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Second Term Test - 2025

Grade - 11

BUSINESS & ACCOUNTING STUDIES - I, II

Three Hours

Name / Index No :

Additional Reading Time 10 minutes

*** Use additional reading time to go through the question paper, select the questions and decide on the questions that you give priority in answering.**

Instructions:

BUSINESS & ACCOUNTING - 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 the questions no. 01 to 05.**

Sri Nimal, Who worked in Sri Lanka Television corporation, started a You tube channel called 'Mal Production'. He creates short films based on current events and released them on the internet.

01. What is need that is not fulfilled by 'Mal Production' You tube channel ?
(1) Education (2) Entertainment (3) Communication (4) Health
02. 'Mal Production' You tube channel is ?
(1) a partnership (2) a company (3) a sole partnership (4) a corporation
03. The correct statement that 'Mal Production' business relates to?
(1) It is not mandatory to register this business
(2) This business is a service providing business
(3) This business has not having a legal personality
(4) This business has not having a continued existence
04. The incorrect statement that the 'Sri Lanka Television Corporation' relates to,
(1) No need to adhere to financial regulations of the government.
(2) It is commenced under a general or special Act of the parliament.
(3) Not having an independence in decision making.
(4) Managed by a board of directors appointed by the government.
05. What is the most suitable communication medium that the You tube channel communication method relates to?
(1) Written (2) Verbal (3) Symbols & signs (4) Electronic verbal
06. Select the correct adjustment ?
(1) Government - securing orders continuously
(2) Customers - receiving a fair salary
(3) Suppliers - obtaining money without any delay
(4) Financial institutions - to face competition.

- 07 Select the answer which includes only external environmental factors -
- (1) Customers, Competitors, Suppliers
 - (2) Competitors, Managers, Employees
 - (3) Employees, Customers, Competitors
 - (4) Competitors, Owners, Employees
- 08 It is not a difference of technical environment,
- (1) Producing fabric at a low cost within a short period of time by using modern machines
 - (2) Use emails instead of the normal mail
 - (3) Increasing bank interest rates by the central bank
 - (4) Accounting are used to record computer information systems.
- 09 Select the answer that includes only international credit card network
- (1) Visa, American Express, Pet
 - (2) American Express, Visa, Set
 - (3) American Express, Visa, Master
 - (4) American Express, Pet, Master
10. What is the first number, which is printed first from the left in the Magnetic Ink character recognition column?
- (1) Cheque number
 - (2) Bank number
 - (3) Bank branch number
 - (4) Bank account number
- 11 Select the incorrect statement related to insurance.
- (1) In insurance, the relevant insurance company is known as the first party.
 - (2) For life insurance, the principle of indemnity dose not apply.
 - (3) When a property or a life insured, the risk of those will not disappear.
 - (4) The life insurance deed can be used as a collateral when obtaining loans from financial institutions
- 12 In the process of communication, The feedback is introduced as,
- (1) How the person receiving the message act accordingly
 - (2) Information supplied by the sender
 - (3) The person receiving the message
 - (4) Reply, regarding the message sent from the receiver to the sender.
- 13 Following are same events related to the elements of transportation
- A - Constructing Matara - Katharagama Express way
 - B - Expanding the Colombo harbour
 - C - Purchasing 03 new air planes by a company
- Select the related event or events for 'Terminal'
- (1) A, B, C all
 - (2) C Only
 - (3) B Only
 - (4) B, C Only
- 14 A characteristic of retail trade is,
- (1) Trade discounts are often given in retail trade.
 - (2) Retail price is relatively low.
 - (3) Sells only one or limited types of goods.
 - (4) Selling goods and services for final consumption.

15 Match the column 'X' with the column 'Y'

X

Y

1. Planning

a - Teachers are leading the respective activities

2. Organizing

b - Finding out whether each activities were functioning according to the agenda.

3. Leading

c - Determining the date for the Art day

4. Controlling

d - Appointing committees for the function

(1) 1 - c, 2 - d, 3 - a, 4 - b

(2) 1 - d, 2 - c, 3 - a, 4 - b

(3) 1 - c, 2 - d, 3 - b, 4 - a

(4) 1 - d, 2 - c, 3 - b, 4 - a

16 In marketing, The activities related to the distribution of products to the consumers are known as,

(1) Price

(2) Place

(3) Products

(4) Promotion

17. Select the answer that includes only assets of a business

(1) debtors, cash, bank overdraft

(2) bank balance, creditors, stock

(3) motor vehicles, cash, bank balance

(4) building, debtors, bank loan

18. Received commission, received interest, investment income are caused to increase income of the business. Because of the income, it is,

(1) increased both assets and equity

(2) increased both assets and liabilities

(3) increased both equity and expenses

(4) decreased both liabilities and equity

19. "Owner has invested his private motor vehicle to the business" The dual impact of above event is,

(1) increase cash asset and increase equity

(2) increase motor vehicle asset and increase equity

(3) increase motor vehicle asset and decrease cash asset

(4) increase motor vehicle asset and increase cash asset

20. Select the transaction that is caused to decrease assets and increase assets,

(1) receiving a bank loan Rs. 1000,000

(2) Purchasing trade goods Rs. 10,000 from Kalana's business on credit.

(3) Owner has invested Rs. 100,000 to the business.

(4) Sold trade stock Rs. 1000,000 on credit

21. Sales account is,

(1) an expense account

(2) an asset account

(3) an income account

(4) a liability account

22. Bank overdraft, to the business is,

(1) an asset

(2) a liability

(3) an expense

(4) an income

23. Select the items include in the credit column of the bank statement

(1) Bank charges, cheque book charges, overdraft interest

(2) Payments on standing orders, bank charges, overdraft interest

(3) debtors direct remittances, interest received, overdraft interest

(4) dividend received, debtors direct remittances, interest received

24 Correct double entry to record discount received of Diyan Sanjana's business by paying to creditors

(1) Discount allowed acc Dr - Discount received acc Cr

(2) Diyan Sanjana's acc Dr - Discount received acc Cr

(3) Creditors account Dr - Discount received acc Cr

(4) Discount received acc Dr - Cash book Cr

- 25 Performs as a dual function in accounting,
 (1) Petty cash book (2) Purchases journal (3) Sales journal (4) General journal
- 26 After recording of trade goods purchased on credit in the purchases journal, each value will be credited separately into the respective account of the creditor The relevant answer for the above blank is,
 (1) According to the relevant date (2) End of the month
 (3) End of the year (4) End of the accounting period
27. Select the transaction which is recorded in sales journal
 (1) Sold goods which costed for Rs. 10,000 at Rs. 12,000
 (2) Credit sales of the computer which is used by the business Rs. 50,000
 (3) Sales on cash of trade goods Rs. 20,000
 (4) Sales on credit of trade goods Rs. 30,000
- 28 The relevant source document for the general journal is,
 (1) Invoice (2) Journal voucher
 (3) Payment voucher (4) cheque counterfoil
- 29 The list which is prepared at the end of the period by including all the debit and credit balances of ledger accounts is called as the,
 (1) Balance reconciliation statement (2) Trial balance
 (3) General journal (4) General ledger
- 30 Following is a double entry related to rectify an accounting error,
 Insurance charges account Dr - Rs. 8000
 Suspense account Cr - Rs. 8000
 The accounting error should be,
 (1) Paid insurance charges Rs. 8000 has been completely omitted from books.
 (2) Paid insurance charges Rs. 8000 has not been recorded in insurance account
 (3) Paid insurance charges Rs. 8000 has been credited to the insurance account
 (4) the balance in the insurance charges account of Rs. 8000 has not been extracted to the trial balance.
- 31 The total of the debit column of the trial balance of a business was Rs. 250,000. The total of the credit column was Rs. 235,000. What is the amount should be recorded in the suspense account?
 (1) Rs. 15,000 debit (2) Rs. 15,000 credit
 (3) Rs. 250,000 debit (4) Rs. 250,000 credit
- 32 Acc Pac, Quick Book, MYOB are,
 (1) Computer security software (2) Computer accounting software
 (3) Word processing software (4) software related to Computerized accounting
- 33 Monthly building rent of Sagara's business is for the Rs. 3,000. It is paid in cash Rs. 30,000 for the year ended 31-12-2024. The relevant double entry for the adjustment is,
 (1) building rent account Dr - Rs. 6000 accrued building rent account Cr - Rs. 6000
 (2) accrued building rent account Dr - Rs. 6000 building rent account Cr - Rs. 6000
 (3) building rent account Dr - Rs. 6000 cash book Cr - Rs. 6000
 (4) accrued building rent account Dr - Rs. 6000 cash book Cr - Rs. 6000

- 34 A certain business purchased a machine Rs. 500,000 on 2023/1/1. It is estimated useful life is 05 years and end of the useful life time. It's scrap value is Rs.50,000. What is the amount of depreciation for the year ended 31/12/2024 ?
- (1) Rs.320,000 (2) Rs.180,000 (3) Rs.100,000 (4) Rs. 90,000
- Using following information answer the question no. 35-40
- | | |
|--------------------------------------|------------|
| Stock as at 01//1/2024 | Rs. 30 000 |
| distribution motor vehicle (on cast) | Rs.120 000 |
| debtors | Rs. 35,000 |
| cash | Rs. 14,500 |
| creditors | Rs. 40,000 |
| bank loan | Rs. 50,000 |
| electricity charges | Rs. 7,000 |
| purchases | Rs.100 000 |
| sales | Rs.160 000 |
| discount received | Rs. 7,200 |
| sales commission paid | Rs. 800 |
| building rent | Rs. 12,000 |
| bank loan interest | Rs. 3,500 |
| employees salary | Rs. 18,000 |
| drawings | Rs. 5,000 |
- additional information,
1. The stock as at 31/12/2024 was Rs. 20 000
 2. Motor vehicle should be depreciated 10% on cost annually.
 3. Bank loan has obtained on 01/01/2024, annual interest rate 10%
- 35 Calculate the gross profit for the year ended 31/12/2024 of above business.
- (1) Rs.61,200 (2) Rs.60,000 (3) Rs.50,000 (4) Rs. 30,000
- 36 What is the annual deprecation expense of the distribution motor vehicle for the year ended 31/12/2024 of this business.
- (1) Rs.120,000 (2) Rs.12,000 (3) Rs.12,600 (4) Rs. 1,000
- 37 Select a distribution expense and a financial expense should be recorded in the profit or loss statement for the year ended 31/12/2024 of this business respectively.
- (1) Sales commission, Building rent (2) Bank loan interest, Sales commission
(3) Sales commission, Bank loan interest (4) Sales commission, Bank loan
- 38 What is the amount of accrued bank loan interest, that should be recorded in the statement of financial position as at 31/12/2024 of this business.
- (1) Rs.6,500 (2) Rs.5,000 (3) Rs.3,500 (4) Rs. 1,500
- 39 What is the amount of net profit for the year ended 31/12/2024 of this business?
- (1) Rs.57,200 (2) Rs.50,000 (3) Rs.19,400 (4) Rs. 2,400
- 40 If the opening capital as at 01/01/2024 was Rs. 360,000, What is the amount of equity as at 31/12/2024 of this business.
- (1) Rs.362,400 (2) Rs.357,600 (3) Rs.357,400 (4) Rs. 355,000



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Provincial Department of Education - NWP

දෙවන වාර පරීක්ෂණය - 2025
Second Term Test - 2025

Grade -11

BUSINESS & ACCOUNTING STUDIES - II

Name / Index No :

Additional reading time - 10 Min

Instructions:

- Including question no. 01, answer 05 questions selecting 02 questions from each of the part I & II
- As instructed, answer 05 questions only. Any extra questions answered, if not struck off by the candidate him self/her self, will be crossed out by the examiner, without being marked.

● Using following case answer questions no. (I) - (x)

01. Sumith who followed a course in bakery production joined with Mihira, started a business of manufacturing and selling bakery items named "Sumihiri Bake House" on 03/01/2025 by investing Rs. 300,000 each as capital. On the commencing day, obtain a bank loan Rs. 600,000 that is the 10% annual interest to increase the financial strength and purchased an oven Rs. 300,000. If there is an another bakery near "Rasamihira Bake House" there is a high demand for their products because they are finding out the products by using high quality raw materials as planned. An unskilled employee has recruited to work in the bakery. Bakery products are distributed to nearby hotels and restaurants in a rented three wheeler and they also sell products in their bakery. After analyzing the profit and loss during that month, it was decided to buy a three wheeler in the next month

Following transactions occurred during the month of March 2025.

Raw material purchased on cash	Rs. 200,000
Raw material purchased on credit	Rs. 80,000
Building rent	Rs. 20,000
Employees salary	Rs. 30,000
Electricity charges	Rs. 10,000
Three wheeler charges	Rs. 15,000
Packaging charges	Rs. 10,000
Sales on cash	Rs. 490,000

additional information,

1. As at 31/03/2025 there were no closing stock
2. Machinery should be depreciated 6% per annum.
3. As at 31/03/2025 the interest on bank loan is accrued.
 - (i) (a) What is the type of business organization that "Sumihiri Bake House" relates to?
 - (b) Should "Sumihiri Bake House" be registered ? Write it's legal status.

- (ii) Write the example each for following factors by analyzing the environment of "Sumihiri Bake House"
- (a) Strength -
- (b) Threat -
- (c) Weakness -
- (d) Opportunity -
- (iii) (a) State 02 supporting services that "Sumihiri Bake House" has obtained and give example each to confirm it from the case.
- | supporting service | example |
|--------------------|---------|
| (1) | |
| (2) | |
- (b) Give example each for following type of trade from above case,
- (1) Wholesale trade -
- (2) Retail trade -
- (iv) Write the related variable of marketing mix for a, b and the management function for statements c, d
- (a) High quality bakery products
- (b) Distributing products by three wheeler
- (c) recruiting unskilled employee
- (d) Finding out whether the products are in high quality as planned.
- (v) Write the accounting equation with values as at 01/03/2025
- (vi) (a) Calculate the bank loan interest fir the month ended 31/03/2025
- (b) Write the double entry with value that accrued bank loan interest
- (vii) (a) Calculate the amount of depreciation of the oven for the month ended 31/03/2025.
- (b) Calculate the amount of non current assets as at 31/03/2025
- (viii) Calculate the cash balance as at 31/03/2025 of this business.
- (ix) Calculate the net profit for the month ended 31/03/2025.
- (x) What is the amount of total equity as at 31/03/2025 of this business.

(2 x 10 = 20 Marks)

Part I - Business Studies

• **Answer only 02 questions.**

02. (i) (a) What is 'Bartar System'
- (b) Name a business activity done, through electronic medium at present (02-Marks)
- (ii) State whether the following statements are true or false.
- (a) Business in the private sector act only with the expectation of profit ()
- (b) needs are unlimited and wants are limited. ()
- (c) 'Securing orders continuously from the business' is an objective of suppliers ()
- (d) "Difficulties in adapting new technological methods" is a threat of a business ()
- (02-Marks)

(iii) In the budget policy presented by the new government, it has been announced that low interest loan schemes have been introduced for small and medium scale businessmen.

- (a) Name the external environmental factor that budget policies are related to?
- (b) Write a business opportunity that indicates in the budget policies of this case.

(02-Marks)

(iv) Following are some business names.

- (1) Nurses training school
- (2) Niroga Osusala
- (3) Wijaya Papadam
- (4) Shakthi helmet producers

- (a) Write the human need which is fulfilled by above each business.
- (b) Write the type of business to which each business above belongs according to the nature of product produced?

(2×4 = 8 Marks)

03. (i) (a) Write 02 criteria that the business organizations are classified according to the scale
(b) What is partnership agreement? (02-Marks)

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

- (a) The management of the incorporated companies are done by a board of directors ()
- (b) The ownership of all assets of a cooperative society is owned to its chairmen. ()
- (c) It's having independence in decision making of state departments. ()
- (d) A portion of the profits earned by a state corporation will be credited to the consolidated fund of the government ()

(02-Marks)

(iii) Write the type of business organization according to the ownership for following businesses.

- (a) Dasa and brothers ()
- (b) Ceylinco insurance company limited ()
- (c) Sri Lanka ports authority ()
- (d) Salon Tharu ()

(02-Marks)

(iv) Dhanuka used an electronic card that required a bank account to pay a bill when he went to a restaurant

- (a) What is the card that he would be used?
- (b) Write 02 advantages that electronic cash related services he used (02-Marks)

(2×4 = 8 Marks)

04. (i) (a) Write 02 factors to be considered when selecting an appropriate transportation medium.

(b) Write 02 advantages of maintain a current account (02-Marks)

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

- (a) National savings bank is a commercial bank ()
- (b) The interest rate of fixed deposit varies on the deposit period and the amount of cash ()
- (c) 'Buying required milk powder, fuel etc. for our country from foreign countries' is an example for export trade ()
- (d) 'Can transport heavy goods' is an advantage of air ways transportation ()

(02-Marks)

(iii) Malsha's car worth Rs. 2,000, 000 was insured for that value in Sri Lanka insurance corporation and the car got an accident with a three wheeler causing a loss of Rs. 200,000

According to above case name the followings,

- (a) First party -
- (b) second party -
- (c) Third party -
- (d) Malsha's compensation - (02-Marks)

(iv) Tharushi, who runs a sweet business in Katharagama puja town, distributes free samples to promote her products. It also maintains a discount system for certain products.

Write a variable of marketing mix with an example can be seen in above case.

(2×4 = 8 Marks)

Part II - Accounting

• Answer only 02 questions.

05. (i) (a) What is equity of a business?

(b) Write a transaction that increases assets and liabilities by the same amount in the accounting equation (02-Marks)

(ii) Write the related transaction for following double entries.

(a) Purchases account Dr Rs. 50,000

Creditors account Cr Rs. 50,000

(b) Bank loan account Dr Rs. 25,000

Cash account Cr Rs. 25,000 (02-Marks)

(iii) Indicate following transactions in the given accounting equations. First one has done for you

1. 01/01/2025 Started the business by investing Rs. 500,000
2. 05/01/2025 Purchased trade stock Rs. 75,000 on credit
3. 10/01/2025 Sold stock which cost Rs. 40,000 at Rs. 45,000 on cash.
4. 15/01/2025 Paid electricity bill Rs. 3,000
5. 20/01/2025 Purchased an equipment Rs. 30,000 on cash.

(a)

No	Assets			= Equity +	Liabilities
	Equipment	Stock	Cash		Creditors
01	-	-	+ 500,000	+ 500,000	-
02					
03					
04					

(02-Marks)

(b) Calculate the followings after above transactions

- (1) Current assets
- (2) Non current assets
- (3) Equity
- (4) Current liabilities

(02-Marks)

(iv) Followings transactions occurred in Sumudu's business for the Month of January 2025.

1. 01/05 Purchased 20 exercise books at Rs. 250 each from Ruwan on credit (invoice No 512) deducted trade discount 5%
2. 01/15 Purchased 50 Biscuit packets at Rs. 80 each from Nalaka on credit (invoice No 870)
3. 01/25 Purchased 02 Computers at Rs. 80,000 each from Singer company on credit for the use of the business (Journal voucher No 018)

Required,

- (a) Prepare the Purchases journal for the month of January 2025.
 - (b) Post the purchases journal into the ledger (04-Marks)
- (Total 12 Marks)

06. (i) (a) What is the Trial Balance?
- (b) Write 02 errors that affect the agreement of the Trial Balance. (02-Marks)
- (ii) The balance of the petty cash book of a certain business as at 31/05/2025 was Rs. 1,500
The totals of the analysis columns of the petty cash book for the month of May as follows
- | | |
|----------------------|-------|
| Refreshment expenses | 1,800 |
| Stationeries | 2,700 |
| Travelling expenses | 2,400 |
| Sundry expenses | 1,600 |
- (a) What is the amount of petty cash expenses for the month of May 2025?
 - (b) If the petty cash imprest was decided to be increased by Rs. 5000 from the month of June, then how much will be the value of reimbursement? (02-Marks)

(iii) The balance of the bank account of the Samantha's business was Rs. 24,500 as at 31/05/2025. On that days the balance of the bank statement was not tally. Following reasons are identified for this difference,

1. Debtors direct remittances Rs. 8,000
2. Bank charges Rs. 1,750
3. Deposited but unrealized cheques Rs. 3,000
4. Issued but unrepresented cheques Rs. 9,000

Required,

- (a) Prepare the adjusted bank account
- (b) Prepare the bank reconciliation statement (04-Marks)

(iv) The trial balance prepared by Janaka's business as at 31/01/2025 did not balance and the difference Rs. 8,100 was credited to the suspense account. Later following errors were revealed,

1. A purchase invoice Rs. 4,000 has been recorded twice in the books.

2. Received interest income Rs. 9000 has been recorded in interest income account as Rs. 900.

3. Paying employees salary Rs. 13,000 has been completely omitted from books.

Required,

(a) Write the Journal entries to rectify above errors. (03-Marks)

(b) Prepare the suspense account (01-Marks)

(Total 12 Marks)

07. (i) (a) Briefly explain the accrued concept.

(b) Name 02 elements of statement of financial position. (02-Marks)

(ii) A business has invested Rs. 450,000 in a 10% fixed deposit on 01/01/2024. During the year it was received Rs. 42,000 as interest income.

(a) Calculate the receivable interest income for the year ended 31/12/2024

(b) Write double entry for that (02-Marks)

(iii) Following Trial balance relates to Thanuja textile business as at 31/12/2024

	Dr	Cr
Distribution motor vehicle (on cost)	650,000	
Distribution motor vehicle accumulated		50,000
Depreciation as at (01/01/2024)		
Stock as at (01/01/2024)	40,000	
Purchases	360,000	
Sales		585,000
Debtors	42,000	
Creditors		28,000
Discount received		3,000
Discount allowed	2,000	
Electricity charges	6,000	
12% Bank loan		200,000
Bank loan interest	9,000	
Insurance charges	3,000	
Cash balance	54,000	
Capital		300,000
	<u>1,166,000</u>	<u>1,166,000</u>

Additional Information

1. Stock as at 31/12/2024 is Rs. 60,000

2. Bad debts Rs. 2,000 should be written off from debtors

3. Distribution motor vehicles should be depreciated 20% per annum.

Required,

(a) The profit or loss statement for the year ended 31/12/2024 (04-Marks)

(b) The statement of financial position as at 31/12/2024 (04-Marks)

(Total 12 Marks)

ANSWER PAPER - I

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

(Marks 01x40=40)

ANSWER PAPER - II

01. (i) (a) Partnership (01-Marks)
- (b) Should be registered
- * The business name is different from its owners full names it is mandatory to register under the business name ordinance (01-Marks)
- (ii) (a) Strength - Followed a course related bakery products /having a good financial strength.
- (b) Threat - Having competitors
- (c) Weaknesses - Having unskilled employee
- (d) Opportunity - Business located in a crowd intersection/ having a higher demand
- × (½×4=2 Marks)
- (iii) (a) **Supporting service - Example**
1. Banking service - receiving bank loans
2. Transportation - renting a three wheeler (½ × 2=1 Marks)
- (b) 1. Selling products to near hotels and restaurants
2. Selling products with their outlets (½×2=01 2 Marks)
- (iv) (a) Product
- (b) Place
- (c) Organizing
- (d) Controlling (½×4=2 Marks)
- (v) Assets = Equity + Liabilities
- + 600,000 cash = +600,000 capital
- + 600,000 cash = + 600,000 bank loan
- + 300,000 - 300,00 = (1½ Marks)
- | | | | | | | |
|-----------|---|---------|---|---------|---|--|
| 1,200,000 | = | 600,000 | + | 600,000 | = | |
|-----------|---|---------|---|---------|---|--|
- (02 Marks)
- (vi) (a) $600,000 \times \frac{10}{100} \times \frac{1}{12} = 5000$ (01 Marks)
- (b) Bank loan interest account Dr. 5,000
- accrued / Payable loan interest account Cr. 5,000 (01 Marks)
- (vii) (a) $300,000 \times \frac{6}{100} \times \frac{1}{12} = 1,500$ (01 Marks)
- (b) $300,000 - 1,500 = 298,500$ (01 Marks)

Cash Account

(viii)

Description	Value	Description	Value
Capital	600,000	Machinery	300,000
Bank loan	600,000	Purchases	200,000
Sales	490,000	Rent	20,000
		Three wheeler charge	15,000
		Packaging expenses	10,000
		Electricity charges	10,000
		Employees salary	30,000
b/b/f		b/c/f	1,105,000
	<u>1,690,000</u>		<u>1,690,000</u>

(give ½ for corrected 03 items)

(ix) Income

Sales 490,000

(-) Expenses

Machine Dep 1,500

Loan interest 5,000

Purchases 280,000

Rent 20,000

Employees salary 30,000

Three wheeler charges 15,000

Packaging expenses 10,000

Electricity charges 10,000 371,500

Net profit 118,500

(Total Marks - 20)

(x) (a) 2025/03/01 Capital 600,000

2025/03/31 Net profit 118,500

2025/03/21 equity 718,500

(02 Marks)

02.(i) (a) Exchange of surplus goods with other surplus goods

(01 Marks)

(b) - Ordering goods

- Paying cash

- Advertising etc.

(½ × 2 = 1 Marks)

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

(½ × 4 = 2 Marks)

(iii) (a) Political environment

(01 Marks)

(b) Introducing low interest loan project

(01 Marks)

(iv) (a) Education / Health / Food / Security

(½ × 2 = 1 Marks)

- (b) * Service providing business
- * Service providing business
- * Commodity manufacturing business
- * Commodity manufacturing business ($\frac{1}{2} \times 2 = 1$ Marks)

- 03.(i) (a) * Amount of capital invested
- * Number of employees
 - * Amount of energy used
 - * Market share of the business
- (b) It is the agreement among the partners (02 Marks)

- (ii) (a) True (b) False © False (d) True ($\frac{1}{2} \times 4 = 2$ Marks)

- (iii)(i) (a) Partnership
- (b) Incorporated companies
 - (c) State corporation
 - (d) Sole proprietorship (02 Marks)

- (iv) (a) Debit card
- (b) * Instantaneity
 - * Minimized the risk
 - * Recording information automatically
 - * Ability to transact at anytime of the day (02 Marks)
- (Total Marks 08)

04. (i)(a) * Nature of goods
- Cost / Capacity / Security / Speed / being common
- (b) * Can make transactions via cheques
 - * Can take bank overdraft facilities
 - * Can collect direct remittance
 - * Can implement standing orders
 - * receiving bank statement (02 Marks)

- (ii) (a) False (b) True (c) False (d) False ($\frac{1}{2} \times 4 = 2$ Marks)

- (iii)(i) (a) Malshan
- (b) Sri Lanka insurance corporation
 - (c) The three wheeler
 - (d) Rs. 200,000 (02 Marks)

- (iv) * Product - Sweets
- * Price - Discounts
 - * Place - Katharagama Puja Nagaraya
 - * Promotion - Distributing free samples (02 Marks)

05.(i) (a) The value of assets that belongs to owners of the business is termed as equity (01 Marks)

(b) Obtained a bank loan
Credit purchasers of trade goods. etc (01 Marks)

(ii) (a) Credit purchasers of trade goods - Rs. 50,000 (01 Marks)

Repayment of bank loan - Rs. 25,000 (01 Marks)

(iii)

No	Assets		=	Equity	+ Liabilities
	Equipment	Stock	Cash		Creditors
01			+ 500,000	+ 500,000	
02 ½		+ 75,000			+75,000
03 ½		-(40,000)	+ 45,000	+ 5,000	
04 ½			(- 3,000)	(- 3,000)	
05 ½	+ 30,000		(30,000)		
	30,000	35,000	512,000	502,000	75,000

(b) Current assets = 547,000
Non current assets = 30,000
Equity = 502,000
Current Liabilities = 75,000 (½ x 4=02)

(iv) (a) Purchases Journal

Date	Invoice no	Supplier ½	Amount	L.P.
25/1/5	512	Ruwan	4750 ½	
25/1/15	870	Nalaka	4000 ½	
25/1/31		Debit to purchases ½ account	<u>8750 ½</u>	

(b) Purchases Account

2025/01/31	Creditors	8,750 ½
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Ruwan's Account

2025/01/05	Purchases	4,750 ½
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Nalaks's Account

2025/01/15	Purchases	4,000 ½
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(Total Marks 12)

06.(i) (a) The list which is prepared at the end of the period by including all the debit and credit balances of ledger accounts is called as the trial balance. (01 Mark)

(b) Give 01 mark for correct answer. (01 Mark)

(ii) (a) Rs. 8,500 (01 Mark)

(b) Rs. 13,500 (01 Mark)

Bank account (Adjusted)

(iii)

b/b/f	1/2	24,500	Bank charges	1,750	1/2
Debtors remittance	1/2	8,000			
		32,500	b/c/f	30,750	1/2
		<u>32,500</u>		<u>32,500</u>	
b/b/f		30,750			

Bank reconciliation statement

The balance of the adjusted bank account	30,750	1/2
+ Unpresented cheques	9,000	1/2
	<u>39 750</u>	
- Unrealized cheques	(3,000)	1/2
The balance of the bank Statemet	<u>36,750</u>	1/2

(iv)

Date	V N	Description	L.P.	Dr. (Rs.)	Cr. (Rs.)	
1		Creditors Account Dr Purchases Account Cr (Correction of error of recording Credit purchases Rs. 4,000 Twice in the books)		4,000	4,000	(01)
2		Suspense Account Dr Interest income Account Cr (Correction of error of recording receiving interest income Rs. 9,000 has been recorded in it's account as Rs. 900)		8,100	8,100	(01)
3		Salary account Dr Cash account Cr (Correction of error of omitting of salary paid)		13,000	13,000	(01)

Suspense Account

Interest income	8,100	The difference of the trial balance	8,100
	<u>8,100</u>		<u>8,100</u>

(12 Marks)

07. (i) (a) Expenses and income irrespective of they had been received in cash or not, the relevant amounts should be considered as relevant for the period (01 Marks)

(b) * assets * Liabilities * Equity (01 Marks)

(ii) (a) Rs. 3,000 (01 Marks)

(b) Receivable interest income account Dr. 3,000
Interest income account Cr. 3,000 (01 Marks)

(iii) (a) Thanuja's Textile business
The Profit or Loss statement for the year ended 31. 12. 2024

Sales		½	585,000
- Opening Stock			40,000
+ Purchases			360,000
Cost of goods to be sold			400,000
- Closing Stock			(60,000) ½
Cost of sales			(340,000) ½
Gross profit			245,000 ½
<u>Other income</u>			
Discount received			3,000
<u>Distribution expenses</u>			248,000
Bad debit	2,000	½	
Distribution MV depreciations	130,000	½	
Discount received	2,000		134,000
<u>Administration expenses</u>			
Electricity charges	6,000		
Insurance charges	3,000		9,000
<u>Other income</u>			
<u>Financial expenses</u>			
Bank loan interest			24,000 ½
Not profit transfered to capital account			81,000

Thanuja's Textile Business ½
This statement of financial position as at 31/12/2024

(b)

	Cost	Accumulated depreciation	Carrying account
<u>Non current assets</u>			
distribution motor vehicle	650,000	180,000 ½	470,000 ½
	650,000	180,000	470,000
<u>Current assets</u>			
Closing stock		60,000	½
Debtors		40,000	½
Cash		54,000	154,000
Total assets			624,000
Capital		300,000	
(+) Net profit	½	81,000	381,000
<u>Non current liabilities</u>			
Bank loan			200,000
<u>Current liabilities</u>			
Creditors		28,000	
Accrued loan interest	6	15,000	43,000 ½
			624,000