4 which is correct or most appropriate.
- Mark a cross (X) on the corresponding to your choice in the answer sheet provided.
- Further instructions are given on the back of the answer sheet. Follow them carefully.

- Answer the questions no. 01 to 05 by using the following case.  
With the patronage of polpithigama Sanasa Association, Takshala Maha Vidyalaya Alumni Association, the Principal, teachers and students conducted a blood donation program. For this, Milco Company Limited donated a glass of milk to the blood donors. This programme was directed by the Department of Health Services.
01. What is the human need that Thakshala Maha Vidyalaya fulfilled,  
(1) Food (2) Education (3) Health (4) Security
  02. The factor relates to external environment of Thakshala Maha Vidyalaya is,  
(1) Students (2) Teachers (3) Principal (4) Alumini Association.
  03. Select the type of business Organization that Polpithigama "Sanasa" belongs to,  
(1) Cooperative society. (2) State corperation.  
(3) Incorporated company. (4) State Department.
  04. What is the correct statement relates to above case?  
(1) Polpithigama Sanasa is a public Sector Business Organization.  
(2) Milco Company Limited is a not for profit business.  
(3) "Milk" relates to the factor of Production "Land"  
(4) The Alumini Association of Thakshala Maha Vidyalaya is a business organization which is having the objective of social welfare.
  05. Select the incorreceted statement relates to the Department of Health Services.  
(1) Having a continued existence.  
(2) The funded by the government.  
(3) No need to adhere to financial regulation of the government.  
(4) Ownership and control vested with the government.
  06. The business Organization which is having a legal personality, Can raise capital by issuing shares is known as,  
(1) Incorporated companies. (2) State corporations.  
(3) cooperative societies. (4) Partnerships.

07. Select the business organizations which are not having a legal personality and the owners liability is unlimited.  
 (1) cooperative societies and sole proprietorships. (2) Incorporated companies and partnerships.  
 (3) Partnerships and state corporations. (4) Partnerships and sole proprietorships.
08. "close proximity to consumers" is a characteristic of,  
 (1) Wholesale trade. (2) Import trade.  
 (3) Retail trade (4) Export trade.
09. The deposits that are maintained for a certain time period at a certain interest rate are known as,  
 (1) current accounts. (2) Fixed deposit accounts.  
 (3) Savings accounts. (4) Dhanayojana savings account.
10. Ravindu received a bank of ceylon crossed cheque worth Rs. 50 000 from Gayan, This cheque couldn't deposited in the current account of Ravindu which maintains in peoples bank.  
 The crossing should be seen in that cheque.  
 (1) Not transferable (2) Bank of Ceylon  
 (3) Peoples bank (4) Account payee only
11. It is not a type of insurance policy that is helpful for foreign trade.  
 (1) Marine Insurance. (2) Export Credit Insurance.  
 (3) Motor insurance. (4) Insurance for natural disasters.
12. A factor to be considered when selecting an appropriate transportation medium is,  
 (1) Power (2) Terminal (3) Way (4) Cost
13. Match the column "X" with column "Y".
- | X                                   | Y   |
|-------------------------------------|---|
| (1) verbal                          | A Installation of modern traffic light to railway crossings.          |
| (2) written                         | B Conducting a seminar for G.C.E. (O/L) students in commerce subject. |
| (3) electronic                      | C Printing hand bills for dengue control.                             |
| (4) signs & symbols                 | D Installation of digital boards regarding road accidents.            |
| (1) BACD (2) BCAD (3) ABCD (4) DABC |   |
14. "Determining a theme for the commerce day" relates to,  
 (1) Organizing. (2) Controlling. (3) Planning. (4) Leading.
15. People are used to watching movies to fulfill their need of entertainment. The variable of marketing mix of the above statement mentioned "Movies".  
 (1) Promotion (2) Price (3) Product (4) Place
16. The only variable among other variables in the marketing mix that generate an income for the business is,  
 (1) Price (2) Product (3) Promotion (4) Place

17. Which of the following statements best describes the role of accounting?
- (1) Calculating the income of a business.
  - (2) Providing information to the stakeholders to take decisions.
  - (3) Recording transactions occurred in the business.
  - (4) Fulfilling the legal requirements.
- Using following information answer questions no. 18-19. Amal started a business by investing Rs. 500 000 on 01. 01. 2023. On the same day he obtained a bank loan Rs. 100 000.
18. The accounting equation of Amal's business on 01. 01. 2023 is,
- | Assets      | = | Liabilities + | Equity (Rs.) |
|-------------|---|---------------|--------------|
| (1) 600 000 | = | 100 000 +     | 500 000      |
| (2) 500 000 | = | 100 000 +     | 500 000      |
| (3) 600 000 | = | 500 000 +     | 100 000      |
| (4) 500 000 | = | - +           | 500 000      |
19. If Amal's business has earned a net profit Rs. 80 000 during the month of January 2023. The equity of the business as at 31 January is,
- (1) 600 000
  - (2) 580 000
  - (3) 500 000
  - (4) 100 000
20. The assets of a business can be categorized as current assets and non current assets. Select the answer which includes current assets only.
- | A - Buildings | B - Cash      | C - Debtors | D - motor vehicles |
|---------------|---------------|-------------|--------------------|
| (1) AB and C  | (2) B,C and D | (3) B and C | (4) AB and D       |
21. The owner of a business has invested a machine Rs. 50 000 to the business. The dual impact is,
- (1) decrease assets and increase assets.
  - (2) increase assets and increase liabilities.
  - (3) increase assets and increase equity.
  - (4) decrease assets and decrease equity.
22. On 08/01/2023, Nadun's business paid Rs. 17000 as building rent, The double entry is,
- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| (1) Cash book Dr. Rs. 17 000      | (2) Building rent Acc. Dr. 17 000 |
| building rent Acc Cr. 17 000      | Expenses Acc. Cr. 17 000          |
| (3) building rent Acc. Dr. 17 000 | (4) Building rent Acc. Dr. 17 000 |
| Accrued rent Acc. Cr. 17 000      | Cash account Cr. 17 000           |
23. "On 02 / 01 / 2023 , Lanka business has purchased a trade stock Rs. 10 000 on credit from Amal's business, "The related prime entry book and the source document respectively are,
- (1) Purchases Journal and purchases invoice.
  - (2) Purchases invoice and purchases Journal.
  - (3) Cash book and purchases journal.
  - (4) Purchases journal and cash book.
24. Select a transaction records in the general journal.
- (1) Sales fixed assets on cash.
  - (2) Credit purchases of trade goods.
  - (3) Credit sales of trade goods.
  - (4) Credit sales of a motor vehicles.
25. As at 31/01/2023, The cash in hand of the petty cashier is Rs. 410. The main cashier reimbursed to the petty cashier Rs. 1590 on 01st of February. What is the amount of the petty cash inprest of this business?
- (1) Rs. 1180
  - (2) Rs. 3000
  - (3) Rs. 2000
  - (4) Rs. 1590

26. If the petty cash imprest was decided to be increased by Rs. 500 on 01 st of March of the above mentioned question no. 25, then how much will be the petty cash imprest?
- (1) Rs. 1680                      (2) Rs. 2090                      (3) Rs. 3500                      (4) Rs. 2 500
27. The source document which is used to record transactions in the general journal.
- (1) Journal voucher      (2) cheque counterfoil      (3) Purchases invoice      (4) Sales invoice
28. Using following information calculate the net profit of the business.
- Opening equity Rs. 100 000.
  - Closing equity Rs. 240 000.
  - Drawings for the period Rs. 100 000.
  - additional capital for the period Rs. 50 000..
- (1) Rs. 90 000                      (2) Rs. 190 000                      (3) Rs. 290 000                      (4) Rs. 390 000
29. An item which is indicated in the debit column in the bank statement.
- (1) Dividend    (2) bank overdraft interest
- (3) Interest recieved    (4) debtors remittances.
30. Select the transaction which is recorded in sales journal.
- (1) Selling trade goods on cash.
- (4) Selling all assets on credit.
- (3) Credit Purchases of trade goods for the purpose of resale.
- (4) Credit sales of trade goods for the purpose of resale.
31. The balance of the petty cash Rs. 500 has not been extracted to the Trial balance. The corrected rectifying double entry is,
- (1) Petty cash book debit Rs. 500    (2) Petty cash book debit Rs. 500
- Trial balance credit Rs. 500    Cash book credit Rs. 500
- (3) Petty cash book debit Rs. 500    (4) Suspense account credit Rs. 500
- Suspense account credit Rs. 500
32. The corrected double entry relates to "dishonouring a deposited cheque received by a debtor"
- (1) debtors account dr. -    (2) cash book dr
- bank account cr    bank account cr
- (3) bank account dr    (4) debtors account dr
- debtors account cr    cash book cr
33. A trainee accounts clerk has stated following statements. Select the correct statement.
- (1) Motor vehicle repair expenses has been debited to motor vehicle account.
- (2) All purchases record in purchases journal.
- (3) The total of the sales journal is credited to the sales account.
- (4) The total of the discount allowed column in the cash book is credited only in the debtors account.
34. Receivable interest account is,
- (1) a liability account.    (2) An asset account
- (3) An Income account.    (4) An equity account

35. Which prime entry book is performed as a dual function.
- (1) General journal. (2) Purchases journal.(3) Petty cash book. (4) Sales journal.
- using following trial balance of "Deeghayu Dewmina" business as at 31/12/2022 and answer question no. 36 - 40.

| Name of the account  | Dr. Rs.   | Cr. Rs.   |
|----------------------|-----------|-----------|
| Purchases            | 70 000    |           |
| Sales                |           | 300 000   |
| 2022 / 01 / 01 stock | 10 000    |           |
| Debitors             | 40 000    |           |
| Creditors            |           | 25 000    |
| discount received    |           | 5 000     |
| discount allowed     | 4 000     |           |
| Land & building      | 1 000 000 |           |
| Motor vehicle        | 600 000   |           |
| 5% bank loan         |           | 120 000   |
| Insurance charges    | 4 500     |           |
| Advertising          | 2 500     |           |
| Cash                 | 48 000    |           |
| bank                 | 30 000    |           |
| Capital              |           | 1 359 000 |
|                      | 1 809 000 | 1 809 000 |

Additional information. :- (1) The stock as at 31/ 12 / 2022 is Rs. 40 000.

(2)The bank loan has received on 01/07/2022.

(3)The insurance charges for the period is Rs. 4000.

36. The cost of sales of this business for the year ended 31/12/2022 is,
- (1) Rs.70 000 (2) Rs. 80 000 (3) Rs. 10 000 (4) Rs. 40 000
37. The net profit for the year ended 31/12/2022 is,
- (1) Rs. 251, 500 (2) Rs. 248, 500 (3) Rs. 254, 500 (4) Rs. 250, 500
38. The value of other income should be recorded in the profit or loss statement is,
- (1) Rs. 3000 (2) Rs. 4000 (3) No value. (4) Rs. 2 500
39. The total assets of this business as at 31. 12. 2022 is,
- (1) Rs. 1 600 000 (2) Rs. 1 758 500 (3) Rs. 1 758 000 (4) Rs. 1 658 500
40. The value of current liabilities of this business as at 31/ 12/ 2022 is,
- (1) Rs. 28 000 (2) Rs. 25 000 (3) Rs. 3 000 (4) Rs. 120 000



## වයඹ පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව

### Provincial Department of Education - NWP

#### දෙවන වාර පරීක්ෂණය - II ශ්‍රේණිය - 2023 Second Term Test - Grade 11 - 2023

#### 60 - Bussiness and Accounting Studies - II

Name/Index No:

#### Notes:-

- As instructed, answer five questions only. Any extra questions answered, if not struck off by the candidate himself, will be crossed out by the examiner without being marked.
- Including question no. 01, answer five questions selecting two questions from each of the parts I and II.
- Write your answers in neat handwriting.

01. Using the following case, answer the question no. (i) to (x)

Mr. Lalith Gunaruwan, who followed a training course in food technology, started a business of preparing and selling food in a crowded street in Kurunegala city called "Lalie street food" on 01/01/ 2023. His business became a successful business because many government offices were located on that street and the canteens of those offices were able to prepare and distribute food. For that, he recruited a female cook who has special skills in food preperation. An old lorry was bought and decorated beautifully and food was prepared in it. Hand bills were printed and distributed to government offices and schools.

Mr. Lalith Gunaruwan always finds out that the food is prepared with the highest quality. It was decided to take orders online and distribute food items in the next month.

The cash book of the month of January 2023 is as follows.

Cash book

| Date  | RN | Description   | LF | Value Rs. | Date | VN | Description          | LF | Value Rs. |
|-------|----|---------------|----|-----------|------|----|----------------------|----|-----------|
| 2023  |    |               |    |           | 2023 |    |                      |    |           |
| 1/1   | 01 | Capital Acc   |    | 300 000   | 1/2  | 01 | Motor Vehicle Acc    |    | 700 000   |
| 1/1   | 02 | Bank loan Acc |    | 800 000   | 1/3  | 02 | Equipment Acc        |    | 200 000   |
| 1/30  | 03 | Sales Acc     |    | 120 000   | 1/4  | 03 | Purchases Acc        |    | 50 000    |
|       |    |               |    |           | 1/10 | 04 | Fuel Acc             |    | 5 000     |
|       |    |               |    |           | 1/10 | 05 | Hand Bill Acc        |    | 2 500     |
|       |    |               |    |           | 1/15 | 06 | Motor Vehicle repair |    | 10 000    |
|       |    |               |    |           | 1/25 | 07 | Salary Acc           |    | 25 000    |
|       |    |               |    |           | 1/31 |    | B/C/F                |    | 227 500   |
|       |    |               |    | 1 220 000 |      |    |                      |    | 1 220 000 |
| 02.01 |    | B/B/F         |    | 227 500   |      |    |                      |    |           |

#### Additional information.

Credit purchases Rs. 10 000

Credit Sales Rs. 30 000

6% bank loan interest is been accrued.

Motor vehicles should be depreciated by <sup>(01)</sup>12% on cost.

- (i) (a) Name the type of business, according to the product produced of following products which are produced by "Lalee street food"
- (1) Processed food. (2) Selling of processed food.
- (b) State an example for a strength and an opportunity of "Lalee street food".
- (ii) Name 02 stake holders of "Lalee street food" and write a reason each why they are passionate about the business.
- (iii) (a) Classify "Lalee street food" business under the following criteria.
- (1) according to ownership. (2) according to objective.
- (b) Name an example each for retail trade and wholesale trade of this business.
- (iv) State the related management function and the variable of marketing mix for following statements.
- (1) Finding out whether the high quality food is produced
- (2) Recruiting employees.
- (3) Online delivery.
- (4) Distribution of hand bills.
- (v) State the accounting equation as at 01/01/2023.
- (vi) Write 02 prime entry books and 02 source documents used in this business.
- (vii) (a) Calculate the amount of depreciation for the month ended 31/01/2023.
- (b) Write the double entry with values for recording the depreciation for the month ended 31/01/2023.
- (viii) The business has not paid bank loan interest as at 31/01/2023. Record the accrued bank loan interest in relevant accounts.
- (ix) Calculate the net profit for the month ended 31/01/2023 of "Lalee street food".
- (x) Calculate the total equity as at 31/01/2023. (m. 2 x 10 = 20)

### Part - I - Bussiness Studies

**Answer only 02 questions.**

02. (i) (a) What is a "good" ? (m.01)
- (b) As a factor of production, what is "Capital". (m. 01)
- (ii) State whether the following statements are true or false.
- (a) The needs are having over quantity in numerically. (m. 01)
- (b) The managers are leading the business activities.
- (c) "Can obtain modern technology" is an advantage of globaligation.
- (d) "Difficulties in adapting new technological methods" is a threat for a business.(m. 02)
- (iii) Sahan, who studied G.C.E. (A/L) in commerce shtream, lost his university dream, but followed a business management course. Since his house is located near a waterfall, he purified water and started a business of making drinking water bottles.
- (a) Name the need and the want which is fulfilled by this business.
- (b) Name a factor of production and write an example for it from this case. (m. 02)



- (iv) With the import of eggs from India domestic egg prices also fell down.
- Write 02 environmental factors relates to above case.
  - In which type of business, that the selling eggs business relates to according to the nature of product produced. (02 m. ) (All 08 marks)
03. (i) (a) What is a partnership ?
- Write 02 characteristics of a partnership. (m.02)
- (ii) State whether the following statements are true or false.
- "Number of employees" is a quantitative criteria for classifying the business organizations according to scale.
  - When entering into contracts, A sole proprietorship should be done in the business name.
  - A portion of the profits earned by a state corporation will be credited to the consolidated fund of the government.
  - It is obtained a legal personality, by registering the business name of a sole proprietorship.
- (iii) All the electricity consumers have been in a lot of trouble due to the increase in a electricity tariffs by the Sri Lanka Electricity board.
- What is the business organization that Sri Lanka Electricity Board relates to ?
  - Write an advantage and a disadvantage of that type of business organization.
- (iv) (a) Write 02 reasons that should be considered when selecting a business organization according to the scale.
- Write two factors that should be considered, when selecting an appropriate type of business organization. (08 m.)
04. (i) (a) What is "wholesale trade"
- Write an example for a fixed large scale retail shop.
- (ii) State whether the following statements are true or false.
- It is having a mutual relationship between supporting services and trade.
  - Opening and maintaining a savings account provides security for money.
  - Indemnity principle applies both life and property insurance.
  - Telephone conversations are related both electronic and verbal mediums. (02 m.)
- (iii) Due to the extremely dry weather conditions these days the water in the tanks is reduced, Fish are caught from the tanks and sold to the village fish consumers and local fish vendors through the village farmers societies.
- Write on example each for retail and wholesale trade of this case.
  - State the suitable transportation medium for transporting fish, (02 m.)
- (iv) Daham Perera runs a rice trading business. Baccuse there are many wild elephants in the area, he has insured that business. He maintains a current account in the Bank of Ceylon to facilitate his transactions.
- Write 02 advantages of maintaing a current account.
  - Write a difference between life insurance and property insurance. (02 m.)
- (All amount 08)



## Part -II -Accounting

**Answer only 02 questions.**

05. (i) (a) State the main objective of accounting.  
 (b) Write 02 characteristics that can be seen in an asset.
- (ii) (a) Write the transactions for following double entry.  
 Purchases account debit Rs. 15 000 - Creditors account credit Rs. 15 000  
 (b) Write the double entry for the following transaction. "Credit purchases from Kamal Rs. 80 000."
- (iii) Following transactions occurred in Damith's business which is started on 01/01/2023 by investing Rs. 50 000.
- (1) Purchased trade stock Rs. 40 000 on credit.
  - (2) Paid electricity bill Rs. 10 000.
  - (3) Sold trade goods at Rs. 25 000 which cost Rs. 20 000.
  - (4) Owner has taken Rs. 15 000 from the business for his personal uses.
- (a) Show the impact of above transactions in the accounting equation  
 Assets = Liabilities + Equity. (use the following format). (m. 01)

|         | Assets (Rs.)<br>50 000 | = Liability (Rs.)<br>= | + Equity (Rs.)<br>50 000 |
|---------|------------------------|------------------------|--------------------------|
| ( i )   |                        |                        |                          |
| ( ii )  |                        |                        |                          |
| ( iii ) |                        |                        |                          |
| ( iv )  |                        |                        |                          |

- (b) State the amounts of assets and equity as at 31/01/2023 of this business. (m. 02)
- (iv) Following transactions occurred in Thushara's business during the month of August 2023.
- 08 / 02 Credit Sales to Kamal Rs. 50 000.  
 08/15 Credit Sales to Nimal Rs. 30 000.  
 08/23 Credit Sales to Nuwan Rs. 15 000.  
 08/30 Credit Sales to Nimal Rs. 35 000.

**Required,**

- (a) The sales journal for the month of August 2023 (m. 02)
  - (b) Post them into ledger accounts. (m. 02)
- (All 12)
06. (i) The petty cashier of Ramesh's business has Rs. 2100 on 01/01/2023. On that day the main cashier handed over Rs. 7900 to the petty cashier.
- (a) What is the amount of petty cash imprest? (m. 02)
  - (b) What is the amount of petty cash payments for the previous month?

- (ii) (a) State 02 accounting software packages are being used at present. (m. 02)
- (b) Briefly explain the bank reconciliation statement. (m. 02)
- (iii) The balance of the bank account of Lanka business was Rs. 28 000 prepared for the month of August 2023. However the balance of the bank statement was not tally on that day. The reasons for the difference are as follows.
- deposited but unrealized cheques Rs. 6 000.
  - Issued but unpresented cheques Rs. 8 000.
  - Bank charges Rs. 3 000.
  - Payments on standing orders Rs. 7 000.
  - Debtors direct remittances Rs. 4 000.

**Required,**

- (a) The adjusted bank account.
- (b) The bank reconciliation statement as at 31/08/2023. (m. 04)
- (iv) The Trial balance prepared by Sumudu's business as at 31/12/2022 is not tally. The reasons for the difference are as follows.
- A sales invoice Rs. 8 000 has been completely omitted from books.
  - Paid building rent Rs. 5 000 has not been recorded in rent account.
  - Purchased machinery Rs. 5 000 has been recorded in machinery repair account.
  - Received interest income Rs. 2 000 has been recorded twice in the interest income account.

**required**

- (a) Journal entries to rectify above errors.
- (b) The suspense account. (m. 04)

(Total 12)

07. (i) (a) Name the main two financial statements which are prepared to show the operational results and the financial position of a business. (m. 01)
- (b) Write the double entry to record accrued insurance charges Rs. 6 500.
- (ii) (a) Name 02 ledger accounts which can be identified in the trial balance.
- (b) Write 02 characteristics that can be seen in an asset of a business.
- (iii) Following Trial balance prepared by "Dharani's business" as at 31/12/2022.

|                         |         |         |
|-------------------------|---------|---------|
| Stock as at 01/01/2022  | 11 000  |         |
| Purchases               | 120 000 |         |
| Sales                   |         | 250 000 |
| Capital                 |         | 250 000 |
| Discount received       |         | 6 000   |
| Discount allowed        | 8 000   |         |
| 5% investment           | 100 000 |         |
| 10% bank loan           |         | 200 000 |
| electricity             | 10 000  |         |
| insurance               | 6 000   |         |
| loan interest paid      | 2 000   |         |
| debtors                 | 48 000  |         |
| creditors               |         | 44 000  |
| cash                    | 95 000  |         |
| motor vehicle - on cost | 250 000 |         |
| computer - on cost      | 100 000 |         |
|                         | 750 000 | 750 000 |

**Additional information :-**

- (1) The stock Rs. 30 000 on cost as at 31/12/2022.
- (2) Bank loan interest and investment interest income are accrued as at 31/12/2023.
- (3) Rs. 8 000 should be written off as bad debts from debtors.

**required,**

- (1) The profit or loss statement for the year ended 31/12/2022 of "Dharani's business. (m.04)
  - (2) The statement of financial position as at 31/12/2022. of "Dharani's business. (04 m.)
- (all of 80)

Answer - Part - I

|          |          |          |          |          |          |          |          |          |          |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1 - (2)  | 2 - (3)  | 3 - (1)  | 4 - (4)  | 5 - (3)  | 6 - (1)  | 7 - (4)  | 8 - (3)  | 9 - (2)  | 10 - (2) |
| 11 - (3) | 12 - (4) | 13 - (2) | 14 - (3) | 15 - (3) | 16 - (1) | 17 - (2) | 18 - (1) | 19 - (2) | 20 - (3) |
| 21 - (3) | 22 - (4) | 23 - (1) | 24 - (4) | 25 - (3) | 26 - (4) | 27 - (1) | 28 - (2) | 29 - (2) | 30 - (4) |
| 31 - (4) | 32 - (1) | 33 - (3) | 34 - (2) | 35 - (3) | 36 - (4) | 37 - (1) | 38 - (3) | 39 - (2) | 40 - (1) |

(1x40=40)

Paper II - Part - I

01. (i) (a) (1) Commdity manufacturing businesses.  
(2) Service providing businesses. (m.1/2 x 2 = 1)
- (b) Strengths-
- Lalith has followed a food technology course.
  - having an experienced cook.
- Opportunities
- started near a crowded street.  
located near government offices. (details 2 x 1/2 = 01)
- (ii) owner-
- Mr. Lalith Gunaruwan • contributing adeguate capital. • being dediatted and enthusiastic about business activities. • supervising business activities.
- employee- • cook • appropriately completing the tasks assigned. • increasing the productivity of labour.
- customers / office employees
- obtaining quality products • obtaining products at a reasonable price.
- canteen owners - receiving products in time.
- 01 mark for naming 02 stake holders and 01 mark for giving reasons.
- (iii) (a) (i) According to ownership - private / sole proprietors.  
(ii) According to objective - profit oriented (1/2 x 2 = m. 01)
- (b) Retail trade - selling food to customers. Wholesale trade - selling food to canteens.  
(m. 1/2 x 2 = 01)
- (iii) (1) Planning  
(2) Organizing  
(3) Place / distribution / planning  
(4) Promotion / advertisements (m. 1/2 x 4 = 02)
- Assets (Rs) = Equity (Rs) + Liabilities (Rs)
- Cash + 200 000 = Capital + 200 000 (m. 01)
- Cash + 800 000 = + Bank loan + 800 000 (m. 02)
- 1 000 000 = + 200 000 + 80 000 (m. 02)
- (iv) Cash book → receipt, paying voucher. 01 mark for 02 prime entry books and  
purchases journal → purchases invoice 01 mark for 02 source documents  
sales journal → sales invoice
- (vii) (a)  $700\,000 \times \frac{12}{100} \times \frac{1}{12} = \text{Rs. } 7\,000$  m. 1/2  
m. 1/2

(b) Lorry depreciation Acc Dr. 7 000

Lorry depreciation provisions acc Dr. 7 000

(01 m)

(viii)

Loan interest Acc

| Date       | Description                  | L<br>F | value | date | description | L<br>F | value |
|------------|------------------------------|--------|-------|------|-------------|--------|-------|
| 2023/12/31 | accrued loan interest<br>Acc |        | 4 000 |      |             |        |       |

Accrued loan interest Acc

| Date | Description | L<br>F | value | date       | description          | L<br>F | value |
|------|-------------|--------|-------|------------|----------------------|--------|-------|
|      |             |        |       | 2023/12/31 | Loan interest<br>Acc |        | 4 000 |

If the amounts are not corrected give 02 marks for recording correctly.

(ix) 2023/01/31 Net profit

| Income          |   |                    |         |         |
|-----------------|---|--------------------|---------|---------|
| m. 1/2          | { | cash sales         | 120 000 | 150 000 |
|                 |   | credit sales       | 30 000  |         |
| <b>expenses</b> |   |                    |         |         |
| m. 1/2          | { | cash purchases     | 50 000  | 113 500 |
|                 |   | credit purchases   | 10 000  |         |
|                 |   | fuel               | 5 000   |         |
| m.1/2           | { | hand bills         | 2 500   |         |
|                 |   | salary             | 25 000  |         |
| m. 1/2          | { | repair expenses    | 10 000  |         |
|                 |   | lorry depreciation | 7 000   |         |
|                 |   | electricity        | 4 000   |         |
|                 |   | net profit         |         | 36 500  |

(x) 2023/01/01 equity 200 000

2023/01/31 profit + 36 500

2023/01/31 equity 236 500

(m. 02)

(Give 01 mark for the addition of net profit received, to the opening equity.)

02. (i) (a) for the fulfillment of human needs and wants, tangible and physically existing things can be called as goods. (01m.)

(b) Any thing produced by man in order to facilitate manufacturing process is known as capital.(01m.)

(02)

- (ii) (a) false (c) true  
(b) true (d) true (m.1/2 x 4 = 02)
- (iii) (a) need - food (m.1/2)  
want - water (m.1/2)  
(b) land - water (m.1/2)  
Capital - bottles (m.1/2)
- (iv) (a) Global environment, Economic environment (m. 1/2 x 2 = 01)  
(b) Service providing business. (m. 01)
03. (i) (a) The relationship among individuals conducting a business in common with an objective to earn a profit is known as a partnership.  
(b) ★ Commences with o partnership agreement. ★ No of partners should be 2-20  
★ Unlimited liability of partners. ★ No mandatory to register.  
★ No seperate legal personality. ★ No continued existence.  
(m. 1/2 x 2 = 01)
- (ii) (a) true (b) true (c) true (d) false (m. 1/2x 4 =02)
- (iii) (a) state corporations (m. 01)  
(b) **advantages:-** ● Appropriate for the provision of essential services. ● To reduce the monopoly effects of private sector. ● Profits owned by the public.  
**disadvantages:-** ★ Absence of independence in decision marking.  
★ need to adhere to financial regulations of the government.  
Give ½ mark each for any advantage and any disadvantage
- (iv) (a) ● Owner's financial strength. ● skills and experiences of the owner. ● Various relationships of the owner. ● the quantity of goods and services produced ● market share of the respective product. (m. 1/2 x 2 = 01)  
(b) ● Based on the objective. ● Based on the scale.  
● Based on who will perform management activities. (m. 1/2 x 2 = 01)
04. (i) (a) Purchase of goods with the purpose of reselling is called wholesale trade. (m. 01)  
(b) Super markets. (m. 01)
- (ii) (a) true (b) false (c) false (d) true (m. 1/2 x 4 = 02)
- (iii) (a) ● retail trade - Purchasing fish by the consumers. (m. 1/2)  
● selling fish by the Govi Samithi (m. 1/2)  
(b) Wholesale trade - ● purchasing fish by rural fish vendors from Govi Samithi. (m. 01)
- (iv) (a) ● ability to make payments via cheques. ● ability to obtain bank overdraft facilities.  
● To collect remittances. ● To activate standing orders. ● Receiving a bank statement.  
(m.1/2 x 2 = 01)
- (b) Life insurance :- Property insurance  
● The value of the policy depends on the risk of the life and the insured ability to pay. ★ The value of the policy depends on the monetary value of the property.  
● The principle of indemnity does not apply. ★ The principle of indemonity does apply.  
● additional benefits will be received. (03) ★ additional benefits will not be received.  
● The deed can't be transferred. ★ The deed can be transferred. (m. 01)

Part II - Accounting

05. (i) (a) Providing information to the stakeholders to take decisions. (m. 01)  
 (b) • Arose as a result of a past transaction. • can be controlled by the business.  
 • future economic benefits will flow into the business. (m. 01)  
 (ii) (a) sold trade goods Rs. 15 000 on credit. (m. 01)  
 (b) Purchases acc. Dr. Rs 80 000 - creditors acc / Kamal's Acc. Cr. Rs. 80 000 (m. 01)

(iii) (a)

| Assets (Rs)        | = | Liabilities      | + | Equity (Rs)          |
|--------------------|---|------------------|---|----------------------|
| 50 000             | = |                  |   | 50 000               |
| (1) 40 000 stock   | = | 40 000 creditors |   |                      |
| (2) (10 000) cash  | = |                  |   | (10 000) electricity |
| (3) (20 000) stock | = |                  |   |                      |
| 25 000 cash        | = |                  |   | 5 000 profit         |
| (4) (15 000) cash  | = |                  |   | (15 000) drawings    |

} m. 02

(b) assets = 70 000 (m. 01) equity = 30 000 (m. 01)

(iv) Sales Journal

| date | In. No. | buyer                      | value (Rs.) |
|------|---------|----------------------------|-------------|
| 8/02 |         | Kamal                      | 50 000      |
| 8/15 |         | Nimal                      | 30 000      |
| 8/23 |         | Nuwan                      | 15 000      |
| 8/30 |         | Nimal                      | 35 000      |
| 8/31 |         | Credited to the sales Acc. | 130 000     |

} m. 02

Sales Acc.

08/31  
Debitors 130 000

Kamal's Acc.

08/02  
Sales 50 000

Nuwan's Acc.

08/ 23  
Sales Acc. 15 000

Nimal's Acc.

08/15 Sales Acc 30 000  
08/30 Sales Acc 35 000

(m. 02)

06. (i) (a) Rs. 10 000 (m. 01) (b) 7 900 (m.01)  
 (ii) (a) Any correct 02 answers (m. 01) (b) correct answer m. 01  
 (iii)

Adjusted bank account

|             |        |                |        |
|-------------|--------|----------------|--------|
| b/b/f       | 28 000 | bank charges   | 3 000  |
| remittances | 4 000  | standig orders | 7 000  |
|             |        | b/c/f          | 22 000 |
|             | 32 000 |                | 32 000 |



bank reconciliation statement

|   |       |        |        |
|---|-------|--------|--------|
| The balance of the adjusted bank account            |       | 22 000 | (½)    |
| (+) unpresented Cheques                             | 8 000 | 8 000  | (½)    |
|   |       | 30 000 |        |
| (-) Unrealized cheques                              | 6 000 | 6 000  | (½)    |
|   |       | 24 000 | (½)    |
| The balance of the bank statement as at 31/08/20203 |       |        | (m. 2) |

(iv) suspense account

|  |                                 |        |
|--|---------------------------------|--------|
| The difference of 7 000<br>the trial balance<br>(01) | rent 5 000<br>Int. income 2 000 | } (01) |
| <u>7 000</u>   | <u>7 000</u>                    |        |

General Journal

|  |          |       |       |
|--|----------|-------|-------|
| Debitors acc<br>sales acc<br>(narration)             | Dr<br>Cr | 8 000 | 8 000 |
| Building rent acc<br>suspense acc<br>(narration)     | Dr<br>Cr | 5 000 | 5 000 |
| Machinery Acc<br>Machinery repair acc<br>(narration) | Dr<br>Cr | 5 000 | 5 000 |
| Interest income Acc<br>suspense Acc<br>(narration)   | Dr<br>Cr | 2 000 | 2 000 |

(m. 02)

07. (i) (a) • Profit or loss statement. • statement of financial position. (m. 01)

(b) insurance Acc Rs. 6 500  
accrued insurance Acc Rs. 6 500 (m. 01)

(ii) (a) assets accounts  
income accounts  
expenses accounts  
liabilities accounts  
equity accounts

( any 02 answers 01m.)

(b) arose as a result of a past transaction.  
controlled by the business.

Future economic benefits flow into the business (any each 02 answers give 01 mark)

(iii) Dharshani's business profit or loss statement for the year ended 31/02/2023

|   |                   |          |                   |                   |
|---|-------------------|----------|-------------------|-------------------|
| sales                                     |                   |          | 250 000           |                   |
| (-) cost of sales                         |                   |          |                   |                   |
| opening stock                             |                   | 11 000   |                   |                   |
| + purchases                               |                   | 120 000  |                   |                   |
|   |                   | 131 000  |                   |                   |
| -) closing stock                          | ( $\frac{1}{2}$ ) | (30 000) | (101 000)         |                   |
| Gross profit                              |                   |          | 149 000           | ( $\frac{1}{2}$ ) |
| <u>other income</u>                       |                   |          |                   |                   |
| investment income                         |                   | 5 000    |                   |                   |
| discount received                         | ( $\frac{1}{2}$ ) | 6 000    | 11 000            |                   |
|   |                   |          | 160 000           |                   |
| <u>distribution expenses</u>              |                   |          |                   |                   |
| bad debts                                 | ( $\frac{1}{2}$ ) | 8 000    |                   |                   |
| discount allowed                          |                   | 8 000    | 16 000            |                   |
| <u>administration expenses</u>            |                   |          |                   |                   |
| electricity                               | ( $\frac{1}{2}$ ) | 10 000   |                   |                   |
| insurance                                 |                   | 6 000    | 16 000            |                   |
| <u>Other expenses</u>                     |                   |          |                   |                   |
| <u>Financial expenses</u>                 |                   |          |                   |                   |
| loan interest                             | ( $\frac{1}{2}$ ) | 20 000   | 20 000            | 52 000            |
| net profit transfered to the capital acc. |                   |          | ( $\frac{1}{2}$ ) | 108 000           |

(m. 04)

(2) Dharani's business statement of financial positions as at 31/12/2022

(½)

|                                |     |         |
|--------------------------------|-----|---------|
| <u>Non current assets</u>      |     |         |
| Motor vehicles                 |     | 250 000 |
| computers                      |     | 100 000 |
|                                |     | 350 000 |
| 5% investments                 | (½) | 100 000 |
|                                |     | 450 000 |
| <u>current Assets</u>          |     |         |
| Closing stock                  | (½) | 30 000  |
| debtors                        |     | 40 000  |
| investment income receivable   | (½) | 5 000   |
| cash                           |     | 95 000  |
| total assets                   |     | 170 000 |
|                                |     | 620 000 |
| <u>capital</u>                 |     |         |
| capital                        | (½) | 250 000 |
| + net profit                   |     | 108 000 |
|                                |     | 358 000 |
| <u>non current liabilities</u> |     |         |
| 10% bank loan                  | (½) | 200 000 |
| <u>current liabilities</u>     |     |         |
| creditors                      |     | 44 000  |
| Accrued loan interest          | (½) | 18 000  |
|                                |     | 62 000  |
|                                |     | 620 000 |

(m. 04)





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