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		First Term Test -	Grade 11 - 2018				
Inc	Index No: Business & Accounting Studies I & II Time: 03 Hours						
<u>Not</u>	 Answer all questions In each of the question most appropriate. Mark a cross (x) on the second se		g to your choice in the an	1			
* Usi	ing following case and ans	wer question No 01 -04					
	lamini commences an ure Products " with the assis			sing coconut shells named from their living area.			
01)	What is the basic human no 1.Education	eed which is fulfilled by ' 2.Entertainment	Nature Products " busin 3.Food	ess? 4.Clothes			
2)	What is the type of busines 1.Partnership		are Products " related? 3.Incorporated Comp	anies 4.OtherAssociations			
3)	What is the factor of produ 1.Land	ction which relates coco 2.Labour	nut shells used to produce 3.Capital	e ornamentals? 4.Entrepreneurship			
4)	 The corrected statement relates to "nature products" business is, 1. The business is having a legal personality. 2. Sandamini's liability is being limited for the business. 3. It is mandatory to register the name of this business. 4. Sandamini can't take independent decisions about the business. 						
5)	expect to take a 1. competitors, employees 3. managers, employees.		and, expec 2. owners, employees 4. employees, manage				
6)	Following incidents occur A - enhancing the road faci B - Increasing the loan inte C - Introducing fiscal polic	lities. prest rates.	ment.				
	The political environment	al factors are,					
	1. A & B	2. B & C	3. A & C	4. A, B & C			
7)	It is not considered as a fix 1. A grocery.	ed small scale retail shop 2. Saloons.	o. 3. Super markets.	4. Beauty saloons.			
8)	Grain flour producer Sam	eera Bandara maintains l	nis current account in pe	ople's bank Kurunegala branch.			
	He purchased a machine F cheque. Who is the drawed		th Dissanayake on 16.01	.2018 and paid the amount by a			
	 Prabhath Dissanayake Sameera Bandara 		 People's bank - Kur none of the above. 	runagala branch			

Following are some types of eloctronic cash.
 A - Cey bank Visa
 B - Cat Super

C - Peoples Visa

It is considered as credit cards,

1.A,B 2.B,C 3.A,C 4.A,B,C

10) Sampath insured his motor vehicle worth Rs. 1000 000 on the same value. The Motor Vehicle met with an accident and got damaged with value of Rs. 200 000. Sampath has been received Rs. 200 000 from the insurance company as compensation. What is the related insurance principle for that?

- 1. utmost good faith 2. insurable interest 3. nearest reason 4. indemnity
- 11) Following are some communication mediums A-Telephone B-SMS C-E-mail D-Skype

Out of above mediums select the electronic oral communication mediums,1.A&B2.A&D3.B&C4.B&D

- 13) Select the activity which relates to the management function leading.
 - 1. The process of finding out whether the business activities are implemented as planned.
 - 2. The process of directing human resources appropriately.
 - 3. The process of distributing required resources, job roles and tasks in order to achieve the objectives.
 - 4. The process of determining the objectives of a business and determining to achieve these objectives.

14)	A– Quality B– Discounts	C – Distribution D – Allowances	E–Ware House F– transportation	G– Advertising H– Payment Methods	
	Select the items relate to variable price in marketing mix from above mentioned items.				
	1. ABC	2. DEF	3. B D H	4. F G H	
15)	It is not an activity	for marketing.			

- 1. Producing goods & services that can better satisfy human need or a want.
- 2. Marking a reasonable price

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- 3. Distributing goods & services to the consumers
- 4. Attracting consumers by using different advertising strategies.

16)(1).... means using resources to achieve the expected objectives and(2).... means using resources to

obtain the maximum output from minimum resources.

Select the correct answer for above blanks 1 & 2.

1.Efficiency, Effectiveness	2.Productivity, Efficiency
3.Efficiency, Productivity	4.Effectiveness, Efficiency

17) "Owner has taken goods worth Rs. 25,000 for his personal uses" Select the correct answer which indicates above transaction in accounting equation.

	Assets (Rs)	=0	wner's Equity (Rs)	+ Liability (Rs)
1.	+25000	=	+25000	-
2.	- 25 000	=	- 25 000	-
3.	- 25 000	=	-	- 25 000
4.	-	=	- 25 000	- 25 000

18)	Select the transaction which decreases a liability of 1. Paid salary Rs. 25000 3. Paid to creditors Rs. 2000	a business. 2. Credit purchases from Ruwan Rs. 15000 4. Received rent income Rs. 6000			
19)	State the type of accounts for "discount received ac 1.Equity & Liabilities 2.Equity & Assets	count and debtors account" respectively. 3.Income & Liabilities 4.Income & Assets			
20)	Select the relevant account for decreases debit and 1.Capital account 2.Debtors account	increases credit, 3.Salary account 4.Cash account			
21)		esult of a past transaction rt of economic resources when settlement is made. 3.A, B & C only 4.A, B & D only			
22)	Following information relates to Radhika's businesOwner's equity as at 01.01.2017owner's equity as at 31.12.2017-460,00Income for the year-240,00Expense for the year-165,00	ss for the year ends 31.12.2017. 0.00 0.00 00.00			
	What is the amount of additional capital invested by1.Rs. 34,0002.Rs. 75,000	y Radhika during the year? 3.Rs. 109,000 4.Rs. 184,000			
*	Using following information answer question No Suranga a debtor the balance is bearing Rs. 12000 Ranga allowed 5% cash discount to Suranga.	0 23 & 24.), of Ranga's business. When settling this debt amount			
23)	What is the amount that Suranga had to pay? 1.Rs. 13,200 2.Rs. 126,00	3.Rs. 11,400 4.Rs. 10,800			
24)		nsaction in Ranga's business 2. Cash account Dr – Rs.11400 Discount allowed account Dr- Rs. 600 Debtors Account Cr – Rs. 12000			
	3. Cash account Dr – Rs.11400 Discount received Account Dr – Rs. 600 Debtors Account Cr – Rs.12000	4. Cash account Dr- Discount received Account Dr – Rs. 600 Creditors Account Cr – Rs. 12000			
25)	The relevant source document for recording cash re1.Invoice2. Debit note	2. Receipt 4. Voucher			
26)	The source document is for issuing a cheque	e Rs. 12000 to a creditor of a business and the prime			
	entry book is? The correct answer for the bla 1.Receipts – bank account 3.Paying voucher – cash book	nks 1&2. 2.Cheque counterfoil – cash book 4.Paying voucher – bank account			
*	Using following information answer question No.2	27 & 28.			
	The balance of the bank account of a business was Rs. 680,000 as at 31.12.2017 and the balance of bank statement was not agreed to it. Following reasons were caused to the difference. A-Insurance premium paid by the bank on standing order Rs. 10,000 B-Deposited but unrealized cheque was Rs. 40,000 C-Bank charges Rs. 2000				
27)	The reason / reasons for the bank account exceeds the 1. A only 2. B only	he balance of the bank statement is/are 3. A & B only 4. B & C only			
28)	The adjusted bank balance as at 31.12.2017 is ,1.Rs. 668,0002. Rs. 670,000	3. Rs. 692,000 4. Rs. 708,000			
	- 03 -				

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- Following is a journal entry which records a transaction. Debtors account debit Rs. 8000 29) Bank account credit Rs. 8000 The transaction should be occurred, 1. Deposited a cheque Rs.8000 which is received from debtors. 2. Received Rs. 8000 from a debtor 3. Credit sales Rs. 8000 4. Dishonoured a cheque Rs. 8000, which is received from a debtor. The total of the petty cash expenses was Rs. 1750 of Mahela's business for the month of Dec. 2017, and the cash 30) in hand as at 31 Dec. was Rs. 250 The petty cash imprest of the business is, 1. Rs. 250 2. Rs. 1500 3. Rs. 1750 4. Rs.2000 31) Following sales condition is extracted from an invoice. 5/45/net 90 According to the above condition, the debt should be settled for receiving discount is, 1. After 5 days from the date of receiving debt. 2. Within 45 days from the date of receiving debt. 3. After 45 days from the date of receiving debt. 4. Within 90 days from the date of receiving debt. 32) After preparing the sales journal, the balance of it should be, 2. Debited to debtors account 4. Credited to debtors account 1. Debited to sales account 3. Credited to sales account 33) Select the group of transactions that records only in the general journal. 1. Cash receipts, credit sales of trade goods, credit purchases of motor vehicles. 2. Credit sales of motor vehicles, error correction entries, credit purchases of machinery 3. Receipts from debtors, cash payings for expenses, purchases trade goods on cash. 4. Motor vehicle sales on cash, cash payings for expenses, credit sales of trade goods. 34) Select the group of accounts which records only in the debit column in the trial balance. 1. Machinery Acc., capital Acc., debtors Acc., cash Acc. 2. Machinery Acc., bank Acc., debtors Acc., purchases Acc. 3. Machinery Acc., drawings Acc., sales Acc., Income Acc. 4. Machinery Acc., debtors Acc., creditors Acc., purchases Acc. 35) Select the corrected journal entry to rectify the error of " paying Rs. 7000 as electricity expenses has been recorded in electricity bill account as Rs. 700. 1. Electricity bill Acc. Dr Rs. 6300, suspense Acc.Cr. Rs. 6300 2. Electricity bill Acc. Dr Rs. 700, suspense Acc.Cr. Rs. 700 3. Suspense Acc. Dr Rs. 6300, Electricity bill Acc Cr 6300 4. Electricity bill Acc. Dr Rs. 6300, cash book Cr. Rs 6300 "The balance of interest income account Rs.1700 has been recorded in the debit column of the Trial balance" 36) because of the above error, the suspense account will be generated, 1. A credit balance of Rs. 1700 2. A debit balance of Rs. 1700 3. A credit balance of Rs. 3400 4. A debit balance of Rs. 3400 Following journal entry has been extracted from the general jornal of Amila's business. 37) Telephone expenses Acc Dr. Rs. 1000 Suspense Acc Cr. Rs. 1000 The error would be occurred, 1. Paying telephone bill Rs. 1000 has been completely omitted from books. 2. Paying telephone bill Rs. 1000 has not been recorded in telephone charges account. 3. Paying telephone charges Rs. 1000 has been debited in telephone charges acc. 4. The balance of the telephone charges account Rs. 1000 has not been posted to the Trial balance. A disadvantage of mobile banking is, 38) 1. Easy to conduct transactions 2. Financial transactions can be fulfilled quickly 3. Technical faults would be occur. 4. Save time and effort. 39) Select the objective of preparing the profit or loss statements for the year ending by a business. To know the operational results of a business.
 To know the income and expenses for the year. 1. To know the financial position of a business 3. To know the gross profit 40) " Lanka " business purchased 50 T- shirts from Amal's business for Rs. 300 each. when purchasing T- shirts 10% discount was deducted. How this transaction will be influenced to the Lanka business, 1. Increases discount allowed Rs. 3000 2. Occures a debtors balance Rs. 30000
 - 3. Occures a creditors balance Rs. 27000

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4. Occures a creditors balance Rs. 30000

- 04 -

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පළමු චාර පරීකෂණය - 11 ශේණීය - 2018				
First Term Test - Grade 11 - 2018				
Index No: Business & Accounting Studies II				
Note:-				

• Answer five questions only as instructed.

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- Including question No 01, answer five questions selecting two questions from each of the parts I & II.
- 1) Answer the questions No i to x using following case.

Dineth Perera successfully followed a video & photography course after G.C.E. (A/L). His sister Nethmini Perera has followed a beauty culture course and both of them agreed to start a business named "Dineth Wedding" by taking instructions from an instructing firm. They are specially fulfilled supplying wedding clothes & jewelleries, bridal dressing, flower arrangements, wedding cars, wedding video & photographs from their business by recruiting skilled employees in all aspects. They invested Rs. 400,000 and a building worth Rs. 700,000 which is situated near the bus station in town on 01.01.2018. They obtained a bank loan Rs. 500,000 on the same day. On 02.01.2018, Following transactions were occurred. Rs. Bought flowers for the requirements of arrangements 75,000 Purchased wedding clothes 250,000 Purchased beauty culture equipments and materials 150,000 Purchased cameras and video equipments 400,000

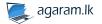
If it is commenced another beauty culture business in this town, they have successfully covered 03 wedding functions during the month of January.

Following transactions occurred during the month of January. Paid relevant expenses for wedding functions	Rs. 500,000
Income received	1,000,000
Paid to technicians	200,000
Paid electricity bill	20,000

They have decided to convert this business as an incorporated company in the near future.

- I. (a) Name the product of " Dineth Wedding " according to the nature of the business. (b) Name the type of the business organization relates this business.
- II. Nethmini tells that " Dineth Wedding " business should be registered.(a) Do you agree for the above statement ?(b) Give reasons for your answer.
- III. (a) Name 02 stake holders for this business.
 (b) Name an internal environmental factor and an external environmental factor which relate to " Dineth Wedding " business.
- IV. (a)Write an example each for the management functions planning and organizing relate this business,(b) Write an advantage and a disadvantage by converting this business into incorporated company.
- V. Write the accounting equation of this business as at 01.01.2018.
- VI. Write 02 prime entry books and relevant source documents which used to record the transaction of this business
- VII. Write the journal entry to record the transaction 'paid electricity bill' with values.
- VIII. Calculate the cash in hand as at 31.01.2018.
- IX. Write a non-currant asset and a non-currant liability of this business.
- X. Calculate the equity as at 31.01.2018 of this business.

- 01 -



<u> Part I – Business Studies</u>

- Answer 02 questions only.
 a) what is a consumer nee
 - i. a) what is a consumer need?b) write 02 differences between human needs & wants.
 - ii. State whether the following statements true or false.
 a) Goods exchanging system is called as Bartar system

 b)Retail businesses are provided services
 c)Buildings are related to factor of production ' Land'
 d)The decisions of the owners about the business are implemented by the managers
 - iii. Nirmal creates wood carvings using the roots of trees and the parts of trees by finding out from his living area and sells them to tourists.
 - a). write 02 production factors of this case.
 - b). write an example each for the above mentioned iii (a) factors of production.
 - iv. Sapumalee is living near Anuradhapura sacred place sells flowers which are picked from lakes nearby to the pilgrims with the assistance of her brother.
 - a) state a stakeholder mentioned above case and write a reason that stakeholder intends to achieve from the business.
 - b) write 02 opportunities which is having to conduct ' Sapumalee's business.
 - i. a) what is a business organization ?b) write 02 quantitative criteria used to classify business organizations according to the scale.
 - ii. State whether the following statements are true or false.
 - a) Cooperative societies are public sector business organizations
 b) The legal provisions are in greater level of incorporated company
 c) Coconut development authority is an incorporated company
 d) It is having a continued existence of a partnership
 - iii. Following businesses commence in Gemunupura area.
 - Pubudu Company Limited
 - Rusiru Stores

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3.

- Rantharu Sports Club
- Gemunupura Cooperative Society Limited
- a) write 02 profit motive businesses from above mentioned businesses.
- b) write 02 characteristics which can be seen in Pubudu Company limited.
- iv. Amal & kamal are chartered accountants. Both of them are commenced an audit firm.a) what is type of business organization that Amal and Kamal are conducting?b) write 02 disadvantages which can be seen in this type of business organization.
- 4. i. a). identify the electronic cash.b). write 02 advantages which is maintaining a current account.
 - ii.State whether the following statements are true or false.
(a)It is not having close proximity to consumers in retail trade
(b)Crossed cheque should be deposited to a bank account in order to obtain money.
(c)The principle of indemnity applies to the life insurance.
(d)Any certain place in which buyers and sellers meet is considered as a market.(.....)
 - iii. a). Dimuthu received a life insurance Rs. 600,000 from Sri Lanka insurance. As his sudden death the amount of compensation has been paid to his wife Nipuni.
 - a). Name the insurerer and the insureree of this case.
 - b)." it is decided to introduce a new solar power system to generate power for motor vehicles." Name the element of transportation which directly relates to above mentioned statement.
 - iv. Jeevaka who is conducting a bag producing business decided to produce a high quality school bag. For that purpose he purchased machinery with modern technology. His production manager always gives



required instructions to the quality controller and he examined the quality of product in every step of the regarding production process.

State 04 management functions and give an example for each function from the above case. Write the answer by using following table.

Management function	Example in the case

Part II

Answer only 02 questions.

- 5. I. a). what is the objective of accounting? b). write 02 characteristics of a liability.
 - ii. Following transactions accured in Avishka's business for the month of January 2017.
 - 1. Invested Rs. 500, 000 as capital
 - 2. Obtained a bank loan Rs. 125,000
 - 3. Sold goods on credit Rs. 15,000 which were purchased at Rs. 10,000
 - 4. Paid electricity bill Rs. 6000
 - 5. Paid Rs. 20,000 bank loan installment including Rs. 2000 as the interest

Required,

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a). Indicate above transactions within following table.

Transaction No	Assets =	Equity	+ Liabilities
1	+ 500,000	+ 500,000	
2			
3			
4			
5			

- b). Calculate the equity of the business by ending above transactions.
- iii. Write the relevant Journal entries for following transactions. a). opened a fixed deposit Rs. 10,000 b). paid Rs. 4000 from business for the electricity bill of owners house.
- iv. Following transactions occurred in Dinuka's business for the month of January 2017.
 - 2017.01.01 the cash balance Rs. 65000
 - 2017.01.02 sales on cash Rs.12000
 - 2017.01.05 paid to creditor Anura Rs. 8000
 - 2017.01.07 cash deposited in the bank Rs. 10000
 - paid the electricity bill Rs. 2000 2017.01.19
 - obtained a bank loan Rs. 40000 2017.01.20
 - 2017.01.22 received from debtors Rs. 15000
 - 2017.01.28 invested in a fixed deposit Rs. 25000

Required

Prepare the cash book and balancing off it as at 31.01.2017



- 6. i. a) What is the main objective of preparing a bank reconciliation statement of a business? b) State 02 source documents which is used to prepare the bank account.
 - ii. The balance of the bank account of Sandaruwan's business was Rs. 21500 as at 31.01.2018. However the bank statement has a difference balance. Later followings are revealed.
 - 1. Following deposited cheques are not yet realized
 - Cheque No. 0178 Rs. 1500
 - Cheque No 0271 Rs. 6000
 - 2. Bank charges Rs. 1000 and insurance premium paid on standing orders by the bank Rs. 3000
 - 3. A debtor Ruwan has been directly deposited Rs. 5000 to the bank.
 - 4. Issued cheques to creditors Rs. 8000 has not been presented to the bank yet.

Required

- i. Adjusted bank account
- ii. Bank reconciliation statement.
- iii. The total of the discount received column of the cash book Rs. 5200 and the total of the discount allowed column of the cash book was Rs. 2900 of Amanda's business for the year ending 31.12.2017.
 - i. Write the relevant journal entries to post above discounts into the ledger.
- iv. The petty cash imp rest is Rs. 2000 and the balance of the petty cash book is Rs. 280 as at 01.01.2018 of Maheepala's business.

Following expenses occurred during the month of January 2018.

	<u>Rs</u>	
Travelling charges	510	
Stationary expenses	220	
Entertainment expenses	500	
Postal chargers	120	
Paid to Vimukthi	400	

Required

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- 1. What is the amount of reimbursed on 31st January?
- 2. Posting the above patty cash expenses to the ledger accounts.
- 7. Following transactions occurred in Aravinda's business during the month of January 2017. i.
 - 01.05 purchased from Ravi Rs. 10000, discount deducted 10%
 - 01.08 purchased from Amal Rs. 15000
 - 01.12 purchased on cash Rs. 20000
 - 01.15 sales on cash Rs. 28000
 - 01.21 sales to Namal Rs. 12000
 - 01.25 Sales to Keerthi Rs. 15000, discount deducted 10%

Required

- 1. Prepare the purchases journal and the sales journal from above transactions.
- 2. Post into the ledger only the information of purchases Journal.
- ii. The credit column of the Trial Balance of Sumudu's business was decreased from Rs. 700 as at 31.03.2017. Later following errors were disclosed
 - 1. Paid insurance charges Rs. 4200 has been recorded only in the cash book.
 - 2. The balance of the rent income account Rs. 4000 has not been extracted to the trial balance.
 - 3. Discount received Rs. 3400 has been recorded in relevant creditors account as Rs. 4300

Required

- 1. The journal entries to rectify above errors.
- 2. The suspense account

- 04 -

- iii. a) State 02 examples for the types of transaction which is recorded in general journal.
 - b). following balances can be seen in Asitha's business as at 31.03.2017.

U	
Capital	430,000
Purchases	170,000
Sales	225,000
Debtors	28,000
Creditors	15,000
10% bank loan	30,000
Land & building (on cost)	400,000
Office equipment (on cost)	100,000
Electricity	30,000
Drawings	4,000
Insurance	5,000
Commission income	30,000
Bank loan interest	3,000
Cash in hand	10,000

<u>Required</u> Prepare the Trial Balance of Asitha's business as at 31.03.2017 by using above balances.

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1st Term Test 2018 Grade 11 – business & Accounting Studies I, II Answer script

Paper I

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

Paper II

- 1. I. a). service providing business
 - b). partnerships/private sector businesses /profit motive businesses / small scale/small& middle scale
 - ii. a). Agreed/yes/should be registered
 - b). as the business name and the owners names are different or as the business name is 'Dineth Wedding'
 - iii. a).owners

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- Employees / technicians
- Government/Government institutions
- Suppliers
- Competitors / other beauty saloon in the city
- Customers / the parties who are taking part functions
- b). internal environmental factors.
 - Owners / managers/ Dineth Perera & Nethmini Perera
 - Employees / technician
 - External environmental factors
 - Competitors
 - Customers
 - Political environment
- iv. a). <u>Planning</u> determining to convert into incorporated company
 - Organizing * recruiting employees / technicians
 - *receiving required resources.

b). Advantages

- Can raise more capital
- Receiving a legal personality
- Having a continued existence
- Having a limited liability
- Managed by a board of directors

Disadvantages

- <u>Greater level of legal provisions</u>
- <u>Profits are shared</u>
- Ownership is shared
- Not easy to start

v. Assets	=Equity +Liabilities
1 600 000	$=1\ 100\ 000+500\ 000$
Or	
Cash + building	= Equity + bank loan
+400000	=+400000
+700000	=+700000
+500000	= + 500 000
900000 +700000	$= 11\ 00\ 000 + 500\ 000$

vi. * cash book – receipt / paying voucher * General journal – journal voucher

vii. Electricity bill account .Dr. 20 000 Cash book Cr. 20 000

viii.

<u>Cash account</u>				
Capital	400,000	Flowers	75,000	
Bank loan	500,000	Wedding clothes	250,000	
income	1,000,000	Beauty culture equipment	150,000	
		Camera & video	400,000	
		Expenses	500,000	
		Cameramen	200,000	
		Electricity bill	20,000	
		b/c/f	305,000	
	1,190,000		1,190,000	

ix. Non-Current Assets

- Camera & video equipments
- Beauty culture equipments
- Wedding clothes
- Non Currant Liability
 - Bank loan

х.	Assets	=	Equity	+	Liabilities
01/01	1600,000	=	1100000	+	500000
	+75,000	=			
	- 75,000				
	+250,000	=			
	-250,000	—			
	+150,000	=			
	- 150,000	—			
	+400,000	=			
	- 400,000	_			
	- 500,000	=	- 500000		
-	1,000,000	=	+1000000		
	-200,000	=	- 200000		
	- 20,000	=	- 20000		
	1880000		1380000	+	500000

2. i. a) Human needs are requirements that must be fulfilled essentially for existence.

·	I	لي
)	Needs	Wants
	 being essential 	 not essential
	 being common 	 being diverse
	 being limited 	 being unlimited
	 can't be created 	• can be created
i) V	b)√	c) x d) $$

ii. a) $\sqrt{}$ b) $\sqrt{}$ c) x iii. a). Land, Labour, Capital, Entrepreneurship

b). Land – Parts of trees, roots of trees
 Labour - Nimal's Labour
 Capital – building, equipment, polish
 Entrepreneurship – Nirmal's ability / combination of factors of production.

iv.a). Sapumalee/owner

b)

- earning sufficient profit
- growth of the business in future
- security of investments
- Customers/pilgrims
- receiving fresh flowers/ obtaining quality products

c) x

- Obtaining products at a reasonable price.
- b). * living near Anuradhapura sacred place
 - * having lakes in the area
 - * More pilgrims come to Anuradhapura
- 3. I. a). A business organization consists of an individual or a group of individuals working together to produce goods and services required to fulfill human needs and want.

am Ik

- b). * amount of capital invested
 - * Number of employees
 - * Amount of the energy used
 - * Market share of the business. (x b) $\sqrt{}$
- ii. a) x

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iii. a). Pubudu Company Limited

Rusiru Stores

- b). * incorporation under the companies Act
 - * continued existence
 - * Ability to register with limited liability
 - * can raise capital by issuing shares
- iv. a). Partnerships
 - b). * unlimited liability
 - * Profit shared among partners
 - * Conflicts among partners
 - * No continued existence
 - * No legal personality
- 4. I. a). Electronic cash is an electronic payment settlement method which can be substituted for cash and cheques.
 - b). * ability to make payments via cheques
 - *Ability to obtain bank overdraft facilities
 - * To collect remittances
 - * To activate standing orders
 - * receiving a bank statement b) \sqrt{c}

ii. a) x

d) x - 03 -

- iii. a). Insurerer Sri Lankan Insurance Insureree – Dimuthu
 - b). power

iv.

′· [Management function		Example from the case
	1.	Planning	* Determining to produce a high quality school bag.
	2.	Organizing	* Purchase a machinery with modern technology
	3.	Leading	* Production manager gives required instruction to the quality controller
	4.	Controlling	* Examining the quality of products in every moment of the production process.

<u>Part II</u>

5. I. a). providing information to the stake holders to take decisions

- b). * arose as a result of a past transaction
 - * Outflow part of economic resources when settlement is made.
 - * having a current obligation.

500,000 5,000 505,000 (8000)

497000

ii.a).	Transaction No	Assets	Equity	Liabilities	
	1	+ 500,000	+500,000	-	
	2	+ 125,000	-	+125,000	
	3	(+10,000 + 15,000) + 5000			
	4	(- 6000)	(- 6000) (-6000)		
	5	(- 12000)	(-2000)	(-10,000)	

b). Equity

iii. a). Fixed deposit Acc/Investment Acc Dr. 10 000 Cash book Cr. 10 000 b). Drawing Acc Dr 4 000 Cash book Cr 4 000

v.					С	ash Book	C C			
	Date	R N	Description	L P	Value Rs.	Date	V N	Description	L P	Value Rs.
	01.01 01.02 01.20 01.22		B/B/F Sales Acc Bank loan Acc Debtors Acc		65000 12000 40000 15000	01.05 01.17 01.19 01.28 01.31		Creditors Acc Bank Acc Electricity bill Fixed deposit Acc B/C/F		8000 10000 2000 25000 87000
	02.01		B/B/F		132000 87000					132000

iv.

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- 6. I. a). When the bank balance of the business at the end of a certain time period does not agree with the balance in the bank statement, It shows the reasons to the difference.
 - b). receipt, paying vouchers, counterfoil

ii.	Adjusted ba	nk account	
	b/b/f 21500	Bank charges	1000
	direct remittance 5000	Insurance	3000
		b/c/f1000	22500
	26500		26500
_	Bank reconcilia	tion statement	
	The balance of the adjust	ted bank account	22500
	+ Unpresented cheques		8000
		1500	30500
	- unrealized cheque	1500 6000	(7500)
	The balance of the bank	0000	
	statement		23000
	a). Discount allowed Acc Dr. 2 Relevant debtors Acc Cr b). relevant creditors Acc Dr 5 Discount received Acc Cr Rs. 1750	2900	
v.	Travelling charge	es Acc	Stationary Acc
1	.31 petty cash 510		1.31 petty cash 220
	Entertainment	Acc	Postage Acc
1	.31 petty cash 500	<u> </u>	1.31 petty cash 120
-			
	I		I
_	Vimukthi Acc		
1	.31 petty cash 400		
	•		

7. I.

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Purchases Journal

	Date	In. N	Supplier	Value
	01.05		Ravi	9000
	01.08		Amal	1500
01.31 Debited to purchases Acc		Debited to purchases Acc	24000	

Sales Journal					
Date	Date In. N Supplier				
01.2	1	Namal	12000		
01.25		Keerthi	13500		
01.3	1	Credited to sales Acc	25500		

