



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2018

Grade 10 Business & Accounting Studies (New Syllabus) - I, II **Three Hours.**

Name / Index No. :

- Answer all the questions.
- In each of the questions 1 to 40. Pick one of the alternatives 1,2,3,4 which you consider as 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. Wants are different ways of satisfying needs. Select the answer which includes only wants.
- Education, Teaching, Government schools, libraries.
 - Sarees, trousers, frocks, clothes.
 - Government schools, examinations, teaching, libraries.
 - Food, clothes, education, shelter.
02. Consumers and other different stakeholders of business have specific objectives to be fulfilled. Select them.
- earning profit & increasing the customers satisfaction.
 - increasing the quality of goods and services.
 - creating job opportunities and employee welfare.
 - earning profit and increasing the quality of goods and services.
03. Entrepreneur,
- creates innovations
 - takes the risk.
 - takes decision with regard to the business.
 - encompasses the role of organizing factors of production in order to start and conduct a manufacturing process.
04. Select the answer which is having reasons that the government intend to achieve from the business.
- | | | | |
|--------------------------|---|---------|---------|
| A) Protecting consumers | B) providing business friendly incentives | | |
| C) collecting taxes due. | D) increasing the productivity of labour | | |
| (1) ABD | (2) ABC | (3) BCD | (4) ACD |
05. Stakeholders of the business are in "X" and the objectives are in column "Y". Match them.
- | "X" | "Y" | | |
|--------------|--------------------------------------|----------|----------|
| 1. owners | A - supplying raw materials in time. | | |
| 2. managers | B - Job security | | |
| 3. employees | C - Earning a sufficient profit | | |
| 4. suppliers | D - taking successful decisions. | | |
| (1) CDAB | (2) CDBA | (3) BACD | (4) BADC |

06. Select the answer which is having only the stakeholders of businesses.
- (1) community, future investors, government, environmentalists.
 - (2) competitors, community, journalists, environmentalists.
 - (3) community, financial institutions, competitors, future investors.
 - (4) competitors, journalists, environmentalists, community.
07. Following opportunities and threats identified after standing the business environment.
- A - A global business entity entering into the market.
 - B - government strong tax policies
 - C - inflow of new technology to the country.
 - D - creating new financial city.
- The answer which includes the opportunities of external environment.
- (1) C & D
 - (2) A & B
 - (3) B & C
 - (4) A & D
08. To provide a maximum service to the customers, Peoples bank, bank of ceylon and any other banks are providing services via machines. The environment relates to this process is,
- (1) legal environment
 - (2) Economic environment
 - (3) Global environment
 - (4) Technical environment
09. The environment which can control easily is,
- (1) external environment
 - (2) internal environment
 - (3) community environment
 - (4) social & cultural environment
10. Select the examples for external environment factors.
- A - The companies act no 07th of 2007
 - B - Business knowledge & experience.
 - C - shops and office employees act No. 14 th of 1954.
 - D - positive attitudes.
- (1) A,B & C only.
 - (2) B, C & D only.
 - (3) A, B, C, D all
 - (4) A & C only.
11. Select the corrected statement.
- (1) Imposition of international trade embargo is a weakness to a business
 - (2) specialized production methods are the opportunities to the business.
 - (3) designing new cities are the opportunity to a business.
 - (4) constructing highways are a strength to a business.
12. Nimal and Sunil commence a partnership as "Sunimal". A characteristic that can be seen in this business is,
- (1) having a limited liability.
 - (2) having an agreement among partners.
 - (3) having a legal personality.
 - (4) having a continued existence.
13. Select the businesses relate to private sector.
- A - sole proprietorship
 - B - In corperated companies.
 - C - cooperative societies
 - D - departments.
- (1) A & B
 - (2) A, B & C
 - (3) B, C & D
 - (4) A, B, C & D all

14. partnership agreement is,
 (1) the partnership ordinance. (2) the joint ownership
 (3) the partnership deed (4) a partnership licence
15. Sithum Tharaka registered his businesses as "Sithu Tex". An advantage of registering the business is,
 (1) receiving a limited liability. (2) receiving a legal personality.
 (3) receiving a continued existence. (4) providing an identity.
16. In accounting, It is not a transaction,
 (1) recruiting an employee for Rs. 15000 per month.
 (2) Sales Rs. 15000 trade stock on credit.
 (3) Obtained a bank loan Rs. 400000
 (4) paying Rs. 50000 as advertising expenses.
17. The examples for assets and liabilities are,
 (1) buildings, sales (2) Land, bank balance
 (3) bank loan, creditors (4) debtors, creditors
18. The main factors of accounting equation are,
 (1) assets, liabilities, income (2) assets, liabilities, equity.
 (3) assets, liabilities, expenses. (4) assets, income, expenses.
19. When receiving income into the business, there should be,
 (1) increasing assets, increasing equity. (2) decreasing equity, increasing assets.
 (3) decreasing equity, decreasing assets. (4) increasing assets, increasing liabilities.
20. The influence of a transaction to the accounting equation is as follows.

$$\begin{array}{lcl} \text{Assets (Rs.)} & = & \text{Equity (Rs.)} + \text{liabilities (Rs.)} \\ -25000 & = & -25000 \end{array}$$
- The transaction recorded in the above accounting equation is,
 (1) selling trade goods Rs. 25000 on cash.
 (2) selling trade goods Rs. 25000 on credit
 (3) investing trade goods Rs. 25000 to the business.
 (4) paying electricity charges of Rs. 25000
21. Select the correct statements.
- | Account | increase | decrease |
|---------------------------|----------|----------|
| (1) Motor vehicle Acc. | Credit | Debit |
| (2) Bank loan Acc | Debit | Credit |
| (3) employees salary Acc. | Debit | Credit |
| (4) debtors acc | Credit | Debit |
22. "Paying Rs. 2000 from the business for the telephone bill of owner's house."
 The corrected journal entry for above transaction is,
- | | | | | | |
|-------------------------|-----|------|---------------------------|----|------|
| (1) Telephone bill Acc. | Dr. | 2000 | (2) Drawings Acc | Dr | 2000 |
| Cash Acc | Cr | 2000 | Telephone bill Acc | Cr | 2000 |
| (3) Drawings Acc | Dr | 2000 | (4) Telephone charges Acc | Dr | 2000 |
| Cash Acc | Cr | 2000 | Drawings Acc | Cr | 2000 |
23. The corrected statement for the ledger is,
 (1) a commonly accepted format which is recorded transactions
 (2) a book which records the debit and credit influence of a transactions.
 (3) an account which records the double entry of a transactions.
 (4) a collection of all assets, liabilities, equity, income and expenses accounts.

24. "Purchased trade stock Rs. 4000 on credit" the corrected journal entry for above transaction.

- | | | | | | |
|-------------------|----|------|-------------------|----|------|
| (1) Cash Acc | Dr | 4000 | (2) Purchases Acc | Dr | 4000 |
| Stock Acc | Cr | 4000 | Creditors Acc | Cr | 4000 |
| (3) Purchases Acc | Dr | 4000 | (4) Stock Acc | Dr | 4000 |
| Cash Acc | Cr | 4000 | Creditors Acc | Cr | 4000 |

25. Prime entry books and some transactions are given in columns X and Y. Match them in correct order.

- | X | | Y | |
|----------------------|----------|--|----------|
| 1. Cash book | | A - Purchased furniture Rs. 10000 on credit. | |
| 2. Purchases Journal | | B - Credit sales Rs. 4000 | |
| 3. Sales Journal | | C - Credit purchases Rs. 5000 | |
| 4. General Journal | | D - Paid electricity bill Rs. 2000 | |
| (1) ABCD | (2) CBAD | (3) BACD | (4) DCBA |

26. On 01.09.2018 Janaka purchased furniture Rs. 150000 from Damulu furniture PIC on credit for the use of his business. On 30.09.2018. Janaka settled this debt amount by paying a cheque. The corrected source documents respectively are,

- | | |
|---|---|
| (1) purchases invoice, voucher | (2) Journal voucher, cheque counterfoil |
| (3) purchases invoice, cheque counterfoil | (4) cheque counterfoil, Journal voucher |

27. What is the source document used to adjust the bank balance?

- | | |
|------------------------|-----------------------------------|
| (1) cheque counterfoil | (2) bank reconciliation statement |
| (3) bank statement | (4) cheque deposit slip |

28. The balance of the bank account of Ranil's business as at 31.10.2018 was Rs. 20000 while the balance of the bank statement was Rs. 22000. The reason for the difference is,

- | |
|--|
| (1) deposited but unrealized cheques Rs. 2000 |
| (2) issued but unrepresented cheques Rs. 2000 |
| (3) bank charges debited by the bank Rs. 2000 |
| (4) payment of insurance on standing orders by the bank Rs. 2000 |

29. Select the corrected double entry to record, "Dishonouring a deposited cheque"

- | | |
|---------------------|-----------------------|
| (1) Bank Acc. Dr | (2) Bank Acc. Dr |
| Debtors Acc. Cr | Creditors Acc. Cr |
| (3) Debtors Acc. Dr | (4) Creditors Acc. Dr |
| Bank Acc. Cr | Bank Acc. Cr |

30. A reason for the balance of the bank account exceeds the balance of the bank statement is,

- | | |
|------------------------------------|--------------------------------------|
| (1) bank charges | (2) direct remittance |
| (3) issued but dishonoured cheques | (4) deposited but unrealized cheques |

31. Tharusha business has sold Rs. 5000 trade goods to Naveesha on credit. If the payment would be settled within 30 days 10% cash discount allowed. Select the related double entry to record the discount in Tharusha's business.

- | | |
|----------------------------------|-----------------------------------|
| (1) Debtors Acc. Dr 5000 | (2) Discount received Acc Dr 5000 |
| Discount allowed Acc Cr 5000 | Creditors Acc. Cr 5000 |
| (3) Discount allowed Acc Dr 5000 | (4) Creditors Acc Dr 5000 |
| Debtors Acc Cr 5000 | Discount received Acc Cr 5000 |

• Using following transactions answer question No. 32 & 33 of Dinuka's business.

- ★ The petty cash balance as at 10.01.2018 Rs. 250
- ★ Petty cash expenses during the month of Oct. Rs. 8750
- ★ The petty cash balance as at 31.10.2018 Rs. 1000

32. The petty cash imprest of Dinuka's business is.

- | | | | |
|--------------|---------------|--------------|--------------|
| (1) Rs. 9000 | (2) Rs. 10000 | (3) Rs. 8750 | (4) Rs. 9750 |
|--------------|---------------|--------------|--------------|



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2018

Grade 10 Business & Accounting Studies (New Syllabus) - II

Name / Index No. :

- Answer five 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 questions No. 01, answer five questions selecting two questions from each of the parts I & II.
- Write your answer in neat handwriting.

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

Mrs. Sulochana has successfully followed a course regarding manufacturing footwear, conducted by Kurunegala Provincial council with the aim of encouraging women to start up their own businesses. She utilized Rs. 300000 of her own money and obtained a loan Rs. 200000 through the Samurdhi loan scheme. After which she commenced to manufacture slippers named "Saneepa" in the city of Wariyapola on 01.06.2018. As the business progress she decided to join with Sachini who is her helper and continue her business by registering it as "Sulochana and Sachini Pavahan".

Following transactions occurred during the month of June 2018 of "Saneepa" business

- ♦ 06.02 Opened a current account by depositing Rs. 50000
- ♦ 06.05 purchased a sewing machine from Kalpa PLC Rs. 100000 on credit.
- ♦ 06.06 purchased footwear material Rs. 250000
- ♦ 06.06 purchased other material Rs. 25000
- ♦ 06.25 paid Rs. 15000 to Sachni as salary.
- ♦ 06.28 paid Rs. 5000 as electricity charges
- ♦ 06.28 Sulochana has taken a pair of shoes worth Rs. 1500 from the business for her personal uses.
- ♦ 06.30 The bank loan interest Rs. 4000 not yet paid.

- (1) (i) In which type of business organization that "Saneepa" business related ? (01 m.)
(ii) State a disadvantage of above business (01 m.)
- (2) (i) In which type of business organization that. "Sulochana and Sachini pavahan" related ? (01 m.)
(ii) State an advantage that can be seen in 'Sulochana and Sachini Pavahan' compared with 'Saneepa' businesses. (01 m.)
- (3) (i) State an opportunity of "Saneepa" business. (01 m.)
(ii) State a strength of 'Sulochana and Sachini Pavahan' business. (01 m.)
- (4) Write 02 advantages can be achieved by registering Sulochana and Sachini Pavahan' business. (02 m.)

- (5) Calculate the equity as at 01.06.2018. (02 m.)
- (6) Write the double entry with values which is occurred on 05.06.2018 (02 m.)
- (7) State a current liability and a non current liability of this business. (1x2=2 m.)
- (8) What is the balance of cash book of this business as at 30.06.2018? (02 m.)
- (9) Write 02 transactions which affect to decrease the owner's equity of this business. (02 m.)
- (10) State two source documents relate to above transactions of this business. (02 m.)

Part I - Business Studies

02. (i) (a) Define a businesses.
- (b) Name 02 main activities which are enrolled by the businesses.
- (ii) State whether the following statements are true or false.
- (a) Generating employment opportunities is one of a business objective. (.....)
 - (b) The main objective of every business is earning profit only. (.....)
 - (c) The present business activities are not complex other than the past business activities. (.....)
 - (d) Some government businesses are conducting for the purpose of providing services other than earning profits. (.....)
- (iii) Businesses are important to produce and supply goods and services to fulfil needs and wants.
- (a) Name the two categories which businesses can be classified based on the nature of the product produced by a business.
 - (b) Write an example for each businesses.
- (iv) A group of students who does commerce for their A/L s decided to make greeting cards using used up papers as their group project. Also they decided to use the labour of their own group members and the knowledge of their class teacher. The requirements for this project includes used up papers, some plastic containers, water and a land with fresh air and sunlight. This group was named as 'Parisara Mithuro' and they have already purchased a machine for this project.

Using about case, write an example for each following factors of production. (02 m.)

| Land | Labour | Capital | Entrepreneurship |
|-----------|-----------|-----------|------------------|
| (a) | (b) | (c) | (d) |

03. (i) (a) What is the external environment which affects to the businesses.
- (b) Write 02 external environmental factors. (02 m.)
- (ii) State whether the following statements are true or false. (02 m.)
- (a) Legal environment is considered as a factor of internal environment. (.....)
 - (b) The government fiscal policy affect to the political environment. (.....)
 - (c) Income distribution relates to the economic environment. (.....)
 - (d) International relations relates to the technical environment. (.....)

- (iii) State the exchange rates for following foreign currencies with the Sri Lanka rupee.

| Foreign currency | Exchange rate (Rs). |
|------------------|---------------------|
| 1.US Dollar | (a) |
| 2.British Pound | (b) |
| 3.Japanese Yen | (c) |
| 4.Euro | (d) |

- (iv) Globalization is the mutual relationship among countries in terms of economic, social and cultural dimension.

- (a) Write 02 positive impacts from the global environment on domestic businesses.
 (b) Write 02 negative impacts from the global environment on domestic businesses.(2m.)

04. (i) There are 02 main objectives that should be considered when selecting that should be considered when selecting an appropriate type of business organization.

- (a) Name those two objectives.
 (b) Write a business organization as example for each objectives.

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

- (a) The certificate of business name registering of a sole proprietorship is offered from the company registrar's office. (.....)
 (b) The state Departments are most suitable for providing large scale services. (.....)
 (c) If the management activities are expected to fulfil by a group of persons, the incorporated companies are the most suitable business organization for that. (.....)
 (d) A partnership agreement should be generated in written mode only. (.....)

- (iii) Dhanuka prefers to take individual decisions.

- (a) Name the appropriate type of business organization for Dhanuka.
 (b) State two advantages for him.

- (iv) At present, so many business organizations have computerized their accounting activities.

- (a) State 02 advantages of computerized accounting.
 (b) State 02 accounting software packages which are used in businesses.

Part - II - Accounting

• Answer only 02 questions

05. (i) (a) What is Accounting?
 (b) What is the main objective of accounting?
 (ii) Kasun Sanjeewa started a business on Aug of 2018. Following accounting equation of his business shows the impacts of transactions occurred during the month of Aug.

Describe the each transaction with the related amounts.

| | | | | | | | | | |
|-----|-----------|---|---------|----------|-------|-----------|--------|-------------|-------------|
| | | | Assets | | = | Equity | + | Liabilities | |
| | Cash | + | debtors | + | stock | = | Equity | + | Liabilities |
| (a) | + 500 000 | | | | = | + 500 000 | | | |
| (b) | + 300 000 | | | | = | | | + 300 000 | |
| (c) | - 50 000 | | | + 50 000 | = | | | | |
| (d) | - 5 000 | | | | = | -5 000 | | | |

(iii) Following transactions of Venura's business occurred during the month of May 2018.

05.01 Credit sales of trade goods Rs. 50000 to Supun.

05.07 Paid Rs. 5000 for the telephone bill of the business.

05.10 Credit purchases of trade goods Rs. 25000 from Piya.

05.12 Paid Rs. 3000 from the business for electricity bill of Venura's house.

Prepare the relevant ledger accounts for above transactions. (04 m.)

(iv) The following shows the impacts of transactions to accounting equation occurred in Satharani's business during the month of May. (04 m.)

Write the possible transaction with amounts that may have taken place during each day.

| Date | Assets | = | equity | + | liabilities |
|------|----------|---|----------|---|-------------|
| 5/1 | decrease | = | | | - |
| | increase | = | - | | |
| 5/4 | increase | = | increase | | |
| 5/7 | decrease | = | - | | decrease |
| 5/10 | decrease | = | decrease | | - |

(12 m.)

06. (i) Name the dual function of cash book. (02 m.)
- (ii) It is not balancing off the discount columns of the cash book. describe it. (02 m.)
- (iii) The petty cash book prepared by Kaveesha's business for the month of Oct. 2018 is as follows.

Petty cash book

| Receipts Rs. | L. P. | Date | Description | V. N. | Value Rs | Payment analysis | | | ledger | L. P. |
|-----------------|----------|-------|--------------------|----------|-------------|------------------|---------|-----------------|--------|----------|
| | | | | | | Trave- lling | Postage | Statio- nary | | |
| 200 | | 10/01 | B/B/F | | | | | | | |
| | | 10/01 | Cash | | | | | | | |
| | | 10/03 | Stamps | 1 | 60 | | 60 | | | |
| | | 10/05 | Threewheel | 2 | 120 | 120 | | | | |
| | | 10/08 | Phot copy sheets | 3 | 300 | | | 300 | | |
| | | 10/10 | Paid to Nimal | 4 | 400 | | | | 400 | |
| | | 10/12 | Travelling charges | 5 | 100 | 100 | | | | |
| | | 10/15 | Files | 6 | 50 | | | 50 | | |
| | | 10/20 | Letter Register | 7 | 150 | | 150 | | | |
| | | 10/25 | Hiring charge | 8 | 200 | | | | | |
| | | | | | 1380 | | | | | |
| | | | | | 120 | | | | | |
| 1500 | | 10/31 | B/C/F | | 1500 | | | | | |
| 120 | | 11/01 | B/B/F | | | | | | | |

Required.

- (a) What is the amount of petty cash imprest of this business ?
- (b) Calculate the reimbursement amount as at 01.10.2018.
- (c) Post the petty cash payments into the ledger accounts. (04 m.)

- (iv) As at 01.10.2018, the credit balance of the bank account of Sirisena's business was Rs. 25000. Following transactions occurred during the month of Oct. 2018

- 10.02 deposited Rs. 50000 in the bank.
- 10.04 issued a cheque to a creditor Rs. 4500 discount received Rs. 500.
- 10.05 deposited a cheque Rs. 5000 which is received from a debtor.
- 10.10 paid rent in cash Rs. 2500
- 10.15 The cheque was dishonoured which is deposited on 10.05.
- 10.20 Issued a cheque for electricity bill Rs. 1500

Required

Record above transactions in the bank account and calculate the bank balance as at 31.10.2018 (04 m.)

07. (i) What is a bank overdraft?
- (ii) State 02 items each recorded in a debit column and credit column in a bank statement. (02 m.)
- (iii) The balance of the bank account of Janaka's business was Rs. 16000 as at 31.10.2018. But the balance of the bank statement has a difference. The following reasons were identified for this difference.
- ★ Payments on standing orders Rs. 5000 has not recorded in the bank account.
 - ★ deposited but unrealized cheques were Rs. 2000
 - ★ issued but unpresented cheques were Rs. 3000

Required

- (a) Adjust the balance of the bank account as at 31.10.2018
 - (b) Prepare the bank reconciliation statement as at 31.10.2018
- (iv) The trial balance prepared as at 31.10.2018 of Sanduni's business did not tally. The difference was transferred to a suspense account. Later following errors were revealed.
- A A purchase invoice Rs. 4500 has completely omitted from books.
 - B Salary paid Rs. 5400 has been recorded in salary account as Rs. 4500
 - C Motor vehicle repair expenses Rs. 1500 has been recorded only in the cash book.
 - D Interest income received Rs. 800 has been recorded only in the cash book.

Required.

- (a) The journal entries for the correction of the above errors.
- (b) The suspense Account.

Grade 10

Business & Accounting Studies (New Syllabus) - II - Continuation

Answer Paper

Paper I

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

(40 marks)

Paper II - Part I

- (i) (a) Sole proprietorships / private sector / profit oriented (01 m.)
 (b) for any disadvantage give 01 mark (01 m.)
- (ii) (a) partnership / private sector / profit oriented. (01 m.)
 (b) for any disadvantage give 01 mark (01 m.)
- (iii) (a) opportunity - situated in the city of Wariyapola (01 m.)
 (b) strength - The experience which is having Sachini (01 m.)
- (iv) for any 2 advantages give 02 marks.
- (v) assets = equity + liabilities
 $500000 = 300000 + 200000$
- (vi) Sewing machine Acc Dr 100000
 Kalpa PLC Cr 100000 (02 m.)
- (vii) (a) Accrued bank loan interest Rs. 4000
 (b) bank loan Rs. 200000 (02 m.)
- (viii)

Cash Book

| Date | R.N. | Description | L P | Amount | Date | R.N. | Description | L P | Amount |
|------|------|-------------|--------|---------|-------|------|----------------|--------|---------|
| 06/1 | | Capital | | 300 000 | 06/2 | | Bank | | 50 000 |
| 06/1 | | Bank loan | | 200 000 | 06/5 | | Material | | 250 000 |
| | | | | | 06/6 | | Other material | | 25 000 |
| | | | | | 06/25 | | Salary | | 15 000 |
| | | | | | 06/28 | | Electricity | | 5 000 |
| | | | | | 06/30 | | B/C/F | | 155 000 |
| | | | | 500 000 | | | | | 500 000 |
| 07/1 | | B/C/F | | 155 000 | | | | | |

- (ix) ★ stock drawings
★ incurred expenses (salary, electricity) (02 m.)
(x) Journal voucher, receipt, paying voucher. (02 m.)

Part I - Business Studies

02. (i) (a) A business is an economic activity which manufactures or provides different goods and services in order to fulfil human needs and wants.
(b) ★ goods and services manufacturing. ★ goods and services distributing. (02 m.)
(ii) (a) True (b) False (c) False (d) True (02 m.)
(iii) (a) ★ commodity manufacturing businesses
★ service providing businesses
(b) give marks for a suitable answer.
(iv) Land - Sunlight, water, air
Labour - Knowledge of students, other members of the group.
Capital - paper, plastic utensils, machine, money
entrepreneurship - Parisara Mithuro (02 m.)
03. (i) (a) Different parties and forces acting outside the business and affecting to a business are known as external environment.
(b) customers / suppliers / competitors / political environment / technical environment. (02 m.)
(ii) (A) False (B) True (C) True (D) False (02 m.)
(A) Rs. 160 (B) Rs. 205 (C) Rs. 1.40 (D) Rs. 184
(give marks for rounding off values) (02 m.)
(iii) (a) give marks for the correct answer
(b) give marks for the correct answer
04. (i) (a) Profit objective Social welfare objective
(b) give marks for related examples.
(ii) (A) False (B) True (C) True (D) False
(iii) (a) Sole proprietorships
(b) give marks for corrected 2 advantages.
(iv) (a) ★ Time is saved as transactions are quickly recorded in the accounting system and financial reports are automatically prepared. ★ Money is saved through reduced labour requirements. ★ High level of accuracy in accounting reports is possible because those reports are automatically prepared. ★ Ability to obtain the relevant data easily.
(b) Acc pac / Quick book / My OB / Sage

05. (i) (a) Accounting is a process of providing information required by the interested parties of a business for their decision making.
- (b) providing information. (01 m.)
- (ii) A Kasun invested Rs. 500000 to the business.
- B Obtained a bank loan Rs. 300000
- C Purchased a trade stock Rs. 50000 on cash.
- D Paid an expense Rs. 5000 ($\frac{1}{2} \times 4 = 2$ m.)
- (iii) (01 m.)

| Sales AC | | |
|-------------------|-----------------|--------|
| | 05/1 debtor | 50 000 |
| debtors (Supun) | | |
| 05/1 sales | 50 000 | |
| Cash AC | | |
| | 05/7 Telephone | 5 000 |
| Telephone AC | | |
| 05/7 Cash | 5 000 | |
| Purchases AC | | |
| 05/10 Creditor | 25 000 | |
| Creditors (Piyal) | | |
| | 05/10 Purchases | 25 000 |
| Cash | | |
| | 05/12 drawings | 30 000 |
| drawings | | |
| 05/12 cash | 3 000 | |

- (v) give marks for the corrected answers.

06. (i) ★ preforms the function as a prime entry book. ★ preforms the function as a ledger account.
- (ii) give marks for the corrected description.
- (iii) (a) Rs. 1500
- (b) Rs. 1300

(c)

Travelling charges AC

| | | |
|------------------|-----|-------|
| 10/31 Petty cash | 420 | (1/2) |
|------------------|-----|-------|

Postal charges AC

| | | |
|------------------|-----|-------|
| 10/31 Petty cash | 210 | (1/2) |
|------------------|-----|-------|

Stationary AC

| | | |
|------------------|-----|-------|
| 10/31 Petty cash | 350 | (1/2) |
|------------------|-----|-------|

Nimal AC

| | | |
|------------------|-----|-------|
| 10/31 Petty cash | 400 | (1/2) |
|------------------|-----|-------|

(1/2x4=02m.)

(iv)

Bank Account

| Date | Description | L. P. | discount | Amount | Date | Description | L. P. | discount | Amount | |
|-------|---------------|----------|----------|--------|-------|-------------|----------|----------|--------|-------|
| 10/02 | Cash | | (1/2) | 50 000 | 10/01 | B/B/F | | | 25 000 | (1/2) |
| 10/05 | Cash (cheque) | | (1/2) | 5 000 | 10/04 | Creditors | | 500 | 4 500 | (1/2) |
| | | | | | 10/15 | debtors | | | 5 000 | (1/2) |
| | | | | | 10/20 | electricity | | | 1 500 | (1/2) |
| | | | | | 10/31 | B/C/F | | | 19 000 | (1) |
| | | | | 55 000 | | | | 500 | 55 000 | |
| 11/01 | B/B/F | | | 19 000 | | | | | | |

Less 1/2 marks if not having the corrected format

07. (i) to the corrected expression give marks.

(ii) corrected 01 item 1/2 each - total 02

(iii) (a)

Adjusted Bank Account

| | | | | |
|-------------|--------|----------------|--------|-------|
| 10/31 B/B/F | 16 000 | Standing order | 5 000 | (1/2) |
| | | B/C/F | 11 000 | (1/2) |
| | 16 000 | | 16 000 | |

(iv) (a)

The bank reconciliation statement for the month of Oct. 2018

| | | | |
|--------------------------------------|-------|---------|------|
| The balance of adjusted bank account | | 11 000 | |
| + unpresented cheques | 3 600 | 3 600 | (01) |
| | | 14 600 | |
| - unrealized cheques | 2 000 | (2 000) | (01) |
| The balance of the bank statement | | 12 600 | (01) |

(04 m.)

(b)

General Journal

| | | | | |
|----|---|-------|-------|-----|
| A. | Purchases Acc. Dr Creditors (.....) | 4 500 | 4 500 | (½) |
| B. | Salary Acc. Dr Susense Acc (.....) | 900 | 900 | (½) |
| C. | Motor vehicle repair Acc. Dr Suspense Acc (.....) | 1 500 | 1 500 | (½) |
| D. | Suspense Acc. Dr received interest income Acc (.....) | 800 | 800 | (½) |

Suspense AC

| | | | | | |
|-----|-------------------|------|----------------------|-------|-----|
| (½) | The difference | 1600 | Salary | 900 | (½) |
| (½) | received interest | 800 | motor vehicle repair | 1 500 | (½) |
| | | | | | |
| | | 2400 | | 2 400 | |



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(05)

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