



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2020

Grade 11 60-Business & Accounting Studies (new syllabus) - I & II Three Hours.

Name / Index No. :

Business & Accounting Studies - I

- 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.

- Using following case answer question no 1 - 5.

Due to the curfew imposed on the entire country and the decision to limit the travelling within the country as a result of COVID - 19 epidemic. People had to limit themselves within their houses. Due to this situation the Agricultural Department initiated a home gardening project named "Saubhagya" and made it possible for the people to order seeds through www.saubagya.lk

01. 03 needs of above case are,

- (1) Health, communication, clothes. (2) Food, clothes, education.
(3) Transportation, health, communication. (4) Security, shelter, communication.

02. The factor of production relates to agricultural seeds is,

- (1) Land (2) Labour (3) entrepreneurship (4) capital

03. The **incorrect** statement for the type of business organization related to the Department of Agricultural is,

- (1) In legal activities the head of the department should not represent by using his designation.
(2) The departments provide essential services to the public.
(3) The required funds will be allocated by the annual budget of the government.
(4) Departments are governed by the parliament and the respective ministry.

04. The environment affected by business closures is,

- (1) political environment (2) technological environment
(3) economic environment (4) global environment

05. The corrected statement relates to communication medium "www.saubagya.lk"

- (1) internal, non electronic. (2) verbal, electronic
(3) electronic written, internal (4) external electronic

06. A characteristic of a commodity manufacturing business is,

- (1) produces intangible things. (2) produces what has physical existence.
(3) An activity or process that fulfill wants. (4) cannot be stored

07. Kamal imports clothes for sewing bags from China and distributes them to bag suppliers in various locations.
 (1) a producer (2) a customer (3) a supplier (4) a competitor
08. A The companies Act No. 07 of 2007
 B The partnership ordinance of 1890
 C The cooperative societies Act No. 05 of 1972
 D The prevention of fraud ordinance of 1840.
 E Business name ordinance of the provincial council.
 Select the acts which are affected to the partnerships,
 (1) ABC only (2) ABCD only (3) ABDE only (4) BCDE only
09. The cheques issued by every commercial bank have a Magnetic Ink character recognition space. The numbers can be seen in MICR column respectively are,
 (1) bank account number, bank branch number, bank number, cheque number.
 (2) cheque number, bank number, bank branch number, bank account number.
 (3) cheque number, bank account number, bank number, bank branch number.
 (4) bank number, bank branch number, cheque number, bank account number
10. "Transferring the relevant value of a transaction by reducing it from the customer's account and by transferring that to the seller's account via the bank." The related card is,
 (1) debit card (2) credit card (3) credit note (4) visa card
11. Samarajeewa has a foot disorder. He submitted an insurance policy for life insurance and answered No to the question of whether he had a disability.
 The violated insurance principal is,
 (1) indemnity (2) contribution (3) insurable interest (4) Utmost good faith.
12. Select the corrected statement relates to Transportation.
 (1) Road transportation can't be used upto the destination.
 (2) In air way transportation, It can transport heavy goods.
 (3) Railway transportation runs only according to a time table.
 (4) Increasing the transportation expenses is not caused to increase the prices of goods.
13. Select the statement which represents a wholesale trade.
 (1) selling 100 kgs of dhal to the annual "Dansala" of "Jayamaga sports society."
 (2) Purchasing of exercise books by a student from a book shop.
 (3) Sahan Perera purchased 10 loaves of bread from Samagi bakers to a party which was held in his home.
 (4) Selling 200 kg of Nipuna rice to Matara Hotel.
14. As per the annual plan of Wayamba Sisijaya Maha Vidyalaya, the expected student percentage who passed the O/L's was 90%. But the actual result was only 70%. They were finding out why they couldn't gain the expected results.
 The management function related to this is,
 (1) planning (2) controlling (3) organizing (4) leading

15. Mr. Gnanapala Nirmal introduced a new local drink made of various herbs for covid-19 positive patients and to prevent the spread of covid 19 by boosting the immunity. A proffessor excelling in Aurvedic medicine conducted a lecture on this new drink. The variables of marketing mix that can be seen in here are,
- (1) product, promotion (2) place, product
(3) product, price (4) place, promotion
16. Didula purchased 100 shares per Rs. 100 each from Shakthi PLC and sold those all shares per Rs. 110 each and received an additional income Rs. 1 000/-. This amount is called as,
- (1) Dividend (2) capital gain (3) profit (4) interest income
17. Following transaction occurred in a business.
"Invested Rs. 500 000 to the business as capital"
As above transaction, it is changed,
- (1) only assets (2) only liabilities
(3) only assets and equity (4) only assets and liabilities
18. Select the transaction which is increased the equity,
- (1) obtained a bank loan Rs. 25 000 (2) Received commission income Rs. 2 500
(3) Paid salary Rs. 8 000 (4) Purchased furniture Rs. 12 000
- **Using following case answer the question no. 19-20.**
Anura's business sold goods which cost Rs. 30 000 at Rs. 40 000 on credit to Senura's business. When settling the due amount 10% discount was allowed.
19. What is the amount of profit received to the Anura's business as above transaction?
- (1) Rs. 40 000 (2) Rs. 10 000 (3) Rs. 6 000 (4) Rs. 4 000
20. What is the corrected double entry for the payment cash of Senura's business.
- (1) Creditors Acc. Dr 40 000
Cash Acc. Cr 40 000
- (2) Creditors Acc. Dr 36 000
Cash Acc. Cr 36 000
- (3) Creditors Acc. Dr 40 000
Cash Acc. Cr 36 000
Discount received Acc. Cr 4 000
- (4) Creditors Acc. Dr 40 000
Cash Acc. Cr 36 000
Discount Allowed Acc. Cr 4 000
21.①..... is an asset account and the drawings account is an②..... account in a business ledger. The relevant answers for above blanks ① & ② respectively.
- (1) Bank loan account, equity (2) Furniture account, expenses.
(3) Bank loan account, Equity (4) Furniture account, Equity.

- Using following table, answer the question.

Transaction		Source Documents
1.	Received commission income Rs. 2 000	A Journal voucher
2.	credit sales to Amara Rs. 30 000	B paying voucher
3.	Paid electricity bill Rs. 4 000	C receipt
4.	Owner's goods drawings Rs. 1 500	D Sales invoice

22. Match the above transactions with the source documents.
 (1) ADCB (2) CDAB (3) CDBA (4) CABD
23. Relevant prime entry books which are recorded above transactions respectively are,
 (1) cash book, sales Journal, cash book, General Journal
 (2) cash book, purchase Journal, petty cash book, cash book
 (3) cash book, sales Journal, cash book, Purchases journal
 (4) cash book, General Journal, cash book, General Journal
24. Select the reason which is **not** affected to occur a difference between the balance of the bank statement with the balance of the bank account of a business,
 (1) Bank charges Rs. 2 000 charged by the bank
 (2) Debtors direct remittances Rs. 8 000
 (3) Issued a cheque Rs. 5 000 to a creditor and the bank has been paid for it.
 (4) Deposited a cheque Rs. 6 000 but not yet credited to the bank account.

- Using following information answer questions No. 25-26.

The petty cash imprest of Suranga's business is Rs. 8 000. The totals of the analysis column of the petty cash book for the month of January 2020 are as follows.

Travelling expenses	Rs. 1 800
postal expenses	Rs. 2 000
stationary expenses	Rs. 1 200
Sundry expenses	Rs. 2 300

It is decided to increase the petty cash imprest further by Rs. 2 000 on 01.02.2020

25. What is the amount of petty cash expenses of Suranga's business for the month of January 2020?
 (1) Rs. 2 000 (2) Rs. 2 300 (3) Rs. 7 300 (4) Rs. 8 000
26. What is the amount of reimbursed on 01.02.2020
 (1) Rs. 2 000 (2) Rs. 7 300 (3) Rs. 9 300 (4) Rs. 10 000
27. Cash book is,
 (1) a ledger account
 (2) a prime entry book
 (3) a prime entry book as well as a ledger account
 (4) a prime entry book as well as a financial statement.
28. Discount allowed Rs. 1 500 has been recorded in discount received account. What is the prime entry book which is recorded above rectifying error,
 (1) Purchases Journal (2) Sales Journal (3) General ledger (4) General Journal

Grade 11

Business & Accounting Studies - I - continuation

- Using following information answer question No. 29-30.

Paid electricity bill Rs. 2 500 of a business has been recorded in the ledger is as follows.

electricity bill account	Dr	5 200	
Cash account	Cr	2 500	

29. As above error,

- (1) It is not created a difference between the debit and credit column of the trial balance.
- (2) It is increased by Rs. 2 700 of the credit side of the trial balance.
- (3) It is occurred a debit balance Rs. 2700 of the suspense account.
- (4) It is occurred a credit balance Rs. 2700 of the suspense account.

30. What is the double entry for rectifying above error,

(1) cash account	Dr	2 700	(2) suspense account	Dr	2 700
electricity bill acc.	Cr	2 700	electricity bill acc.	Cr	2 700
(3) cash account	Dr	2 700	(4) electricity bill acc.	Dr	2 700
suspense account	Cr	2 700	cash account	Cr	2 700

31. Number of members are 500 in Ekamuthu sports club on 01.01.2019 and 40 member have not paid membership fees during the year. If the annual membership fee per member is Rs. 100, What is the amount of membership fee recognized in the income statement ?

- (1) Rs. 4 000
- (2) Rs. 50 000
- (3) Rs. 46 000
- (4) Rs. 54 000

32. Following information relates to "Rasa" bakers for a specific month.

	Rs.
Cost of wheat flour	100 000
watcher's salary	20 000
factory rent	15 000
electricity	12 000
production salaries	40 000
wrapping materials	3 000

The prime cost and the production overhead cost of this business respectively are,

- (1) Rs. 135 000 & Rs. 55 000
- (2) Rs. 143 000 & Rs. 47 000
- (3) Rs. 120 000 & Rs. 70 000
- (4) Rs. 147 000 & Rs. 43 000

33. Ashen's business has paid Rs. 80 000 for building rent for the year 2019 and further Rs. 20 000 should be paid for the current year.

The corrected journal entry to record above accrued (payable) building rent is,

(1) building rent acc.	Dr	100 000	
accrued building rent acc.	Cr	100 000	
(2) building rent acc.	Dr	20 000	
accrued building rent acc.	Cr	20 000	
(3) profit or loss acc.	Dr	20 000	
building rent acc.	Cr	20 000	
(4) building rent acc.	Dr	80 000	
accrued building rent acc.	Cr	80 000	

34. Hansi's business provides you following information

	Rs.
Stock as at 01.01.2019	15 000
sales	400 000
purchases	250 000
carriage inwards	5 000
stock as at 31.12.2019	25 000

The cost of sales and the gross profit for the year ended 31.12.2019 are respectively as,

- (1) Rs. 245 000 & Rs. 155 000 (2) Rs. 245 000 & Rs. 400 000
 (3) Rs. 270 000 & Rs. 130 000 (4) Rs. 400 000 & Rs. 245 000

35. The balance of the electricity bill account Rs. 4 000 has been extracted to the Trial balance as Rs. 4 000 of Aravinda's business as at 31. 12. 2019, As above error, what is the balance that can be seen in the suspense account ?

- (1) a debit balance Rs. 3 600 (2) a credit balance Rs. 3 600
 (3) a debit balance Rs. 400 (4) a credit balance Rs. 400

The following trial balance has been prepared by the ABC business as at 31.12.2019. By using this trial balance answer question no. 35-40.

The Trial Balance

Description	Dr. Rs.	Cr. Rs.
Stock as at 01.01.2019	40 000	
purchases	200 000	
sales		500 000
electricity	10 000	
insurance	15 000	
Advertisements	30 000	
capital		365 000
creditors		70 000
10% bank loan		300 000
cash	50 000	
debtors	40 000	
land	350 000	
Motor vehicle	500 000	
	1235 000	1235 000

36. The cost of sales of ABC business for the year ended 31.12.2019 is,

- (1) Rs. 40 000 (2) Rs. 200 000 (3) Rs. 240 000 (4) Rs. 260 000

37. The net profit of this business for the year ended 31.12.2019 is,

- (1) Rs. 260 000 (2) Rs. 160 000 (3) Rs. 175 000 (4) Rs. 85 000

38. The amount of current assets recognized in the statement of financial position as at 31.12.2019 is,

- (1) Rs. 90 000 (2) Rs. 50 000 (3) Rs. 40 000 (4) Rs. 30 000

39. The equity of this business as at 31.12.2019 is,

- (1) Rs. 175 000 (2) Rs. 365 000 (3) Rs. 540 000 (4) Rs. 1235 000

40. If the motor vehicles are depreciated 10% per annum on cost, what is the amount of non current assets recognized in the statement of financial position as at 31.12.2019?

- (1) Rs. 350 000 (2) Rs. 500 000 (3) Rs. 800 000 (4) Rs. 850 000



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2020

Grade 11 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.
- Write your answers in neat handwriting.

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

Due to the spread of the Covid-19 pandemic, all activities worldwide halted. Although this epidemic did affect Sri Lanka, the government was able to control the situation well by imposing various rules and regulations and by collaborating with the health and the security sector. With the government making it mandatory to wear face masks, Yasanath Bandara who was well experienced in the textile industry started a face mask sewing business by the name "Healthy masks". The business was commenced on 01.04.2020 and on the same day a building worth of Rs. 500 000 and a Rs. 240 000 worth sewing machine was invested in the business. A bank loan of Rs. 200 000 was also obtained on the same day.

His aim was to produce face masks as per the relevant standard and in a hygienic manner. For this he recruited 02 employees and a helper.

Following transactions occurred during the month of April.

2020/04/02	Purchased cloths	Rs. 50 000/-
2020/04/03	Purchased other materials	Rs. 6 000/-
2020/04/04	wrapping materials	Rs. 4 000/-
2020/04/13	purchased clothes on credit	Rs. 10 000/-
2020/04/25	monthly electricity	Rs. 3 000/-
2020/04/26	sewing machine operators	Rs. 60 000/-
2020/04/28	to helper	Rs. 20 000/-

All materials purchased during this month were used and all the 1 000 masks produced during this month were sold by 30.04.2020. Selling price was decided by adding a 20% profit margin on the cost. All face masks were carried by himself to the town and distributed to retail shops. For this he used his three wheel.

The sewing machine was depreciated by 10% each year. Yasanath has decided to expand his production in the next month and accordingly has decided to sew safety suits.

- (i) (a) What is the type of business organization which "healthy masks" relates to? (01)
(b) Name the need and the want which is "healthy masks" fulfilled? (01)
- (ii) (a) Name the external environmental force for following statements respectively.
- Spreading the Covid - 19 pandemic
 - Imposing new laws and regulations by the government. (01)
- (b) Name an opportunity and a strength can be seen in this business. (01)

- (iii) (a) Write the related transportation medium and the way which healthy masks business used to distribute their products. (01)
- (b) State 02 stake holders of this business. (01)
- (iv) (a) Write an activity each for planning and organizing of management process of this business. (01)
- (b) A - Selling masks by adding 20% profit margin on cost
- B - Face masks are carried to the town and sold.
- Name the 02 variables of marketing mix relates to the above factors. (01)
- (v) Write the accounting equation with values as at 01.04.2020. (02)
- (vi) (a) Name the source document and the prime entry book which is related to record the transaction occurred in 13.04.2020. (01)
- (b) What is the amount of purchases which is indicated in the income statement prepared for the month ended 30.04.2020 of "healthy masks" business ? (01)
- (vii) (a) Calculate the amount of depreciation of sewing machines for the month of April 2020. (01)
- (b) Write the double entry to record the depreciation of sewing machines (01)
- (viii) Calculate the cash balance of "healthy masks" business as at 28.04.2020. (01)
- (ix) (a) Calculate the per unit cost of a mask produced in April 2020. (01)
- (b) Calculate the selling price of a mask. (01)
- (x) (a) Calculate the profit for the month ending 30.04.2020. (01)
- (b) Calculate the equity as at 30.04.2020 (01)

Part I - Business Studies

• **Answer 02 questions only.**

02. (i) (a) What is a human need ?
- (b) State 02 characteristics of a human need. (02)
- (ii) State whether the following statements are true or false. (02)
- (a) Wholesale trade is to sell goods for the purpose of reselling (.....)
- (b) Financial institutions do not belong to the interested parties in the businesses. (.....)
- (c) Business opportunities arise from the business external environment. (.....)
- (d) The liability of sole proprietorships is limited. (.....)
- (iii) Shivakumar who lives in Jaffna, mechanically produces grape juice from grapes bought from local grape growers and packs it in bottles and sell it to local retailers using two salesmen named "Kumar Grapes Drink".
- (a) Name 02 factors of production and write an example each from above case.
- (b) State two stake holders of Shivakumar's business. (02)
- (iv) Sumanadasa who lives in Nikaweratiya area operates a chicken and cow farm in addition to his government job. Since there's a high concern for organic farming now a days, Sumanadasa also thinks of producing organic fertilizer.
- (a) What is the type of business organization based on the nature of the product produced of Sumanada's organic fertilizer production business.
- (b) State a threat that the Sumandasa's business will face. (02)

03. (i) (a) State 02 criteria which business organization can be classified. (02)
 (b) Write 02 characteristics can be seen in cooperative societies. (02)
- (ii) State whether the following statements are true or false. (02)
 (a) Special crossing is mentioning "Account payee only" on the face of a cheque inside two parallel lines. (.....)
 (b) Indemnity principle applies both life and property insurance. (.....)
 (c) It is required to have a bank account to transact through a debit card. (.....)
 (d) Internal communication means communicating messages, information and idea's via various mediums between organization with an another organization. (.....)
- (iii) Siridasa who is having a current account in the bank of peoples bank - Matara, issued a cheque worth Rs. 100 000 to a creditor Piyadasa who is having a current account in the branch of Bank of Ceylon - Maharagama.
 (a) Name drawer, drawee and payee of this cheque.
 (b) Indicate how the cheque is drawn so that it is fully secured. (02)
- (iv) Kanthi who runs a business distributing bottled drinking water sent an SMS to Rukantha bottled water supplier to send a stock of bottled drinking water. He replied to Kanthi through a SMS metioning that the bottle stock will be delivered on the same day to Kanthi in his own lorry.
 (a) State 02 reasons to use a lorry to transport the bottle stock.
 (b) Using this case, state examples for the elements of communication which message medium, reaction and feed back separately. (02)
04. (i) (a) What is planning ? (01)
 (b) Define a target market. (01)
- (ii) State whether the following statements are true or false.
 (a) "Marking a reasonable price for a good or service" is an activity belongs to marketing.
 (b) A variable of the marketing mix "Place" is defined as the only place where goods and services are bought for resale.
 (c) Treasury bills are a financial instrument which are used to fulfil short term financial requirements of the government.
 (d) Product is the only variable among other variables in the marketing mix that generate an income for the business. (02)
- (iii) "Neeroda" is a private business entity supplying caretakers who take care of patients. Some activities done by this entity and listed below.
 (a) recruiting 10 new caretakers.
 (b) finding out whether the current caretakers provide a satisfactory service.
 (c) deciding to recruit new caretakers.
 (d) motivating newly recruited caretakers to perform their duties well by maintaining healthy employ relationships.
 • State above activities under the relevant management function. (02)
- (iv) (a) Define an investment. (01)
 (b) What is the main objective of Sri Lanka securities and exchange commission ? (01)

Part II - Accounting

• **Answer 02 questions only.**

05. (i) (a) What is a liability? (02)
- (b) Write 02 accounts of assets that can be seen in the ledger. (02)
- (ii) Write the transaction relates to the following double entry.
- (a) Cash account debit Rs. 50 000
 bank loan account credit Rs. 50 000
- (b) purchases account debit Rs. 10 000
 creditors account credit Rs. 10 000 (02)
- (iii) Following are some transactions occurred during the month of January 2020 of a business.
- (1) Sold stock of cost Rs. 10 000 at Rs. 12 500 on cash
- (2) Paid bank loan installment Rs. 20 000 including interest Rs. 4 000
- (3) paid to creditors worth Rs. 30 000 subject to the discount Rs. 2 000
- (4) paid electricity bill Rs. 4 000
- (5) purchased furniture Rs. 50 000 on cash..
- Required.
- (a) Enter the above transactions into following format. (First transaction has been done as an example)
- (b) Calculate the cash balance after occurring those transactions, If the existing balance of the opening date was Rs. 175 000. (04)

Transaction	Assets	=	equity	+	liabilities
Ex:- 01	- 10 000 stock + 12 500 cash		+ 2 500 profit		
02					
03					
04					
05					

- (iv) Following information relates to credit purchases and credit sales of Nalaka's business occurred during the month of January 2020.

Date	Invoice No.	Supplier	Buyer	Total Amount
01/05	125	Perera	-	48 000
01/12	468	-	Udara	21 000
01/15	469	-	Sudhara	28 000
01/20	1050	Silva	-	51 000

Required.

- (a) Prepare the purchases journal and the sales journal of Nalaka's business for the month of January 2020.
- (b) Prepare the purchases account and the sales account. (04)

06. (i) State 02 differences that can be seen between the profit or loss statement and the income and expenditure account. (02)
- (ii) State two transactions each which affects to increase the equity and decrease the equity of a business. (02)
- (iii) The total of the debit column of the Trial balance of Jayathunga's business was decreased by Rs. 4 500 than the total of the credit column as at 31.12.2019. The difference transferred to the suspense account and the following reasons were revealed.
- A - A sales invoice Rs. 1 200 has been completely omitted from books.
- B - Paid advertising expenses Rs. 5 000 has been recorded in the advertising expenses account as Rs. 500.
- C - Motor vehicle repair expenses Rs. 4 800 has been recorded in motor vehicle account.
- Required.
- (a) The journal entries to rectify above errors.
- (b) The suspense account. (04)
- (iv) The balance of the bank account prepared by Sanduni's business for the month of August was Rs. 42 000 and the balance of the bank statement was not tally on that day. Following reasons are affected the difference.
- deposited but unrealized cheques Rs. 40 000
 - issued but unpresented cheques Rs. 30 000
 - Debtors direct remittances Rs. 4 000
 - bank charges Rs. 1 000
- required
- (a) adjusted bank account
- (b) bank reconciliation statement. (02)
07. (i) (a) What is the account prepares to calculate the gross profit of a business ?
- (b) Write the Journal entry to record bad debts. (02)
- (ii) The number of members of "Rantharu Sports Club" for the year 2019 is 50 and the annual membership fee per member is Rs. 200. The receipt and payments account for the year 2019 is as follows. (02)

Receipts and payments Account				
1/1	b/b/f	9 000	sports equipment	7 500
	membership fee	8 000	electricity bill	2 000
			sports expenses	4 000
			12.30 b/c/f	3 500
		<u>17 000</u>		<u>17 000</u>

Required.

Prepare the income statement for the year ending 31.12.2019 of Rantharu sports club. (02)

(iii) The Trial balance of Asela's business as at 31.12.2019 is as follows.

Description	Debit Rs.	Credit Rs.
Motor vehicle on cost	400 000	
motor vehicle provision for depreciation as at 01.01.19		120 000
stock as at 01.01.2019	25 000	
purchases	215 000	
sales		318 000
debtors	60 000	
creditors		42 000
salaries	35 000	
electricity	12 000	
bad debts	4 000	
discount allowed	2 000	
15% bank loan		200 000
loan interest	23 000	
bank charges	1 000	
cash balance	43 000	
bank balance	160 000	
capital		300 000
	980 000	980 000

Additional information.

- * The stock as at 31.12.2019 is Rs. 32 000
- * Motor vehicle should be depreciated 10% per annum on straight line method.
- * Accrued salary is Rs. 2 500 as at 31.12.2019

Required.

- The profit or loss statement for the year ending 31.12.2019.
- The statement of financial position as at 31.12.2019. (08)

Grade 11**Business & Accounting Studies****Answer sheet - Part I**

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

(40 marks)

Part II

01. (i) (a) Sole proprietorship / private sector business / profit oriented business (01)
- (b) need - health want - face masks ($\frac{1}{2} \times 2 = 01$)
- (ii) (a) Global environment
- political environment ($\frac{1}{2} \times 2 = 01$)
- (b) Opportunity - spreading covid - 19 pandemic
- The government imposes rules making it mandatory to wear face masks.
- Strength - owners experience regarding the garments field
- having an adequate capital
- having well experienced employees. ($\frac{1}{2} \times 2 = 01$)
- (iii) (a) medium - three wheeler
- way - road ways ($\frac{1}{2} \times 2 = 01$)
- (b) owner / Yasanath Bandara / employees / helper / bank / other shops ($\frac{1}{2} \times 2 = 01$)
- (iv) (a) Planning - deciding to enhance the business activities
- deciding to sew safety suits
- Organizing - recruiting 02 employees
- recruiting a helper. ($\frac{1}{2} \times 2 = 01$)
- (b) A - price
- B - place / distribution ($\frac{1}{2} \times 2 = 01$)
- (v)
- | | | | | |
|------------|---|------------|---|-----------------------------|
| Assets Rs. | = | Equity Rs. | + | Liabilities Rs. |
| + 500 000 | | + 500 000 | | - ($\frac{1}{2}$) |
| + 240 000 | | + 240 000 | | - ($\frac{1}{2}$) |
| + 200 000 | | - | | + 200 000 ($\frac{1}{2}$) |
| + 940 000 | = | 740 000 | + | 200 000 |
- or
- | | | | | |
|---------|---|---------|---|-------------|
| Assets | = | Equity | + | Liabilities |
| 940 000 | = | 740 000 | + | 200 000 |
- (vi) (a) Purchases invoice - purchases journal ($\frac{1}{2} \times 2 = 01$)
- (b) Rs. 60 000 or
- purchases on cash 50 000
- purchases on credit 10 000 (01)

$$(vii) (a) \quad 240\,000 \times \frac{1}{100} \times \frac{1}{12} \quad (\frac{1}{2})$$

Rs. 2 000 (01)

(b) Machine depreciation account Dr. 2 000
 provision for depreciation of machines Acc Cr. 2 000 (01)

(viii)

Cash account

bank loan	200 000	purchases clothes	50 000
		other materials	6 000
		packing	4 000
		electricity bill (monthly)	3 000
		machine operators salary	60 000
		helper's salary	20 000
		b/c/f	57 000
	200 000		200 000
b/b/f	57 000		

(02)

(ix) (a) clothes 60 000
 salary 60 000
 packing cost 4 000
 other materials 6 000
 electricity 3 000
 helper's salary 20 000
 machine depreciation 2 000
 production cost 155 000

(01)

$$(b) \quad \text{Per unit cost} = \frac{155\,000}{1\,000} = 155$$

$$\text{selling price} = \text{Rs. } 155 + \left(155 \times \frac{20}{100} \right)$$

$$= \text{Rs. } 186$$

(01)

$$(x) (a) \quad 155\,000 \times \frac{20}{100} \quad 155 \times \frac{20}{100}$$

Rs. 31 000

Rs. 31

Rs. 31 x 1 000

(01)

Rs. 31 000

(02)

(b)	opening equity	+	net profit	=	closing equity	
	740 000	+	31 000	=	771 000	(01)

Part I - Business Studies

02. (i) (a) The things which are essentially fulfilled by a human being for the existence (01)
 (b) being essential / being common / can't be created, being limited. (01)
- (ii) (a) ✓ (b) x (c) ✓ (d) x (02)
- (iii) (a) Land - sunlight, Air, water, farming land
 Labour - grape growers labour, Trade employees labour
 Capital - machinery, cash, factory, raw material stock (grapes)
 entrepreneur ship - owners business knowledge. (01)
 (b) grape growers, traders, customers, owner, government, community. (01)
- (iv) (a) commodity manufacturing business (01)
 (b) having many competitors (01)
03. (i) (a) according to objectives, according to ownership, according to scale (01)
 (b) having a democratic control
 voluntary and open membership
 collective ownership of members
 having common needs and objectives (01)
- (ii) (a) x (b) x (c) ✓ (d) x (02)
- (iii) (a) Drawer - Siridasa
 Drawee - Peoples bank - Matara
 Payee - Piyadasa (01)
- (b)
- Bank of Ceylon - Maharagama
 Account payee only

or

Bank of Ceylon - Maharagama
 Account payee only. (02)
- (iv) (a) Can be used upto destination.
 Can be used at any time of the day.
 Can keep an own transportation service. (01)
- (b) massage - Send a stock of water bottles
 medium - electronic / written
 reaction - Rukantha acts to send water bottles
 feed back - Informed to Kanthi via a SMS that he will send water bottles by a lorry. (01)

04. (i) (a) planning is the process of determining the objectives of a business and determining the activities to achieve these objectives. (01)
- (b) The share of the market consisting of consumers that a business can satisfy in a more attractive and profitable way is the target market. (01)
- (ii) (a) ✓ (b) x (c) ✓ (d) x (02)
- (iii) (a) Organizing
(b) controlling
(c) planning
(d) leading (02)
- (iv) (a) Any individual investing a certain amount from her / his earned income as savings in an effective method with an expectation of earning an economic return. (01)
- (b) To protect the investors by maintaining in a fair manner. (01)

Part II - Accounting

05. (i) (a) Arose as a result of a past transactions and when settling the due amount the resources will flow out from the business and having a current obligation. (01)
- (b) debtors account, furniture acc. , cash account. (01)
- (ii) (a) obtained a bank loan Rs. 50 000
(b) purchased a trade stock Rs. 10 000 on credit. (02)
- (iii) (a)

	Assets	=	Equity	+	Liabilities	
02	+ 20 000 cash		- 4 000 interest		+ 16 000 bank loan	(01)
03	- 28 000 cash		+ 2 000 discount received		- 30 000 creditors	(01)
04	- 4 000 cash		- 4 000 electricity			(½)
05	- 50 000 cash + 50 000 furniture					(½)

- (b) Cash balance Rs. 73 000 (01)

- (iv) Purchase Journal

Date	Invoice No	Supplier	Total value	L.P.
01/05	125	Perera	48 000	
01/20	1050	Silva (½)	51 000	
01/30	Debited to purchases		99 000 (½)	

Purchases Acc.

Date	Description	L.P	Total	Date	Description	L.P	Total	
1/31	Creditors acc.		99 000					(½)

Sales Journal

Date	Invoice No.	buyer	Total value	L.P.
01/12	468	Udara	21 000	
01/15	469	Sudhara (½)	28 000	
01/31	Credited to the sales Acc.		49 000 (½)	

Sales Acc.

Date	Description	L.P.	Amount	Date	Description	L.P.	Amount	
				1/31	Debtors Acc.		49 000	(½)

Profit or Loss statementIncome & Expenditure Account

06. (i) Prepared by profit oriented business
calculate the profit or loss
- (ii) Increases
receiving income
investing additional capital
- Decreases
Incurring expenses
drawings
- (iii)

prepared by not for profit organization
calculate the surplus or deficit (02)

(01)

(01)

Suspense Account

difference	4 500	advertising	4 500	(½)
	<u>4 500</u>		<u>4 500</u>	

General Journal

		Debtors Account	Dr		12 000		
		Sales account	Cr			12 000	(01)
		Advertising Account	Dr		4 500		
		Suspense Account	Cr			4 500	(01)
		Motor vehicle repair Account	Dr		4 800		
		Motor vehicle Account	Cr			4 800	(01)

(04 m)

(iv)

Adjusted bank Acc.			
b/b/f	(1/2) 42 000	bank charges	1 000 (1/2)
remittances	(1/2) 4 000	b/c/f	45 000
	<u>46 000</u>		<u>46 000</u>
			(1 1/2)

Bank Reconciliation statements

balance of adjusted bank acc.		45 000	
+ unpresented cheques	30 000	30 000	(1)
		75 000	
- unrealized cheques	40 000	(40 000)	(1)
Balance of the bank statements		<u>35 000</u>	(1 1/2)

(4)

07. (i) (a) Trade Account (01)
- (b) bad debts Acc. Dr (01)
- Debtors Acc. Cr.

(ii)

Rantharu Sport Club
Income statement for the year
ended 31.12.2019 (1/2)

<u>Income</u>			
subscription fee	10 000	10 000	(1/2)
<u>Expenses</u>			
electricity	2 000		
sportsmeet expenses	4 000	6 000	(1/2)
surplus		<u>4 000</u>	(1/2)

(02)

(iv)

Asela's business
The profit or loss statement
for the year ended 31.12.2019 (½)

Sales			318 000	
Stock as at 1.1.2019		25 000		
purchases		215 000		
cost of goods to be sold		240 000		
- stock as at 31.12.2019	(½)	(32 000)	(208 000)	(½)
cost of sales			110 000	(½)
gross profit			-	
			110 000	
<u>Distribution cost</u>				
MV Depreciation	(½)	40 000		
bad debts		4 000		
discount allowed		2 000	46 000	
<u>Administration Cost</u>				
Salary	(½)	37 500		
electricity		12 000	49 500	
<u>Financial expenses</u>				
bank loan interest	(½)	30 000		
bank charges		1 000	31 000	(126 500)
net loss transferred to the capital Acc.			(16 500)	(½)

Asela's business
The statement of financial
Position as at 31.12.2019 (½)

	Cost	Accumulated Depreciation	Net value	(½)
<u>Non current Assets</u>				
Motor vehicles	400 000	160 000	240 000	(½)
	400 000	160 000	240 000	(½)
<u>Current Assets</u>				
Stock 31.12.2019		32 000	(½)	
debtors		60 000		
cash balance		43 000		
bank balance		160 000	295 000	
Total Assets			535 000	
Capital		300 000		
(-) net loss	(½)	(16 500)	283 500	
<u>Non current liabilities</u>				
15% bank loan		200 000	200 000	
<u>Current liabilities</u>				
Creditors		42 000		
accrued salary		2 500	(½)	
accrued loan interest		7 000	(½) 51 500	
			535 000	