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Provincial Department of Education - NWP

දෙවන වාර පරීක්ෂණය - 2025
Second Term Test - 2025

Garde 10 | **BUSINESS & ACCOUNTING STUDIES - I,II** | **Three Hours**

Name / Index No. :

Instructions:

BUSINESS & ACCOUNTING STUDIES - I

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

- **Using following case, answer question no 01 - 06**

Mr. Jayaweera Tayalath, Who retired from working as a technical training consultant in the engineering corporation, started a motor vehicle repair training school by naming "Techwin Acadamy". According to the nature of his business, the necessary legal documents were obtained from the relevant institutions. Vehicle engines required for training activities were imported from Japan.

01 What is the human need that Techwin Acadamy" fulfilled.
(1) Clothes (2) Housing (3) Education (4) Transportation

02 What is the type of business Organization that "Techwin Acadamy" relates to ?
(1) Partnership (2) Incorporated companies
(3) Sole proprietorship (4) Corporation

03 Select the correct statement relates to "Techwin Acadamy"
(1) It's is not mandatory to register this business name
(2) It is having a legal personality of this business
(3) The liability of Jayaweera Tayalath is being limited.
(4) This business is a service providing business

04 It is not a sub objective of "Techwin Acadamy"
(1) Earning profits (2) Employees welfare
(3) Social welfare (4) Increasing the quality of service

05 What is the factor of production that "motor vehicle engines" relate to?
(1) Land (2) Labour (3) Capital (4) Entrepreneurship

06 What is the factor of environment which is the registration of business name of a business.
(1) Economic environment
(2) Legal environment
(3) Political environment
(4) Technological environment

07 Select a contribution expected by a business from the government as a stakeholder.
(1) Contributing adequate capital
(2) Taking correct decisions
(3) Supplying raw materials in time
(4) Providing business friendly incentives

08 It is the government's expectation to produce electricity using wind power and add it to the national power system. The factor of production relates to 'wind' is,
(1) Land (2) Labour (3) Capital (4) Entrepreneurship

09 Select a correct adjustment
(1) Financial institutions - Obtaining quality products
(2) Suppliers - Securing orders continuously
(3) Competitors - Providing more loans
(4) Employees - Earning a sufficient profit

10 What is the business environment factor related to the increasing of the dollar against the Sri Lankan Rupee?
(1) Global environment (2) Economic environment
(3) Technological environment (4) Political environment

11 Select the incorrect statement,
(1) The business activities have changed due to changes in the technological environment factors .
(2) Accounts kept in book in the past are now maintained using computers and information systems.
(3) The government of a country is mainly responsible for setting economic policies.
(4) Foreign exchange rate relates to the global environment.

12 A positive impact from the global environment on domestic business is?
(1) Instability of the existence of domestic businesses
(2) Domestic skilled workers migrating to foreign countries
(3) Inflow of foreign capital
(4) Creating a highly competitive environment

13 Samitha, who conducts a constructing business has submitted following statements.
A - Specialized production method is an opportunity for the business
B - Scarcity of trained workers is a weakness for the business
C - Knowledge about new technologies not been update is a threat for the business.
Out of the above statements.
(1) All A, B, C statements are false (2) Only B is true
(3) Only A and B are true (4) Only B and C are true

14 The relationship among individuals conducting a business in common with an objective to earn profit is known as
(1) A partnership (2) A Corporative society
(3) An incorporated company (4) An other association

15 It is not an advantage of registering business name,
(1) Provides a legal personality to the business
(2) Provides an identity to the business
(3) Provides an ownership of the business name
(4) Easy to obtain loans

16 Select the incorrect statement relates to incorporated companies,
(1) For the registration of a company the relevant documents must be completed and given to the provincial council.
(2) The liability of shareholders in respect of debts and other obligations of a company is unlimited
(3) A company is not considered a legal person on behalf of the law.
(4) An incorporated company can raise capital by issuing shares.

17 Wishwa said that his father works in an organization that will be directly and fully governed by the government. His father's place of duty may be,
(1) Sri Lanka Railway Department (2) Sri Lanka Rupavahini Corparation
(3) Sri Lanka Ports Authority (4) Sri Lanka Transport Board

18 The minimum number of members required to start a co-operative society is,
(1) 20 (2) 10 (3) 15 (4) 07

19 Nethmi prefers to take individual decisions and decides to commence a business. The type of business organization suitable to start for her is,
(1) Partnership (2) Corporative societies
(3) Incorporated companies (4) Sole proprietorship

20 The authorized officer to register the business name of a provincial council is,
- (1) The secretary of the provincial council
- (2) The business name registrar of the provincial council
- (3) The director of business activities of the provincial council
- (4) The Commerce registrar of the provincial council

21 Accounting is needed both profit oriented and not for profit businesses, The main objective of accounting is,
- (1) To know whether the financial position of the business
- (2) To fulfill legal requirements
- (3) To prepare future plannings
- (4) To provide useful information to the interested parties of a business for their decision making.

22 In accounting, various transactions and events would be considered. select an event of a business from followings,
- (1) Obtaining a bank loan Rs. 50,000 (2) Paying electricity bill Rs. 5,000
- (3) Sold trade stock Rs. 25,000 (4) It was damaged a trade stock Rs. 5,000

* Using following information answer the question no 23 - 24
- A - Arose as a result of a past transaction
- B - Having a present obligation
- C - Controlled by the business
- D - Future economic benefits will flow into the business

23 What is the common characteristic relevant to both assets and liabilities
- (1) A only (2) B only (3) C only (4) D only

24 Select the answer which includes the characteristic of assets only,
- (1) A, B, C only (2) A, B, D only (3) A, C, D only (4) B, C, D only

25 Select a current liability,
- (1) Debtors (2) Creditors (3) Bank loan (4) Employees salary

26 Impact of a transaction to the accounting equation is as follows,

Assets (Rs)	=	Equity (Rs) + liabilities (Rs)
- 20,000	=	- - 20,000

The transaction should be,
- (1) Paying electricity bill Rs. 20,000 (2) Paying to debtors Rs. 20,000
- (3) Obtaining a bank loan Rs. 20,000 (4) Paying to creditors Rs. 20,000

27 "Owner has withdrawn Rs. 5,000 from the business drawings, As above transaction,
- (1) Decrease assets and equity (2) Increase assets and equity
- (3) Decrease assets and liabilities (4) Increase liabilities and equity

28 Calculate the equity as at 31.12.2024, using followings information of a certain business,
- Income for the year Rs. 120,000
- Expenses for the year Rs. 90,000
- Investing additional capital Rs. 50,000
- Capital as at 01-01-2024 Rs. 300,000

(1) Rs. 350,000 (2) Rs. 380,000 (3) Rs. 420,000 (4) Rs. 470,000

29 The related types of accounts that "increase-credit" and decrease-debit,
- (1) assets and income (2) liabilities and expenses
- (3) liabilities and equity (4) Assets and expenses

30 Match the column 'X' with column 'Y'

'X'	'Y'
(1) Assets	A- Bank loan account
(2) liabilities	B- Electricity charges account
(3) Equity	C- Cash account
(4) Expenses	D- Drawings account

(1) C, D, B, A (2) C, A, D, B (3) C, B, D, A (4) A, B, D, C

31 Select the income account, out of followings,
(1) Sales account (2) Purchase account (3) Cash account (4) Capital account

32 Below is how a certain transactions is recorded,

Bank loan account Dr. 10,000 - Cash account Cr. 10,000

Select the transaction for above double entry

(1) Received a Bank loan Rs. 10,000
(2) Paid a Bank loan Rs. 10,000
(3) Deposited cash Rs. 10,000 in the bank account
(4) Withdraw of cash Rs. 10,000 from the bank account

33 Select the correct double entry for 'sold trade stock Rs. 15,000 on credit'

(1) Sales account	Dr	Rs. 15,000	Debtors account	Cr	Rs. 15,000
(2) Debtors account	Dr	Rs. 15,000	Sales account	Cr	Rs. 15,000
(3) Sales account	Dr	Rs. 15,000	Creditors account	Cr	Rs. 15,000
(4) Creditors account	Dr	Rs. 15,000	Sales account	Cr	Rs. 15,000

34 Select the correct double entry principle for 'received commission income Rs. 5,000 to the business'

(1) Assets increases Debit - Income increases credit
(2) Cash account Debit - Commission income account credit
(3) Commission received account Debit - Cash account credit
(4) Assets increases Debit - Equity increases credit

35 Following are some statements relate to prime entry books,

I) Each records in prime entry books are posted into the ledger accounts
II) Each prime entry book is a balanced off
III) Each prime entry book has a source document

according to above information,

(1) I, II correct and III false (2) All I, II and III are false
(3) I, III correct and II false (4) I, II false and III correct

36 After balancing off the bank account of Nimsara's business on 31-01-2025, there was a credit balance of Rs. 10,000. It is in that business,

(1) a liabilities (2) an assets (3) an equity (4) an income

37 Match the column 'A' with column 'B'

'A'	'B'
(1) Cash book	A- Invoice
(2) Bank account	B- Journal voucher
(3) Purchases journal	C- Deposit slip
(4) General journal	C- Payment voucher

(1) B, C, A, D (2) C, A, D, B (3) D, C, B, A (4) D, C, A, B

38 Wishwa has paid the electricity bill of his own's house Rs. 10,000 from the business cash'. What is the related double entry for it.

(1) Electricity charges acc	Dr	-	Wisha's Account	Cr
(2) Electricity charges acc	Dr	-	Cash Account	Cr
(3) Drawings charges acc	Dr	-	Cash Account	Cr
(4) Drawings charges acc	Dr	-	Electricity charges acc	Cr

39 The sales account relates to,

(1) Expenses account (2) Assets account (3) Income account (4) Liability account

40 Amaya's business paid insurance charges Rs. 7,000 by a cheque

The related double entry is,

(1) Insurance charges Acc Dr Rs. 7,000
Cash book Cr Rs. 7,000

(2) Insurance charges Acc Dr Rs. 7,000
Bank account Cr Rs. 7,000

(3) Cash book Dr Rs. 7,000
Bank account Cr Rs. 7,000

(4) Cash book Dr Rs. 7,000
Insurance charges Acc Cr Rs. 7,000

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Second Term Test - 2025

Garde 10 | **BUSINESS & ACCOUNTING STUDIES - I, II**

Name / Index No. :

BUSINESS & ACCOUNTING STUDIES - II

Instructions:
- **Including question 01 answer 05 questions selecting two questions from each of the parts I & II .**
- **As instructed , answer 05 questions only, Any extra questions answered, if not struck off by the candidate himself/herself, will be crossed out by the examiner, without being marked.**

*** Using following case, answers the question no I to X**

01. Chamuditha who has followed an entrepreneurship course conduced by the Vacational Training Authority was started a business which buys and distributes concrete flower pots on 01-06-2025 by naming 'Unique Pots'. For this he invested Rs. 500,000 and started it in a rented building near the main road. On that day he obtained a bank loan Rs. 500,000 at 10% annual interest rate.

following transactions occured during the month of une.

Date	Transaction	Rs.
2025/06/05	Purchased flower pots	60,000
2025/06/05	Transportation expenses	1,500
2025/06/10	Purchased Furniture	35,000
2025/06/12	Flower pots sales	12,000
2025/06/15	Credit sales flower pots	8,000
2025/06/20	Paid rent	15,000
2025/06/25	flower pots sales	7,000
2025/06/27	Electricity expenses	3,000
2025/06/29	Drawings of Chamuditha	5,000

** Chamuditha has decided to start a new business named 'My Garden' by joining his sister Chalani, who is commencing a plant nursery in the near future.

(i) (a) State 02 factors of production can be seen in 'Unique Pots' business.
(b) Write a strength and an opportunity of this business.

(ii) (a) What is the types of business organization that 'Unique Pots' business related to according to objective and the ownership ?
(b) Write 02 characteristics of this business in terms of ownership.

(iii) Should 'Unique Pots' business be registered? Write the reason for your answer.

(iv) (a) What is the type of business organization that 'Vocational Training Authority' relate to?
(b) State 02 characteristics of that type of business organization.

(v) (a) Name the suitable type of business organization for 'My Garden' business which is decided to start by Chamuditha in near future.
(b) State an act that would affect to these type of business organizations.

(vi) Write the accounting equation as at 01-06-2025 after receiving the bank loan of 'Unique Pots' business

(vii) (a) Write the double entry for the transaction occured on 15-06-2025
(b) Show above double entry in accounts

(viii)(a) Prepare the sales account of this business as at 30-06-2025
(b) Write the double entry for the transaction occured on 29-06-2025

(ix) (a) Write a related transaction for increasing both liability and assets of this business
(b) Write the double entry with values that the transaction relates to receive the bank loan.

(x) Calculate the cash balance of Unique Pots as at 30-06-2025.

(2×10 = 20 Marks)

Part I - Business Studies

* **Answer only 02 questions.**

02. (i) (a) Write 02 objectives that can be seen in common in a business.
(b) Briefly describe, what is a service?

(ii) State whether the following statements are True or False
(a) Banks are commodity manufacturing businesses.
(b) The mental and physical contribution in a business can be considered as entrepreneurship.
(c) Business operations are conducted by the massagers
(d) Needs can be created by businessmen.

(iii) Chamodi runs a cinnamon tea producing business near Madu ganga and sells them to local and foreign tourists.
(a) Write 02 stake holders of Chamodi's business.
(b) Select one of the parties above and write 02 reasons for showing such affection.

(iv) Gangul runs a shoe producing business by using processed leather.
(a) Write is the human need that Gangul's business fulfilled?
(b) What is the factor of production that processed leather relates to?

(2×4 = 08 Marks)

03. (i) (a) Define a business organization.

(b) Name 02 criteria that can be classified business organizations.

(ii) State whether the following statements are True or False

(a) Cooperative societies relate to public sector business organizations

(b) The owners of the incorporated companies are shareholders

(c) It should be registered the business name within 14 days of commencing a sole proprietorship

(d) The departments have not to conduct activities by accordance with the provisions in government financial regulations.

(iii) 23 specialist doctors joined together and started a specialist medical center called 'Suwa Medura' without an agreement by investing Rs. 10,000 each as capital.

(a) Name 02 acts violated in the above case and briefly write their legal status.

(iv) Name 02 relevant applications forms, from the divisional secretariat office to register a sole proprietorship (2×4 = 08 Marks)

04. (i) Classify the business organizations according to ownership and write an example each:

(ii) State whether the following statements are True or False

(a) A portion of the profits earned by a state corporation will be credited to the consolidated fund of the government.

(b) By registering a business name it does not provide an ownership of the business name

(c) The liability of shareholders of an incorporated company are not limited to the amount of capital they have invested in the company

(d) A cooperative society should adhere only to the stipulated cooperative policies.

(iii) The invested capital of Sandalanka company Limited is Rs. 20 million and the number of employees are 34.

(a) Write 02 criterion used to classify above Sandalanka Ltd according to scale,

(b) What is the type of business organization that Sandalanka Ltd relates to according to the census and statistics department and according to the scale,

(iv) Departments are fully owned by the.. and the provide essential .... to the public, The required funds will be allocated by the annual ....of the government head of the department should represent the department using his ....

* Write the suitable words for above blanks. (2 x 4 = 08 marks)

Part II - Accounting

**** Answer 02 questions only.**

05. (1) Following transaction occured in Ayal's business during the month of January 2025.

(i) Invested cash as capital Rs. 100,000
(ii) Purchased trade stock for resale Rs. 20,000
(iii) Received a bank loan Rs. 120,000
(iv) Owner has withdrew cash Rs. 5,000 from the business for his personel uses.
(v) Paid salary Rs. 20,000
(vi) Received rent income Rs. 10,000

(a) Show the impact of above transaction in the accounting equation by using the following table (01st transaction has been done for you as an example)

Transaction no	Assets (Rs.) =	Equity (Rs.) +	Liabilities (Rs.)
(i)	+ 100,000 cash =	+ 100,000 capital	-
(ii)	....	....	....
(iii)	....	....	....
(iv)	....	....	....
(v)	....	....	....
(vi)	....	....	....

(05- Marks)

(b) (i) Name the dual functions of a bank account (02- Marks)

(ii) Write the related double entries for following transactions of Nadula's business

(i) Received a bank loan Rs. 100,000
(ii) Purchased trade stock for resale Rs. 40,000 on credit
(iii) Sales on cash Rs. 30,000
(iv) Paid employees salary Rs. 15,000
(v) Invested additional capital Rs. 50,000 (05- Marks)

(Total 12 - Marks)

06. (i) Name 02 source documents which are used to record transactions in cash book,
(02- Marks)

(ii) * Paid Rs. 20 for purchasing a pen
* Purchasing trade stock Rs. 5000 from Kamal

** Name the relevant 02 prime entry books and relevant 02 source documents for above 02 transactions (02- Marks)

(iii) following transactions relate to Deeghayu's business for the month of May 2025

05/01 Invested cash Rs. 400,000 as capital

05/10 Obtained a bank loan Rs. 50,000

05/14 Purchased trade stock Rs. 15,000

05/18 Paid bank loan installment Rs. 10 000

(a) Record above transactions in the cash book (04- Marks)

(b) Post them - into ledger accounts (04- Marks)

(Total 12 - Marks)

07. (i) Name 02 source documents which are used to record transactions in bank account.

(02- Marks)

(ii) What is a bank overdraft? (02- Marks)

(iii) following transactions relate to the bank current account of Saranga's business

(1) 2025/01/01 Opened the bank current account by depositing Rs. 50,000

(2) 02025/01/10 Paid employees salary Rs. 12,000 by issuing a cheque.

(3) 2025/01/15 Received a cheque Rs. 16,000 from a debtor and deposited it on the same day

(4) 2025/01/25 Deposited cash Rs. 18,000 in the bank.

(a) Prepare the bank account and calculate the balance as at 31-01-2025 (04- Marks)

(b) Posting the relevant transactions into the ledger (02- Marks)

(Total 12 - Marks)

ANSWER PAPER - I

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

(Marks 01x40=40)

ANSWER PAPER - II

01. (i) (a) Entrepreneurship - Chamuditha
* Capital - Cash, furniture, flower pots (01-Marks)

(b) Strength - Chamuditha has followed an entrepreneurial course. (01-Marks)

(ii) (a) According to objective - profit oriented businesses
According to ownership - private sector

(b)
- Capital is provided by a single person
- Profit or losses to be born alone
- Unlimited liability of the owner
- No legal personality
- No continued existence
- Not mandatory to register

(iii) Yes (01-Marks)
The business is conducting in a different name other than the owners full name of its owner, it is mandatory to register the name of the business. (01-Marks)

(iv) (a) State corporation

(b)
- ownership and governed by the government
- having a legal personality
- having a continued existence
- Commenced under a special or general act of a parliament (01-Marks)

(v) (a) Partnership

(b)
- Minimum and maximum partners are 2 - 20,
- having an unlimited liability
- not mandatory to register
- not having a continued existence
- having a partnership agreement
- not having a legal personality (01-Marks)

(vi) (a)

assets (Rs.)	=	equity (Rs.)	+	liabilities (Rs.)
500,000 (cash)	=	500,000 (capital)	+	
500 000 (cash)	=	-	+	500 000 (loan)
1,000,000	=	500 000	+	500 000

(02-Marks)

				Rs	
(vii)	(a)	Debtors account	- Dr	8 000	
		Sales account	- Cr	8 000	(01-Marks)

(b)

debtors account

06/15	Sales	8 000 ½	

Sales account

	06/15	debtors	8 000 ½

(viii) (a)

Sales account

	06/12	Cash	12,000
	06/15	debtor	8,000
	06/25	Cash	7,000

(01-Marks)

(b)	Drawings account	- Debit	Rs. 5, 000	
	Cash account	- Credit	Rs. 5, 000	(01-Marks)

(ix)	(a)	received a bank loan	Rs. 500,000	(01-Marks)
	(b)	cash account - Dr	Rs. 500,000	
		bank loan account - Cr	Rs. 500,000	(01-Marks)

(x)

Cash Book

2025			2025		
06/01	Capital	500,000	06/05	Purchases	60,000
06/01	Bank loan	500,000	06/05	Transportation	1,500
06/12	Sales	12,000	06/10	Furniture	35,000
06/25	Sales	7,000	06/20	Rent	15,000
			06/27	Electricity	3,000
			06/29	Drawings	5,000
			06/30	B/C/F	899,500
		1,019,000			1,019,000
07/01	B/B/F	899,500			

(02-Marks)

02. (i) (a) Earning profit

Increasing the customer satisfaction

(b) Any activity or a process rendered to customers by a business in order to fulfill their needs and wants are known as services.

(ii) (a) False (b) False (c) True (d) False

(iii) (a) Owner - Chamodi

customers - Local & Foreign Tourist

(b) Owner - Security of the investment
- Earning sufficient profit
- Future growth of the business

Customers - Receiving products at a reasonable price
- Receiving quality products

(iv) (a) Clothes
(b) Capital

03. (i) (a) An individual or group of individuals working together to produce goods and services required to fulfill human needs and wants. (01-Marks)

(b) According to ownership
According to objective
According to scale (½×2 = 1 Marks)

(ii) (a) False (b) True (c) True (d) False
(½×4 = 2 Marks)

(iii) * Prevention of fraud ordinance.
* If the initial capital of the partnership is greater than Rs. 1,000 , a partnership is required to be conducted under a written agreement.

* The companies Act No 07th of 2007.
There should be 02 partners minimum and a maximum of 20 partners to commence a partnership.
* Business name ordinance
If a partnership is conducted under a different name other than owner's full names, the business name should be registered.

For 02 reasons - 01 Mark
For 02 descriptions - 01 Mark

(iv) * An application form to register the business name
* An application form to obtain the required report from grama niladhari
(02x01=2 Mark)

04. (I)

Business Organizations

- Private
  - Sole proprietorships
  - Partnership
  - Incorporated companies
  - Corporative societies
  - Other organizations
- Public
  - State companies
  - State corporations
  - State departments

To classification - 01 Mark
To examples - 01 Mar

(ii) (a) True (b) False (c) False (d) True (½×4 = 2 Marks)

(iii) (a) The amount of capital invested
No. of employees (½×2 = 1 Marks)
(b) A large scale business organization (01-Marks)

(iv) (a) Government (01-Marks)
(b) Common Services / Service
© Budget
(d) Desigantion (½×4 = 2 Marks)
(Total 12-Marks)

05. (I) (a)

Transaction No	Assets	= Equity	+ Liabilities
(i)	Answer is given		
(ii)	- 20,000 Cash		
	+ 20,000 Stock		
(iii)	+ 120,000 Cash		+ 120,000 Bank loan
(iv)	- 5,000 Cash	- 5,000 Drawings	
(v)	- 20,000 Cash	- 20,000 Salary	
(vi)	+ 10,000 Cash	+ 10,000 Rent income	

(05-Marks)

(b) performs the function as a prime empty book
performs the function as a ledger account (02-Marks)

(ii) (i) Cash book debit 100,000
Bank loan account credit 100,000
(ii) Purchase account debit 40,000
Creditors account credit 40,000
(iii) Cash book debit 30,000
Sales account credit 30,000
(iv) Salary account debit 15,000
Cash book credit 15,000
(v) Cash book debit 50,000 (05- Marks)
Capital account credit 50,000 (Total 12-Marks

06. (I) Receipt
Payment voucher (02-Marks)

(ii) Peaty cash book - Peaty cash payment voucher
Purchase journal - Purchase invoice (02-Marks)

(iii)

Cash Book

05/01 05/10	Capital Bank loan	400,000 50,000	05/14 05/18	Purachers Bank loan	15,000 10,000

(04-Marks)

Capital account

			05/01	Cash Book	400,000

Bank loan account

			05/10	Cash Book	50,000

Furniture account

05/02	Cash Book	100,000			

Purchases account

05/14	Cash Book	15,000			

(04- Marks)
(Total 12-Marks)

07. (i) Deposit Slip, Payment voucher, Bank statement, Cheque counterfoil, Cheque return notification (1×2 = 2 Marks)

(ii) When cheques are issued in excess of the existing bank balance and when the bank makes payment on them. the account holder becomes a debtor to the bank and that debit balanc is known as the bank overdraft. (02 Marks)

Bank Account

Date	Description	LP	Amount	Date	Description	LP	Amount	
01/01	Cash book		50,000 ½	01/12	Salary account		12,000	**01**
01/15	Debtors Account		16,000 **01**					
01/25	Cash book		<u>18,000</u> ½	01/31	b/c/f		<u>72,000</u>	**01**
			<u>84,000</u>				<u>84,000</u>	
02/01	b/b/f		72,000					

(04- Marks)

Cash book

Date	Description	LP	Amount	Date	Description	LP	Amount	
				01/01	Bank account		50,000	**01**
				01/25	Bank account		18,000	**01**

Salary account

Date	Description	LP	Amount	Date	Description	LP	Amount
01/12	Bank account		12,000 **01**				

Debtors account

Date	Description	LP	Amount	Date	Description	LP	Amount	
				01/15	Bank account		16,000	**01**

(04- Marks)
(Total 12-Marks)