



PROVINCIAL DEPARTMENT OF EDUCATION - NORTH WESTERN PROVINCE

Second Term Test 2018

Grade 11 **BUSINESS AND ACCOUNTING STUDIES - I&II** Time : 3 hours

Name / Index No.

BUSINESS AND ACCOUNTING STUDIES - I

Note : ● Answer all questions.

- In each of the questions 1 to 40, pick one of the alternative (1), (2), (3), (4) which you consider as correct or most appropriate.
- Mark a (×) on the number corresponding to your choice in the answer sheet provided.
- Further instructions are given on the back of the answer sheet. Follow them carefully.

01. Select the correct answer which shows the characteristics of needs and wants respectively,
- | | |
|--------------------------------------|-------------------------------------|
| (1) being limited & being complex | (2) being limited & being common |
| (3) can be created & being essential | (4) being diverse & being unlimited |
02. "Every business has a specific objective or set of objectives to be achieved." Select the 02 main objectives that can be seen in common in a business,
- | |
|---|
| (1) earning profits & generating employment opportunities. |
| (2) earning profits & increasing customer satisfaction. |
| (3) Increasing the quality of goods & services & generating employment opportunities. |
| (4) Increasing customer satisfaction & increasing the quality of goods & services. |
03. Match following stake holders in Column "X" with their objectives in Column "Y".
- | X | Y |
|--------------------------------|--|
| 1. Owners | a. securing orders continuously |
| 2. Managers | b. obtaining quality products |
| 3. Customers | c. growth of the business operations in future |
| 4. Suppliers | d. promotions & job satisfaction |
| (1) 1 - a, 2 - b, 3 - c, 4 - d | (2) 1 - a, 2 - c, 3 - b, 4 - d |
| (3) 1 - c, 2 - d, 3 - b, 4 - a | (4) 1 - c, 2 - b, 3 - d, 4 - a |
04. Following are some environmental factors.
- | | | |
|----------------|--------------|--------------|
| a. Owners | b. Suppliers | c. Employees |
| d. Competitors | e. Managers | f. Customers |
- The external environmental factors are,
- | | | | |
|--------------|-------------|-------------|-------------|
| (1) a, b, c, | (2) a, b, d | (3) b, d, f | (4) b, c, f |
|--------------|-------------|-------------|-------------|
05. Internal and external environment factors are affected either positively or negatively to businesses. A positive impact of internal environment and a negative impact of external environment respectively are called as,
- | | |
|-----------------------------|--------------------------|
| (1) Strengths & Weaknesses | (2) Strengths & Threats |
| (3) Opportunities & Threats | (4) Weaknesses & Threats |

06. What is the type of business organization by the entering into contracts, purchase of vehicles, obtaining bank loans should not be done through its business name.
- (1) incorporated company (2) Cooperative societies
(3) State corporations (4) Partnerships
07. The statement which is indicated in the companies act No. 07th of 2007, for the partnerships.
- (1) There should be 20 maximum partners.
(2) If the initial capital is equal or greater than Rs. 1000, the partnership is required to be conducted under a written agreement.
(3) The profit should be shared equally among partners.
(4) Partners should be contributed equally to the capital.
08. Select the answer which consists only the advantages of an incorporated company,
- (1) having a legal personality, unlimited liability, having a continued existence.
(2) having a legal personality, limited liability, having a continued existence.
(3) not having a legal personality, limited liability, not having a continued existence.
(4) not having a legal personality, unlimited liability, not having a continued existence.
09. Following are the names of businesses,
- a. Nandu limited company b. Perera and sons
c. Hiriya Multi Purpose Cooperative Society d. Janahitha Stores
e. Sri Lanka Broadcasting Corporation
- Select the businesses which are having a legal personality, out of above named,
- (1) a, b, c (2) a, c, e (3) b, c, d (4) b, c, e
10. What is the type of account that businessmen as well as any individual can deposit and withdraw money at any time.
- (1) Savings account (2) Fixed deposit account (3) Current account (4) time deposit
11. Following are the characteristics of retail trade and wholesale trade,
- a. Sell goods for final consumption.
b. Providing trade discounts
c. Sell only limited type of goods
d. Selling price is relatively high
e. do not have direct contact with consumers
f. Selling a variety of goods
- Select the answer which consists only the characteristics of whole sale trade,
- (1) a, b, c (2) a, d, e (3) b, c, e (4) b, d, f
12. Communicating messages, information and ideas via various mediums between different parties withing an organization is called as①..... and communication with individually such as defferent customers, suppliers is called as②..... .
- Select the correct answer for above blanks ① and ②.
- (1) internal communication & external communication
(2) external communication & internal communication
(3) internal communication & electronic communication
(4) external communication & oral communication
13. Select the party which is not having an insurable interest,
- (1) between husband and wife for each other's life.
(2) In property insurance to the legal owner of such property.
(3) To a creditor over the life of the debtor up to the value of the loan.
(4) To the parents for their Children's lives.
14. Followings can identified as example for the elements of transportation.
- Expanding the Colombo harbour①....., Reducing the prices of diesel②..... A company buying new airplanes③..... Repairing the damaged roads in rural areas by using concrete④.....
- Select the correct answers for above ①, ②, ③ and ④.
- (1) Way, Medium, Power, Terminal (2) Medium, Way, Terminal, Power
(3) Terminal, Power, Medium, Way (4) Power, Terminal, Way, Medium

15. The process of finding out whether the business activities are implemented as planned and if not, identifying errors and taking necessary measures to correct them is called as,
 (1) Planning (2) Organizing (3) Leading (4) Controlling
16. Select the variable that generate an income for the business among other variables in the Marketing Mix,
 (1) Product (2) Price (3) Place (4) Promotion
17. "Owner has taken goods worth Rs. 5 000 for his personal uses" this transaction affects to the accounting equation as,
 (1) decreases assets & increases assets (2) decreases assets & increases equity
 (3) decreases assets & decreases equity (4) decreases assets & decreases liability
18. Study following statements.
 A - having a present obligation.
 B - Can be controlled by the business.
 C - Future economic benefits will flow out.
 D - Arose as a result of a past transaction.
 The characteristics of an assets are,
 (1) A and B (2) B and D (3) B and C (4) A and C
19. Select the accounts for the types of assets and liabilities respectively,
 (1) building Account & Sales Account
 (2) building rent Account & Creditors Account
 (3) Debtors Acc. & Accured electricity Acc.
 (4) Sales Acc. & Creditors Acc.
20. On 20.03.2018, Wijaya invested his personal Motor Vehicle worth Rs. 300 000 to the business as additional capital. The corrected journal entry is,
 (1) Additional Capital Acc. Dr. Rs. 300 000 - Motor Vehicle Acc. Cr. Rs. 300 000
 (2) Motor Vehicle Acc. Dr. Rs. 300 000 - Cash book Cr. Rs. 300 000
 (3) Motor Vehicle Acc. Dr. Rs. 300 000 - Capital Acc. Cr. Rs. 300 000
 (4) Capital Acc. Dr. Rs. 300 000 - Motor Vehicle Acc. Cr. Rs. 300 000
21. The source documents are used to record credit purchases and cash sales respectively are,
 (1) Purchases journal & Sales journal (2) Purchases invoice & sales invoice.
 (3) Purchases invoice & Receipt. (4) Purchases Account & sales Account.
22. What is the dual function of a cash book?
 (1) Acts as debit and credit.
 (2) Performs the function as a prime entry book and as a ledger account.
 (3) Having opening and closing balances.
 (4) Performs the function as a prime entry book and as a source document.
23. When dishonouring a deposited cheque which has received a debtor,
 (1) decrease the bank balance and the debtors balance
 (2) increases the bank balance and decrease the debtors balance
 (3) increases the bank balance and debtors balance
 (4) decrease the bank balance and increases the debtors balance
24. As at 31.12.2017, The balance of the bank account of Sumudulatha's business was Rs. 24 000 and the balance of the bank statement was Rs. 18 000. The reason should be,
 (1) Paying insurance premium Rs. 6 000 on standing orders.
 (2) receiving direct remittance from debtors to the bank Rs. 6 000.
 (3) having issued but unrepresented cheques Rs. 6 000.
 (4) collecting dividend Rs. 6 000 by the bank.

25. 5% discount was deducted by the business when settling Rs. 10 000 by debtor Roshan. The corrected journal entry is,

(1) debtors Ac. Dr.	10 000	(2) discount allowed Acc. Dr.	500
discount allowed Acc. Cr.	500	Cash Dr.	9 500
Cash Acc. Cr.	9 500	debtors Cr.	10 000

(3) Cash Acc. Dr.	10 000	(4) Cash Acc. Dr.	10 000
debtors Acc. Cr.	9 500	debtors Acc. Cr.	10 000
discount received Acc. Cr.	500		

26. As at 01.01.2018, The balance of the petty cash book of Nimantha's business was Rs. 800 and on that day the main cashier gave Rs. 3200. For the month of January, the petty cash expenses was Rs. 3 500. The petty cash imprest of this business is,

- (1) Rs. 800 (2) Rs. 3 200 (3) Rs. 3 500 (4) Rs. 4 000

27. Select the transaction which records in the purchases journal,

- (1) Purchased & computer worth Rs. 7 000 from Singer PLC.
 (2) Purchased goods Rs. 20 000.
 (3) Purchased goods Rs. 15 000 from Nayanjith.
 (4) Purchased a motor vehicle Rs. 60 000 on Credit basis.

28. "Sales goods Rs. 50 000 to Chandana" What is the relevant source document to record the above transaction,

- (1) receipt (2) sales invoice (3) purchases invoice (4) paying voucher

29. State the prime entry book / books which is / are having a brief description or narration.

- (1) Sales journal (2) Purchases journal (3) General journal (4) Above all

30. The total of the debit column of the Trial balance of a business was Rs. 265 000. But the total of the credit column was Rs. 268 000. The suspense account will be generated,

- (1) a debit balance Rs. 3 000. (2) a credit balance Rs. 3 000.
 (3) a debit balance Rs. 265 000. (4) credit balance Rs. 268 000.

31. At present the mobile phone is vastly used to transact easy cash exchanges. Select the statement which confirms the above idea.

- (1) receiving internet facilities to inform prices.
 (2) knowing sales services through short messages.
 (3) receiving monthly bank statement.
 (4) receiving a certain amount of currency from another person.

32. Following is the rectifying journal entry which was occurred in Accounting,

Motor vehicle repair Account	Dr.	50 000
Motor vehicle Account	Cr.	50 000

The relevant error should be,

- (1) Purchased MV Rs. 50 000 has been recorded as MV repair expenses.
 (2) MV repair expenses Rs. 50 000 has been complete omitted from books.
 (3) MV repair expenses Rs. 50 000 has been debited to the MV account.
 (4) Purchased MV Rs. 50 000 has been completely omitted from books.

33. The main objective of preparing a Trial Balance is,

- (1) confirmed the total of assets is equal to total of liabilities.
 (2) confirmed the mathematical accuracy.
 (3) confirmed the total of income is equal to total of expenses.
 (4) confirmed the ledger accounts have been recorded correctly.

34. On 01.01.2015 a business has purchased a Motor Vehicle Rs. 550 000 and its scrap value was estimated as Rs. 50 000 and the useful life time was estimated as 10 years. What is the carrying amount should be recorded in the statement of financial position as at 31.12.2017?

- (1) Rs. 385 000 (2) Rs. 400 000 (3) Rs. 450 000 (4) Rs. 500 000

35. A part of a building has been rented for another business on 01.01.2017 for Rs. 3000 per month.
- Received rent income Rs. 24 000 only for the year ended 31.12.2017.
Select the correct statement for the above transaction.
 - (1) as at 31.12.2017 the amount of current liability is Rs. 12 000.
 - (2) as at 31.12.2017 the amount of received in advance rent is Rs. 21 000.
 - (3) for the year ended 31.12.2017, the rent income should be recorded in profit or loss statement as Rs. 24 000.
 - (4) as at 31.12.2017 receivable rent income is Rs. 12 000.

- **Using following information answer question No. 36 - 40.**

Some extracts of the Trial balance of Avishka's business as at 31.12.2017 is as follows.

	Rs.
Stock - as at 01.01.2017 -----	25 000
Purchases -----	160 000
Sales -----	320 000
Carriage inwards -----	5 000
Discount allowed -----	4 000
Advertisement -----	15 000
Building -----	400 000
Office equipments (purchased on 01.01.2017) -----	200 000
building depreciation provision 01.01.2017 -----	80 000
electricity -----	12 000
building rent -----	30 000
12% bank loan (obtained 01.01.2017) -----	300 000
debtors -----	10 000
insurance -----	8 000
cash -----	20 000

Additional information,

- ★ Office equipments & Buildings are depreciated on cost 10% per annum.
- ★ Closing stock as at 31.12.2017 is Rs. 15 000.

36. The cost of sales of this business for the year ended 31.12.2017 is,
 (1) Rs. 160 000 (2) Rs. 170 000 (3) Rs. 175 000 (4) Rs. 190 000
37. The gross profit of this business for the year ended 31.12.2017 is,
 (1) Rs. 145 000 (2) Rs. 155 000 (3) Rs. 160 000 (4) Rs. 165 000
38. What is the amount of total administration expenses recognizes in the profit or loss statement for the year ended 31.12.2017 of this business is,
 (1) Rs. 50 000 (2) Rs. 80 000 (3) Rs. 90 000 (4) Rs. 110 000
39. What is the carrying amount of Non current assets of this business as at 31.12.2017?
 (1) Rs. 600 000 (2) Rs. 520 000 (3) Rs. 480 000 (4) Rs. 460 000
40. What is the amount of total assets of this business as at 31.12.2017?
 (1) Rs. 30 000 (2) Rs. 45 000 (3) Rs. 490 000 (4) Rs. 505 000



PROVINCIAL DEPARTMENT OF EDUCATION - NORTH WESTERN PROVINCE

Second Term Test 2018

Grade 11 BUSINESS AND ACCOUNTING STUDIES - II

Name / Index No.

Notes :

- Answer five questions only as instructed.
- Any extra questions answered if not struck off by the candidate himself will be crossed out by the examiner without being marked.
- Including question No. 01, answer 05 questions selecting 02 questions from each of the parts I and II.
- Write your answers in neat hand writing.

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

Waruna Gunawardana is conducting a mobile phone repairing and selling business in Kurunegala shopping complex which is crowded city by naming Waruna.com. Waruna recruited a well experienced employee to the business. Waruna's brother Aruna Gunawardana has been successfully followed a computer repair course from the open university and joined the Waruna's business. Then the ownership of the business has changed and the business started to repair and sell computers also.

Following are the assets and liabilities of Waruna.com on 01.03.2018.

- | | |
|-------------------------|-----------------------------|
| • Cash Rs. 200 000 | • debtors Rs. 40 000 |
| • Creditors Rs. 25 000 | • 10% bank loan Rs. 120 000 |
| • Furniture Rs. 240 000 | • Stock Rs. 85 000 |

Aruna Gunawardana joined the business on 10.03.2018.

The business name changed as "Waruna A.com" On that day Aruna invested Rs. 500 000 in cash and Rs. 200 000 in repairing equipments to the business. After March 10th of 2018 following transactions occurred in the business.

- ★ Purchased computers and mobile phones Rs. 650 000.
 - ★ Paid electricity bill Rs. 8 000.
 - ★ employees salary Rs. 40 000.
 - ★ building rent Rs. 50 000.
 - ★ Computer and mobile phones repair income Rs. 400 000.
 - ★ Sales income of computer and mobile phones Rs. 500000.
 - ★ Key tag expenses Rs. 10 000.
 - ★ A key tag with business name printed is offered to every customer.
 - ★ There is no remaining stock as at 31.03.2018.
 - ★ It was decided to start a new branch at Ibbagamuwa town on April 2018.
- (i) (a) What is the type of business organization that "Waruna A.com" relates to?
(b) Name a strength of "Waruna A.com" and an opportunity of "Waruna.com"
- (2) "It is not compulsory to register the business of "Waruna A.com" .
(a) Do you agree for this statement?
(b) Give reasons for your answer.

- (iii) (a) State 02 advantages of the type of business organization that "Waruna .com" relates.
 (b) State 02 disadvantages of the type of business organization that "Waruna A.com" relates.
- (iv) (a) Write an example for the management function, "planning" from this case.
 (b) "A key tag with the business name printed is presented for every customer." What is the variable of marketing mix related to above incident ?
- (v) Indicate the accounting equation with values of "Waruna A.com" as at 10.03.2018.
- (vi) (a) Calculate the amount of bank loan interest for the month of March 2018.
 (b) It has not been paid the bank loan interest from the month of March 2018. Write the journal entry to record the accrued bank loan interest for the month of March 2018.
- (vii) Calculate the cash balance of the business as at 31.03.2018.
- (viii) State with values for followings of "Waruna A.com" business as at 31.03.2018.
 (a) a non current asset.
 (b) a non current liability.
- (ix) Calculate the net profit for the year ended 31.03.2018. of Waruna A.com
- (x) Calculate the equity as at 31.03.2018. of Waruna A.com

(2×10=20m.)

Part I - Business Studies

• **Answer only two questions.**

02. (i) (a) Define 'goods'. (01m.)
 (b) Name 02 human needs recognized as needs when the society develops and makes complex. (02m.)
- (ii) State whether the following statements are true or false.
 (a) Needs are relatively very low in number. ()
 (b) The entrepreneur organizes the factors of production only. ()
 (c) The differences of purchasing patterns of the consumers are not closely affected to the business activities. ()
 (d) Fiscal policy is a variable related to the Economical environment ()
 (02m.)
- (iii) Ravindu started a food wrapping producing business by using processed banana leaves with the instructions of Agrarian Services Department.
 (a) Write 02 stakeholders of above case. (01m.)
 (b) Name a factor of production and give an example for it. (01m.)
- (iv) Gihan started a fruit juice producing business by receiving a loan provided by cooperative Rural bank under the loan scheme for small scale businesses.
 (a) Name the external environmental factor affects to this business.
 (b) Name an opportunity for Gihan's business. (02m.)

03. (i) (a) What is meant by endorsement of a cheque.
- (b) Write 02 advantages of maintaining a current account. (02m.)
- (ii) State whether the following statements are true or false.
- (a) Credit cards can also be used to withdraw cash up to a certain limit. ()
- (b) Meetings are internal oral and also external communication method. ()
- (c) Purchasing for resale is not a characteristics of wholesale trade. ()
- (d) In property insurance, The insurance deed cannot be transferred. ()
- (02m.)

(iii) Sumangala is conducting a natural flowers selling business for the domestic and international market by purchasing flowers from Nuwara Eliya.

- (a) What is international trade?
- (b) Name the most suitable medium to use by Sumangala when exporting flowers to Singapore and write an advantage for using that medium. (02m.)

(iv) The managing director of PLC institution informed to the all branch managers to participate the general meeting via e-mail and all of them noticed that they will participate.

- (a) Provide examples for the following elements of communication from above case.

Element	Example
Sender	
receiver	

(01m.)

- (b) State 02 considerable factors from selecting a suitable communication method. (01m.)

(2 x 4 = 8marks)

04. (i) Rashman produces a special type of shoe for diabetes patients by using processed leather.

- (a) What is target market?
- (b) Name the target market of "Rashman's business. (02m.)

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

- (a) The liability of shareholders of an incorporated company are not limited to the amount of capital they have invested. ()
- (b) Marketing is a process from the manufacturing a produce until it is distributed to the consumers. ()
- (c) Leading means managers guiding their employees on the tasks that they have to perform. ()
- (d) Effectiveness means using resources to obtain the maximum output from minimum resources. ()
- (02m.)

(iii) Following 04 functions are done by a sales manager of a perfume producing business.

- A - Finding out whether the expected sales income is earned after implementing proposed discounts.
- B - Increasing the quality of present product.
- C - Purchasing a van for distributing products.
- D - Conducting beauty culture workshops for distributing free samples.

State the variable of marketing mix for above functions related. (02m.)

- (iv) (a) What is planning?
- (b) The commerce society of Buwaneka Central College has conducted the commerce day successfully and they followed some events are given below. Determining the theme for the Commerce day and appointing committees from A/L Commerce students and delegating responsibilities for committees. Commerce subject teacher provides the required instructions to the students and finding out whether the Committees would be implemented as planned.
- Name 02 management functions and write an example for each from the above case. (02m.)

Part II - Accounting

- Answer only two questions.

05. (i) (a) Define an asset.
- (b) State 02 occasions that the equity would be changed in a business. (02m.)
- (ii) Fill the following table.

Transaction	Source document	Prime entry book	Double entry
01. Sold good Rs. 2 000 on cash	Cash book
02.	Journal voucher	Bad debts Acc. Dr. 1 000 Debtor (Saman) Acc. Cr. 1 000

(02m.)

- (iii) Anupama's business opened on 01.01.2017 by,
Investing Rs. 800 000 and following transactions occurred during the month of January 2017.
- Obtained a bank loan Rs. 500 000.
 - Sold goods which cost Rs. 75 000 at Rs. 85 000.
 - Electricity bill paid Rs. 4 000.
 - Trade stock purchased Rs. 90 000 on credit.
 - Owner has taken Rs. 5 000 from the business for his personal uses.

required.

- (a) Indicate how the above transactions affects to the accounting equation. (Use the following model table)

Transaction	Assets	=	Liabilities	+	Equity
01	+ 500 000 Cash	=	+ 500 000 (Bank loan)	-	
02					
03					
04					
05					

- (b) Calculate the equity as at 31.01.2017. (04m.)
- (iv) Following information relates to credit sales of Sandaken's Business for the month of January 2017.

Date	Invoice No.	Customer	Net value of the invoice (Rs.)
2017/01/05	0251	Asela	15 750
2017/01/15	0252	Gunarathna	8 200
2017/01/28	0253	Sunimal	5 400

required.

- (1) Prepare the sales Journal for the Month of January 2017.
- (2) Prepare the relevant ledger accounts. (04m.)
- (Total 12 marks)

06. (i) Briefly explain, ● Bank statement and the ● Bank reconciliation statement. (02m.)
- (ii) The balance of the bank account of Amarabandu's business was Rs. 26 000 as at 31.03.2018, but the balance of the bank statement was difference for that. Later following reasons revealed.
- (a) The bank has paid Rs. 1 200 on standing orders for building rent and bank charges Rs. 800.
- (b) During the month of March issued but unrepresented cheques were Rs. 7 000.
- (c) The debtors direct remittance to the bank Rs. 4 300.
- (d) During the month, deposited to the bank Rs. 80 000 but it has credited to the bank only Rs. 70 000.

required.

- (1) Adjusted bank account. (02m.)
- (2) Bank reconciliation statement. (02m.)
- (iii) The total of the debit column of the Trial Balance prepared as at 31.01.2018 of Sanka's business has been understated by Rs. 8 530. The difference transferred to a suspense account and later revealed following errors.
- (a) Paid insurance Rs. 1 700 has been recorded in the insurance account as Rs. 170.

- (b) A sales invoice Rs. 8 000 has been completely omitted from books.
 (c) Advertising paid Rs. 7 000 by a cheque has been recorded only in a bank account.

required.

- (1) Journal entries for the correction of above errors.
 (2) The suspense account. (04m.)

(iv) Following transactions occurred in Vanaspathi business during the month of January 2018.

- | | |
|---------------------|-----------------|
| 1. Credit Purchases | 2. Credit Sales |
| Nimal 7 000 | Silva 15 000 |
| Asiri 4 000 | Perera 8 000 |
3. Purchased Motor vehicle Rs. 400 000 from Indra Traders Ltd., on credit basis.

required.

1. Write 02 source documents for above transactions. (01m.)
 2. State the relevant journal entry to record above transaction No. (3) (01m.)

07. (i) (a) Name 02 main items considered when preparing the Trade Account. (01m.)

(b) Write the journal entry to record receivable income. (01m.)

(ii) The Trial Balance of "Sandamadala business" as at 31.12.2017 is as follows.

Sandamadala Business - The Trial balance as at 31.12.2017

Sales		300 000
debtors	40 000	
creditors		35 000
10% bank loan		100 000
Opening stock	10 000	
Land	350 000	
Building	200 000	
employees salary	50 000	
Advertising expenses	1 000	
Insurance expenses	6 000	
Bad debtors	4 000	
Purchases	140 000	
Carriage inwards	7 000	
Stationery	9 000	
Capital		398 000
Loan interest	6 000	
Cash	10 000	
	833 000	833 000

Additional information are provided below.

- (i) Stock as at 31.12.2017 is valued at Rs. 15 000.
 (ii) Depreciation has to be provided annually at 10% on building.
 (iii) Accrued expenses at 31.12.2017 is as follows.
 - Insurance expenses 3 000

required.

- (a) The profit or loss statement for the year ended 31.12.2017.
 (b) The financial position statement as at 31.12.2017.

(iii) (a) Name the accounting concept for income & expenses which is used to calculate the corrected operating result. (01m.)
 (b) Name the financial statements prepared by sole proprietorships for the year ended. (01m.)

Answer Paper - Part I

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

(නිවැරදි පිළිතුරු ලකුණු 01 බැගින්)

Paper - II / Part - I

01. (i) (a) Partnership / private sector business / profit motive business / small scale business / small & middle scale business (01m.)
- (b) Waruna A.com - Strengths
 Waruna's experince
 Talanted and skillfull employee
 Aruna has followed a computer course (½m.)
Waruna .com - Opportunity
 Located in Kurunegala shopping complex
 having a large crowd (½m.)
- (ii) (a) agree / yes / should be registered (01m.)
- (b) The business is conducting in a different name other than the full name of its owner. (01m.)
- (iii) (a) Waruna.com (sole proprietorship) - advantages
 easy to commence
 can commence with a small capital
 all the profits belong to the owner
 Independent decision making (01m.)
- (b) Waruna A.com - disadvantages (Partnetship)
 Profit shared among Aruna & Waruna
 Conflicts among partners
 delay decision making
 no continued existence (01m.)
- (iv) (a) Planning
 decided to open a new branch at Ibbagamuwa. (01m.)
- (b) Presents a key tag printed the business name for every customer. (01m.)
- (v)
- | Assets | | | | = | + liabilities | | |
|-----------|-----------|-------------|----------|-------------|---------------------|-------------|-------------|
| cash | + debtors | + furniture | + stock | = | Equity | + Creditors | + Bank loan |
| + 200 000 | + 40 000 | + 240 000 | + 85 000 | = | 420 000 | + 25 000 | + 120 000 |
| + 500 000 | | | | = | 500 000 | | |
| | | | | + 200 000 = | 200 000 | | |
| + 700 000 | + 40 000 | + 240 000 | + 85 000 | + 200 000 = | 1 120 000 | + 25 000 | + 120 000 |
| 1 265 000 | | | | = | 1 120 000 + 145 000 | | |
- (02m.)

(vi) (a) Rs. 1 000

or

$$120\,000 \times \frac{10}{100} \times \frac{1}{2} \quad (01m.)$$

bank loan interest Acc.	Dr.	1 000	
accrued bank loan interest	Cr.	1 000	(01m.)

(vii) Cash balance Rs. 842 000 - or

Cash book

b/b/f	200 000	purchases	650 000
capital	500 000	electricity	8 000
income	400 000	salary	40 000
		rent	50 000
sales	500 000	key tag	10 000
		b/c/f	842 000
	<u>1 600 000</u>		<u>1 600 000</u>

(02m.)

(viii)	(a)	Furniture	240 000	
		equipment	200 000	

(for 1 = 01m.)

(b)	Bank loan	120 000	
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(01m.)

income statement

(ix)		
<u>Income</u>		
repair income	400 000	
sales income	500 000	900 000
<u>Expenses</u>		
purchases	650 000	
closing stock	85 000	
electricity	8 000	
salary	40 000	
rent	50 000	
key tag	10 000	
bank loan interest	1 200	(844 200)
Net profit		<u>55 800</u>

(01m.)

(for ½ = 02 marks)

(x) 1 175 800

or

1 120 000 + 55800 (received amount)	(02m.)	(2 x 10 = 20)
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Grade 11**BUSINESS AND ACCOUNTING STUDIES - 3/7**

02. (i) (a) Tangible and Physically existing things required for the fulfillment of human needs and wants are called as goods. (01m.)
- (b) Education / health / safety / transportation / Communication / entertainment (2 × ½ = 01m.)
- (ii) (a) ✓ (b) X (c) X (d) X (4 × ½ = 02m.)
- (iii) (a) Owner, farmers, (suppliers), government (2 × ½ = 01m.)
- (b) Land - banana leaves (2 × ½ = 01m.)
- (iv) (a) Economic environment (01m.)
- (b) Providing less interest loans for small scale businesses from the rural bank. (01m.)
03. (i) (a) Writing the name of the payee as mentioned on the face of the cheque at the back of it by the hand writing of the payee himself. (01m.)
- (b) ability to make payments via cheques
ability to obtain bank over draft facilities
to collect remittances
to activate standing orders (for 2 × ½ = 01m.)
- (ii) (a) ✓ (b) ✓ (c) X (d) X (4 × ½ = 02m.)
- (iii) (a) The trade carried out between two or more countries is called as International trade. (01m.)
- (b) medium - aero plane (½m.)
advantages - high speed / higher comfort for flowers (for 01 = 1/2m.)
- (iv) (a) **element** **example in the case**
sender managing director of PLC.,
receiver branch managers (2 × ½ = 01m.)
- (b) appropriateness / speed / cost / clarity / easy to use (for 2 × ½ = 01m.)
- (8 marks)
04. (i) (a) The share of the market consisting of consumers that a business can satisfy in a more attractive and profitable way is the target market. (01m.)
- (b) Diabetes patients (01m.)
- (ii) (a) ✓ (b) X (c) ✓ (d) X (4 × ½ = 02m.)
- (iii) A - Price B - Product
C - Place D - Promotion (4 × ½ = 02m.)
- (iv) (a) Planning is the process of determining the objectives of a business and determining the activities to achieve these objectives. (01m.)
- (b) planning - Determining the theme for the commerce day.
Organizing - appointing committees and delegating responsibilities
Leading - providing instructions to the students by the commerce teacher
Controlling - finding out whether the committee functions accordingly (2 × ½ = 01m.)

05. (i) (a) An asset is a resource controlled by the business as a result of a past transaction and from which future economic benefits are expected to flow into the business. (01m.)

(b) additional capital

income } profit or loss
expenses }

drawings

(01m.)

(ii) (01) receipt $\frac{1}{2}$

cash book dr. 2000

sales cr. 2000 $\frac{1}{2}$

(01m.)

(02) Written off as bad debts Rs. 2 000 $\frac{1}{2}$

General journal $\frac{1}{2}$

(01m.)

(iii)

Transaction	Assets = Liabilities + Equity	
01	+ 500 000 (cash) = + 500 000 (loan)	- $\frac{1}{2}$
02	85 000 debtors = - + 10 000 profit (75 000)stock	$\frac{1}{2}$
03	(4 000) cash = - (4 000) expenses	$\frac{1}{2}$
04	+ 90 000 stock = + 90 000 creditors	- $\frac{1}{2}$
05	(5 000) cash = (5 000)drawings	$\frac{1}{2}$

(ii) Equity = Opening equity = 800 000 $\frac{1}{2}$
 Profit = 10 000 } $\frac{1}{2}$
 expenses = (4 000) }
 drawing = (5 000) }
 closing equity = 801 000 $\frac{1}{2}$

(iii)

Sales journal

(1/2)

Date	invoice No.	Buyer	amount	L.P.
01/05	0251	Asela	15 750	} (01)
01/15	0252	Gunarathna	8 200	
01/28	0253	Sunimal	5 400	
01/31	(1/2)	Credited to sales Acc.	29 350	

(iv)

Asela			
01.05 sales	15 750		
	($\frac{1}{2}$)		
Gunarathna			
01.15 sales	8 200		
	($\frac{1}{2}$)		
Sunimal			
01.28 sales	5 400		
	($\frac{1}{2}$)		
Sales Acc.			
		01.31 debtors	29 350
	($\frac{1}{2}$)		

(02m.)

06. (i) Banks send monthly a computer printout to the business that holds the current account is known as bank statement. (01m.)

If the bank balance of the business at the end of certain time period does not agree with the balance in the bank statement, the bank reconciliation statement should be prepared by disclosing the reasons for the difference. (01m.)

(ii)

Adjusted Bank Ac..			
b/b/f	($\frac{1}{2}$)	26 000	rent
remittance	($\frac{1}{2}$)	4 300	charges
			b/c/f
		30 300	1 200
			800
			28 300
			30 300

Bank reconciliation Acc.

($\frac{1}{2}$) The adjusted bank balance		28 300	
(+) unrepresented cheques	7 000	7 000	($\frac{1}{2}$ m.)
	($\frac{1}{2}$ m.)	35 300	
(-) unrealized cheques	10 000	(10 000)	
The balance of the bank statement	($\frac{1}{2}$)	25 300	

(iii)

General Journal

Description	Dr.	Cr.
Insurance Acc. Dr. Suspense Acc. (-----)	1 530	1 530
Debtors Acc. Dr. Sales Acc. (-----)	8 000	8 000
Advertising Acc. Dr. Suspense Acc. (-----)	7 000	7 000

(03m.)

Suspense Acc.

The difference	8 530	Insurance	1 530	$\frac{1}{2}$
		Advertising	7 000	$\frac{1}{2}$
	<u>8 530</u>		<u>8 530</u>	
				(01m.)

- (iv) (i) Purchases invoice
Sales invoice
Journal voucher (01m.)

- (ii) Motor vehicle Acc. Dr. 400 000
Indra traders Ac.. Cr. 400 000 (01m.)

07. (i) (a) Sales and cost of sales (01m.)
(b) receivable income account Dr.
relevant income Acc. Cr. (01m.)

(ii) (a)

Sandamadala business
Profit or loss statement for the year ended 31.12.217

Sales			300 000	
- cost of sales				
Opening stock		10 000		
Purchases		140 000		
carriage inwards		7 000		
		157 000		
- closing stock		15 000		
cost of sales			142 000	(1/2)
gross profit			158 000	(1/2)
<u>distribution cost</u>				
advertising	1 000			
bad debts	4 000			
transportation	7 000	12 000		
<u>Administration cost</u>				
building depreciation	20 000			
salary	60 000			
insurance	3 000			(1/2)
stationery	9 000	92 000		
				(04m.)
<u>financial expenses</u>				
bank loan interest	10 000	10 000	114 000	
net profit transferred to capital account		(1/2)	44 000	

Sandamadala business statement of financial position as at 31.12.2017

	Cost	Accu. Dep.	Carrying amount F	
<u>Non current Assets</u>				
Land	(1/2) 350 000	(1/2) -	350 000	
building	200 000	20 000	180 000	
	550 000	20 000	530 000	(1/2)
<u>Current assets</u>				
Stock		15 000		
debtors		40 000	55 000	
			585 000	
<u>Equity & Liabilities</u>				
Capital		398 000		
+ Net profit		44 000	442 000	(1/2)
<u>Non current liabilities</u>				
bank loan		(1/2) 100 000	100 000	
<u>current liabilities</u>				
Accrued transpiration		1 000		
Accrued insurance		(1/2) 3 000		
Creditors		35 000		
Accrued interest	(1/2)	4 000	43 000	
			585 000	

(04m.)

(iii) (a) Accrual Concept (01m.)

(b) Profit or Loss statement (01m.)

Statement of financial position (01m.)