



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2020

Grade 10 60-Business & Accounting Studies (new syllabus) - I & II Three Hours.

Name / Index No. :

- Answer all questions.
 - In each of the questions from 1 to 40, pick one of the alternatives (1),(2),(3),(4) which consider is correct or most appropriate.
 - Mark a cross (X) on the number corresponding to your choice in the answer sheet provided.
 - Further instructions are given on the back of the answer sheet. Follow them carefully.
01. From birth to death, so many goods and services are required to exist human beings. An example for service businesses is,
- (1) Bread production (2) Garments Production
(3) Post office (4) Tyre production
02. Various factors of productions are required to commence businesses. Select the answer which is related to the factor of production "capital"
- (1) cash, machinery, buildings (2) machinery, lands, owner
(3) employee, manages, owner (4) natural resources, cash, buildings
03. The corrected definition for the factor of production "Land" is,
- (1) The building belongs to the business (2) The land belongs to the business
(3) only mineral and forest resources (4) all resources generated from the nature.
04. What is "meant" the stakeholders of the business"
- (1) The owners of the business
(2) The institutions of lending money.
(3) customers
(4) The parties who are interested in businesses.
05. Financial institutions are interested in businesses,
- (1) to pay taxes (2) to face to the competition
(3) to collect loans given (4) to obtain a fair salary
06. On what factors managers are interested of in the business ?
- (1) Providing business friendly incentives (2) Implementing business plans appropriately.
(3) supervising business activities (4) Increasing the productivity of labour.
07. The individuals taking decisions to direct the resources of a business are,
- (1) employees (2) managers (3) owners (4) customers
08. The parties providing required raw materials and other services to a business are known as,
- (1) customers (2) suppliers (3) managers (4) co-ordinators

09. The proportion of the income that individuals keep without spending or consumption is called as,
 (1) Investments (2) turnover (3) surplus (4) savings
10. Select the answer which is related to the economic environment.
 A Demand for the lands has increased significantly as a result of lower bank interest rates.
 B The media was informed on the new government's budget policies.
 C Due to the current epidemic has seen fluctuations in the exchange rate.
 D A new act on the department of local industries is to be introduced.
 (1) A, B & C (2) A, C & D (3) A & B (4) A & C
11. At present, most commercial banks have provided mobile banking facilities to their customers. This service are known as,
 (1) Telephone banking (2) E- Banking
 (3) Mobile banking (4) Tele banking
12. Select a strength and an opportunity of a business.
 A Experience of managers B Providing tax incentives for businesses
 C Changes in the life style of consumers D Not Using specialized production methods
 Select the answer which includes strengths only,
 (1) A only (2) A & C (3) A & D (4) B & C
13. Select the business organization which is having the characteristics of democratic control,
 (1) state corporations (2) cooperative societies
 (3) association & societies (4) state departments
14. Select the type of business organization which is having a legal personality,
 (1) incorporated company (2) state departments
 (3) partnerships (4) sole proprietorships
15. By registering a sole proprietorship. It can be achieved,
 (1) a legal personality (2) an identity and recognition
 (3) a continued existence (4) a tax freedom
16. The institution which should be gone to register a sole proprietorship business,
 (1) the business name registrar office
 (2) relevant divisional council.
 (3) relevant provincial council
 (4) divisional secretariat office
17. Match the column "X" with the column "Y".

| X | | Y | |
|-------|--------------------|-----|--------------------|
| (i) | Asset accounts | A | Sales accounts |
| (ii) | Liability accounts | B | Drawings accounts |
| (iii) | Equity accounts | C | Equipment accounts |
| (iv) | Income accounts | D | Creditors accounts |
| (v) | Expense accounts | E | Insurance accounts |
| (1) | C, D, B, A, E | (2) | A, D, B, C, E |
| | | (3) | C, B, D, A, E |
| | | (4) | D, C, B, A, E |

18. Select the transaction which is effected to change the owner's equity,
- (1) purchased trade goods Rs. 20 000 on cash
 - (2) Paid to creditors Rs. 10 000
 - (3) Obtained bank loan Rs. 75 000
 - (4) Credit sales of trade goods Rs. 100 000 which cost Rs. 80 000
19. It is **not** a characteristic of an asset.
- (1) Arose as a result of a past transaction.
 - (2) controlled by the business
 - (3) having a current obligation
 - (4) future economic benefits will flow into the business
20. The accounting equation of Tharindu's business at a specific day is as follows,
 Assets (Rs.) = Equity (Rs.) + Liabilities (Rs.)
 550 000 = 375 000 + 175 000
 After paying Rs. 10 000 of Tharindu's personal telephone bill, the accounting equation is,
- (1) 540 000 = 375 000 + 165 000
 - (2) 550 000 = 375 000 + 175 000
 - (3) 540 000 = 365 000 + 175 000
 - (4) 550 000 = 365 000 + 185 000
21. Select the transaction for the following double entry,
- | | | |
|-------------------|--------|------------|
| Bank loan Account | debit | Rs. 50 000 |
| Cash account | credit | Rs. 50 000 |
- (1) obtained a bank loan Rs. 50 000
 - (2) paid bank loan installment Rs. 50 000
 - (3) paid cash to the business by a debtor Rs. 50 000
 - (4) paid to creditors Rs. 50 000
22. Match the column "A" with the column "B".
- | A | B |
|-------------------------|------------------------------|
| (i) Cash book | A Petty cash payment voucher |
| (ii) General journal | B Journal voucher |
| (iii) Purchases journal | C receipt |
| (iv) Petty cash book | D Purchase invoice |
| (1) CDAB | (2) CBDA |
| (3) BDCA | (4) DBAC |
23. "Received divided income Rs. 3 000 to the business". Select the type of accounts which should be recorded above transaction.
- (1) Asset & Income
 - (2) Asset & Equity
 - (3) Income & equity
 - (4) Asset & expenses
24. What is the source document used to record purchasing a motor vehicle on credit ?
- (1) Purchases invoice
 - (2) Receipt
 - (3) Payment voucher
 - (4) voucher
25. Drawings account is related to,
- (1) Assets account
 - (2) expenses account
 - (3) equity account
 - (4) income account

26. Select the corrected statement, relates to the prime entry books.
- (1) All the purchases of a business are recorded in the purchases journal.
 - (2) The source document which is used to record the credit sales of assets is a receipt
 - (3) Credit purchases of a machine for the use of the business is recorded in the general journal
 - (4) A transaction that is not recorded in other specific prime entry book is recorded at first in the cash book.
27. An electrical manufacturing business purchased a machine on credit for the use of the business. The source document for the above transaction is,
- (1) Journal voucher (2) sales invoice (3) payment voucher (4) purchase invoice
28. The creditors account of the ledger is①..... and the interest received account is②....., Select the correct answer for above blanks 1 & 2 respectively,
- (1) an asset account, a liability account (2) an income account, an equity account
 - (3) a liability account, an income (4) a liability account, an expense acc.
29. The money withdrawals by the owner for his personal uses is recorded in the books of account of the business as,
- (1) On a legal requirement
 - (2) On an accounting entity concept
 - (3) Because the business and the are same persons.
 - (4) The requirement of the book keeper.
30. As at 01.01.2020 the petty cashier of Ravindu's business has Rs. 250. On that day he received Rs. 2 750 from the main cashier and the petty cash expenses for the month of January was Rs. 2 800. The petty cash imprest of Ravindu's business is,
- (1) Rs. 3 050 (2) Rs. 2 750 (3) Rs. 2 800 (4) Rs. 3 000
31. Following transactions extracted from Shehan's furniture shop. Select the transaction which is recorded in the purchases journal.
- (1) purchased furniture Rs. 100 000 on cash.
 - (2) purchased furniture Rs. 250 000 on credit.
 - (3) purchased a motor vehicle Rs. 400 000 on credit.
 - (4) purchased a machine Rs. 120 000 on credit.
32. The total of the sales journal is,
- (1) debited to the sales account. (2) debited to the debtors account.
 - (3) credited to the sales account. (4) credited to the debtors account.
33. A prime entry book which is having a narration,
- (1) purchases journal (2) general journal (3) sales journal (4) all above
34. Select the answer which is having the items included in a bank reconciliation statement.
- (1) payments on standing orders, issued but unrepresented cheques.
 - (2) issued but unrepresented cheques, deposited but unrealized cheques.
 - (3) direct remittances, payments on standing orders
 - (4) direct remittances, deposited but unrealized cheques.

Grade 10

Business & Accounting Studies - I - continuation

35. Lasitha, is a debtor has deposited Rs. 15 000 of the bank account of Pasindu's business. In this reason,
- (1) The balance of the bank statement is increased than the balance of the bank account.
 - (2) The balance of the bank account is increased than the balance of the bank statement.
 - (3) The balance of the bank statement is decreased than the balance of the bank account.
 - (4) This is not affected to the differences of the balances of bank statement or bank account.
36. The corrected double entry to record discount allowed of a business is,
- (1) discount allowed account debit
debtors account credit
 - (2) discount allowed account debit
Creditors account credit
 - (3) debtors account debit
discount allowed account credit
 - (4) discount allowed account debit
purchases account credit
37. The total of the debit column of the Trial balance was decreased by Rs. 7 000 of Chami Textiles as at 31.12.2019. This difference should be recorded as,
- (1) a credit balance of the suspense account.
 - (2) an entry of the general journal.
 - (3) a debit balance of the suspense account.
 - (4) a debit balance of the relevant account.
38. "Paid employees salary Rs. 15 000 of Lakshan's business has been credited to the cash account and also the salary account. The journal entry to rectify above error is,
- (1) cash account debit 15 000
salary account credit 15 000
 - (2) salary account debit 15 000
suspense account credit 15 000
 - (3) salary account debit 15 000
cash account credit 15 000
 - (4) salary account debit 15 000
suspense account credit 15 000
39. Equipment repair expenses Rs. 14 000 has been debited to the equipment account. This should be corrected as,
- (1) Equipment Acc. debit 14 000
Equipment repair Acc. credit 14 000
 - (2) Equipment repair Acc. debit 14 000
Equipment Acc. credit 14 000
 - (3) Equipment repair Acc. debit 28 000
Equipment Acc. credit 28 000
 - (4) Equipment repair Acc. debit 14 000
suspense account credit 14 000
40. Select incorrect statement relates to the Trial Balance,
- (1) Can be confirmed the values debited to the accounts are equal to the values credited to the account.
 - (2) It is ledger accounts have been balanced correctly.
 - (3) It is confirmed, if the total of debit column is equal to the total of credit column, the book keeping is corrected.
 - (4) It is more a list of balances and could be considered as a summery of the ledger.



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2020

Grade 10 60-Business & Accounting Studies (new syllabus) - II

Name / Index No. :

- Answer 05 questions only as instructed. 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 part I & II.

01. Using following case answer question no (i) - (x).

Arise of local entrepreneurs and small businesses can be witnessed due to the COVID-19 epidemic, Senuri Imalshika who has gained her education under the vocational training authority of Sri Lanka, started a local textile manufacturing business named "Senu Vilasitha" with the help of her sister on 01.06.2020. Two weaving machines each worth of Rs. 25 000 and Rs. 800 000 deposited in a saving account was invested in the business.

Following transactions occurred during the moth of June 2020.

| | | |
|-------|---|-----------------|
| 06/01 | purchased equipment | Rs. 80 000/- |
| 06/02 | obtained a bank loan under the 12% annual interest | Rs. 700 000/- |
| 06/03 | opened a bank current account in the bank of Ceylon | Rs. 1 000 000/- |
| 06/04 | purchased raw materials | Rs. 150 000/- |
| 06/04 | transportation charges | Rs. 5 000/- |
| 06/15 | purchased raw materials on credit | Rs. 75 000/- |
| 06/25 | paid electricity bill by issuing a cheque | Rs. 4 500/- |
| 06/28 | sales income on cash | Rs. 25 000/- |

- Purchased a photo copy machine Rs. 200 000 from Metropolitan company on credit.
- Bank loan interest for the current month has not yet paid.

- (a) Write the human need which is fulfilled by the business indicated above. (01)
(b) Write a strength of above business. (01)
- (a) According to the scale, to what type of business organization that above business relates to? (01)
(b) What is the business opportunity which was considered by Senuri Imalshika? (01)
- (a) To what type of business organization which is the vocational training authority of Sri Lanka related to? (01)
(b) Who manages that type of business organization? (01)
- (a) Is it mandatory to register that "Senu Vilasitha" business? (01)
(b) Explain its legal status. (01)
- State the accounting equation of "Senu Vilasitha" as at 01.06.2020 (02)
- (a) Prepare the purchases account for the month of June. (01)
(b) State the amount of creditors as at 30.06.2020 (01)
- Calculate the bank loan interest for the month of June. (02)
- (a) Write the double entry for the transaction occurred on 25.06.2020 (01)
(b) Post the above double entry into the ledger accounts. (01)

- (ix) If the cheque issued on the 25.06.2020 was dishonored, write the journal entry relates to it. (02)
- (x) Prepare the cash book of this business as at 30.06.2020 (02)

Part I - Business Studies

• **Answer only 02 questions.**

02. (i) (a) Name 02 human needs. (02)
- (b) Explain wants with examples. (02)
- (ii) State whether the following statements are true or false. (02)
- (a) Sharing the surplus with other people is the Bartar system. (.....)
- (b) Every business works with the expectation of profit. (.....)
- (c) At present the man produces everything he wants. (.....)
- (d) Many businesses that used to run on a manual methods, today use new technology. (.....)
- (iii) Due to the rapid growth of information and communication technology, The entire world has become a global village. This has made it convenient to fulfil human needs and wants.
- (a) Name two ways of doing business activities using electronic media today.
- (b) Write 02 characteristics of a want. (02)
- (iv) Sithunga started growing ginger as a home gardening. Sithunga used a land in which his house was built and he gained the contribution of both his mother and father. Sithunga mixed excess ginger harvest with tea leaves, packed it in a bottle and introduced a new product to the market named "Ginger Tea". For this he used the lorry belonging to his father. By utilizing the sales income. Sithunga purchased some new machines.

Write an example each for following factors of production relating above case.

| Land | Labour | Capital | entrepreneur ship |
|-----------|-----------|-----------|-------------------|
| (a) | (b) | (c) | (d) |

03. (i) (a) What is business environment ?
- (b) Write 02 internal environmental factors. (02)
- (ii) State whether the following statements are true of false. (02)
- (a) Customers are a factor in the external environment. (.....)
- (b) Global environment is a factor in the external environment. (.....)
- (c) Competitors are a factor is the internal environment. (.....)
- (d) Political environment is not a factor of external environment. (.....)
- (iii) Complete the following table by identifying the changes occurred in businesses due to technological changes. (02)

| Past usage of businesses | Present usage of businesses |
|---|-----------------------------|
| (a) Simple hand tools | (.....) |
| (b) normal mail | (.....) |
| (c) mailing address for advertise & exts. | (.....) |
| (d) book keeping | (.....) |

- (iv) Akeesha was educated up until the Advanced levels. Her house was located near the beach coast. Her father engaged in fisheries and distributed fish to nearby markets. For the convenience of her father, Akeesha opened up a fish market in front of her house by naming as "Akeesha sea food."

(a) Write a threat to the "Akeesha's business.

(b) Write a strength to the "Akeesha's business. (02)

- 04' (i) Parami started a face masks business by investing Rs. 20 000 and obtained a loan Rs. 10 000 from one of her friend Sarani. She decided to use "Gunadam Face Masks" as the name of her business.

(a) To which type of business organization that "Gunadam Face Masks" business relates to? (01)

(b) Write an advantage and a disadvantage can be seen in this type of business organizations. (01)

- (ii) There is a high demand for milk powder packets supplied by the National Livestock Development Board for sale at the restaurant run by Wildcats Sports Club, established by LOLC Holdings Plc employees.

Write an example each for following A and B from above case.

A Public sector business -

B associations - (02)

- (iii) State whether the following statements are true or false. (02)

(a) The minimum number of partners in a partnership is 02 and the maximum number of partners is 20. (.....)

(b) The liability of incorporated company is limited. (.....)

(c) Co-operative societies are registered under the companies act No. 7th of 2007. (.....)

(d) Government departments often exist to provide essential services to the people. (.....)

- (iv) (a) State 02 disadvantages can be seen in cooperative societies by comparing with the other business organizations. (01)

(b) What is meant by legal personality in incorporated company. (01)

Part II - Accounting

• Answer only 02 questions

05. (i) (a) What is Accounting ?

(b) Write 02 reasons which are affected to change the equity of the owner of the business. (02)

- (ii) Thissa started a business on 01.01.2019 which buys and sells school bags. Following transactions occurred on that day.

Thissa invested cash to the business Rs. 100 000.

Purchased furniture on cash Rs. 20 000

Paid building rent Rs. 10 000

Obtained a bank loan Rs. 50 000

Purchased school bags on credit Rs. 25 000

Required.

(a) State the impact of each transaction to the accounting equation.

| Transaction | Assets | = | liabilities | + | Owners equity |
|-------------|----------------|---|-------------|---|-------------------|
| 1 | + 100 000 cash | = | | | + 100 000 capital |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |

(04)

(b) After the above transactions, state the values of following items as at 01.01.2016 of Thisa's business.

- (1) Non current assets
- (2) current assets
- (3) Total Assets
- (4) Equity

(04)

(iii) Following information provides you for the accounting year 2019 of Aloka's business.

| | Rs |
|---|---------|
| Opening capital | 450 000 |
| Total income for the year | 250 000 |
| Total expenses for the year | 130 000 |
| additional capital invested | 50 000 |
| drawings done by the owner | 20 000 |
| Calculate the owner's equity as at 31.12.2019 | |

(02)

06. (i) (a) State 02 advantages of preparing a petty cash book of a business.

(b) Write a transaction which is recorded in ledger account column of the petty cash book.
(01)

(ii) Complete the following table.

| Source document | prime entry book |
|--------------------|------------------|
| (a) | General Journal |
| Cheque counterfoil | (b) |

(02)

(iii) Following balances were in Prathibha's business as at 01.04.2020

| | |
|-----------|------------|
| bank | Rs. 22 000 |
| debtors | Rs. 30 000 |
| Creditors | Rs. 25 000 |

Following transactions occurred during the month of April.

- 04/05 Received a cheque no 933 from a debtor Rs. 10 000 and deposited it on the same day
04/10 deposited cash Rs. 15 000 in the bank.
04/12 Issued a cheque no. 507 to a creditor Rs. 24 700 and discount received Rs. 300
04/15 Received a cheque No. 711 from a debtor Rs. 9 500 and deposited it on the same day.
discount allowed Rs. 500

Required

Prepare the bank account with discount columns for the month of April and balancing off it.
(04)

Grade 10**Business & Accounting Studies - II - continuation**

(iv) Following ledger balances were extracted from the Lakshima's business as at 31.12.2019

| | | |
|-------------------|-----|---------|
| Debtors | Rs. | 20 000 |
| Fixed deposits | Rs. | 200 000 |
| creditors | Rs. | 40 000 |
| Land & building | Rs. | 500 000 |
| Bank balance | Rs. | 70 000 |
| Purchases | Rs. | 177 000 |
| Sales | Rs. | 305 000 |
| Discount allowed | Rs. | 3 000 |
| Discount received | Rs. | 5 000 |
| Salaries | Rs. | 10 000 |
| bank loans | Rs. | 200 000 |

Required.

Prepare the Trial balance of Lakshima's business and calculate the capital. (04)

07' (i) Write a debit and credit item to a bank account of a business.

($\frac{1}{2} \times 2 = 01$)

(ii) What is a suspense account? (02)

(iii) The favourable bank balance of Nilushika's business was Rs. 30 000 for the month of February 2020. But the balance of the bank statement was Rs. 29 500 on that day. Following reasons were revealed for the difference.

Insurance payment on standing orders by the bank Rs. 30 000

Deposited but unrealized cheque Rs. 8 000

Dividend income received directly by the bank Rs. 4 500

Issued but unrepresented cheques Rs. 6 000

Required.

(a) Adjusted bank account for the month of February.

(b) The Bank reconciliation statement.

(iv) (a) Write 02 occasions which can be occurred accounting errors.

(b) Write 02 errors each that affect for the trial balance and that is not affect for the Trial balance. (02)

(05)

Grade 10**Business & Accounting Studies****Answer sheet - Part I**

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

(40 marks)

Part II

01. (i) (a) clothes (01)
- (b) - formal education received from vocational training authority regarding textile field.
- having an adequate capital (01)
- (ii) (a) Small and middle scale business (01)
- (b) Arise of Local entrepreneurs and small businesses (01)
- (iii) (a) State corporations (01)
- (b) From a board of directors appointed by the government. (01)
- (iv) (a) It is mandatory to register. (01)
- (b) This business is conducted in a name other than the full name of its owner, it is required to register under the business name ordinance. (01)
- (v) Assets = Equity + liabilities
Rs. 850 000 = Rs. 850 000 + - (01)
- (vi) (a) **Purchases Account**
- | | | |
|-----------------|---------|--|
| 06/04 cash | 150 000 | |
| 06/15 creditors | 75 000 | |
- (01)
- (b) Rs. 75 000/- (01)
- (vii) $700\,000 \times \frac{12}{100} \times \frac{1}{12} = \text{R. } 7\,000/=$ (02)
- (viii) (a) Electricity charges Acc. Dr. 4 500
Bank account Cr 4 500 (01)
- (b)
- | Electricity charge Acc | | | Bank Acc | | |
|------------------------|-------|--|---------------|-------|--|
| 06/25 Bank | 4 500 | | 06/25 E. bill | 4 500 | |
- (01)
- (ix) Bank Acc. Dr. 4 500
Electricity charges Cr 4 500 (02)
- (x) **Cash book** (02)
- | | | | |
|-----------------|------------------|----------------------|------------------|
| 2020 | | | |
| 06/01 Capital | 800 000 | 06/01 Equipment | 80 000 |
| 06/02 Bank loan | 700 000 | 06/03 Bank | 1 000 000 |
| 06/28 sales | 25 000 | 06/04 purchases | 150 000 |
| | | 06/04 Transportation | 5 000 |
| | | 06/30 B/C/F | 290 000 |
| | <u>1 525 000</u> | | <u>1 525 000</u> |
| 06/30 B/B/F | 290 000 | | |

Grade 10

Business & Accounting Studies

Answer sheet - continuation

| | | | | | | |
|------|-----|-----------|---|-------------|---|----------------|
| (ii) | (a) | assets | = | liabilities | + | owner's equity |
| | (2) | cash | = | | | |
| | | - 20 000 | | | | |
| | | furniture | | | | |
| | | + 20 000 | | | | |
| | (3) | cash | = | | | rent |
| | | - 10 000 | | | | - 10 000 |
| | (4) | cash | = | bank loan | | |
| | | + 50 000 | | + 50 000 | | |
| | (5) | stock | = | creditors | | |
| | | + 25 000 | | + 25 000 | | |

| | | | | |
|-----|-----|--------------------|-------------|------|
| (b) | (a) | Non current Assets | Rs. 20 000 | |
| | (2) | current assets | Rs. 145 000 | |
| | (3) | Total assets | Rs. 165 000 | |
| | (4) | Equity | Rs. 90 000 | (04) |

| | | | |
|-------|--------------------|----------------|------|
| (iii) | Capital 01.01.2019 | 450 000 | |
| | + Income | 250 000 | |
| | Additional Income | 50 000 | |
| | - expenses | (130 000) | |
| | drawings | (20 000) | |
| | | <u>600 000</u> | (02) |

06. (i) (a) ♦ carrying the petty cash payments with a control
 ♦ facilitate the duties of the main cashier. (½ x2=01)
- (b) ♦ paid to creditors
 ♦ purchased assets of small amounts. (01)
- (ii) (a) journal voucher
 (b) bank account (02)
- (iii)

Bank Account ½

| Date | Description | L. P. | Discount | Amount Rs. | Date | Description | L. P. | Discount | Amount Rs. |
|----------|---------------|----------|----------|------------|------|-----------------|----------|----------|------------|
| 1/2 4/01 | B/B/F | | | 22 000 | 4/02 | Creditors (507) | | | 24 700 |
| 1/2 4/05 | Debtors (933) | | | 10 000 | 1/2 | | | | |
| 1/2 4/10 | Cash book | | | 15 000 | | | | | |
| 1/2 4/15 | debtors (711) | | 500 | 9 500 | 4/30 | B/C/F | | | 31 800 |
| | | | | 56 500 | 1/2 | | | | 56 500 |
| 5/01 | B/B/F | | 1/2 | 31 800 | | | | | |

(04)

(03)

(iv)

Prathibha's business
The Trial balance as at 30.04.2020

| | Debit Rs. | Credit Rs. |
|--------------------------|-----------|------------|
| debtors | 20 000 | |
| fixed deposits | 200 000 | |
| creditors | | 40 000 |
| land and buildings | 500 000 | |
| bank balance | 70 000 | |
| purchases | 177 000 | |
| sales | | 305 000 |
| discount allowed | 3 000 | |
| discount received | | 5 000 |
| salaries | 10 000 | |
| bank loan | | 200 000 |
| capital | | 430 000 |
| | 980 000 | 980 000 |

(04)

07. (i) give 01 mark each for corrected 02 items (02)

(ii) When there is a difference between the totals of debit and credit balances in the trial balance that difference should be recorded temporarily into an account called the suspense account. (02)

(iii) (a)

Adjusted bank account

| | | | |
|----------|---------------|-----------------|---------------|
| b/b/f | 30 000 | standing orders | 3 000 |
| dividend | 4 500 | b/c/f | 31 500 |
| | <u>34 500</u> | | <u>34 500</u> |
| b/b/f | 31 500 | | |

(02)

(b)

Bank reconciliation statement

| | | |
|--|-------|---------|
| The balance of the adjusted bank acc. | | 31 500 |
| + unrepresented cheques | 6 000 | 6 000 |
| | | 37 500 |
| - unrealized chaques | 8 000 | (8 000) |
| The balance of the bank statement as at 30.04.2020 | | 29 500 |

(02)

(iv) (a) ♦ When transactions are recorded in the prime entry books.

♦ when the transactions are posted to the ledger from the prime entry books.

♦ when balancing off ledger accounts.

♦ when the trial balance is prepared.

(02)

(b) give 01 mark each for corrected answer.

(02)

(04)

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