



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

**THIRD TERM TEST 2018****Grade 11 Business & Accounting Studies - I,II** Three Hours.

Name / Index No. :

- Answer all questions.
- In each of the questions from 1 to 40. Pick one of the alternatives 1,2,3,4 which you consider as correct or most appropriate.
- Make a cross (X) on the number corresponding to your choice in the answer sheet provided.
- Further instructions are given on the back of the answer sheet. Follow them carefully.

- **Answer the questions No. 1 to 5 paying attention to the following case.**

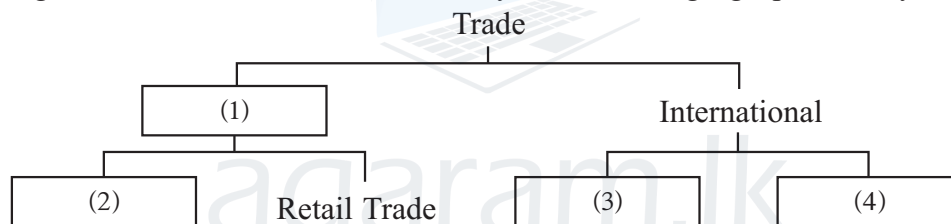
Amal is a pharmacist and Kamal is a building proprietor in a city are started a pharmacy named 'Suwa Osu' under a written agreement. They received a bank loan with less interest under the Enterprises Sri Lanka project.

01. The want mentioned in this case is,  
 (1) Health (2) Security (3) Drugs (4) Disease
02. 'Suwa Osu' business is,  
 (1) a service providing business (2) a sole proprietorship  
 (3) a commodity manufacturing business (4) an incorporated company
03. The factors of production of Amal & Kamal respectively are,  
 (1) capital & labour (2) labour and capital  
 (3) Labour & cash (4) entrepreneurship & labour
04. Select the type of business organization which relates to Suwa Osu,  
 (1) an incorporated company (2) a sole proprietorship  
 (3) a partnership (4) a cooperative society
05. An opportunity of this business mentioned in this case is,  
 (1) Amal is being a pharmacist. (2) Kamal has a building  
 (3) Located in a main city. (4) Can be obtained a bank loan with a less interest.
06. Select the answer which indicates the related external environmental factor for followings respectively.  
 \* The companies Act No. 07 th of 2007 \* Fiscal policy  
 \* Interest rate  
 (1) legal environment, political environment, economic environment  
 (2) legal environment, technical environment, political environment  
 (3) political environment, legal environment, economic environment  
 (4) economic environment, global environment, political environment

(01)

07. Select the types of business organization which are having following characteristics.
- ♦ unlimited liability of the owner.
  - ♦ not having legal personality.
  - ♦ not mandatory to register
- (1) sole proprietorships, partnerships
  - (2) sole proprietorships, incorporated companies
  - (3) sole proprietorships, cooperative societies
  - (4) state corporations, incorporated companies.
08. The common characteristics for sole proprietorships, partnerships and incorporated companies are,
- (1) unlimited liability, managed by the owners, owned to private sector.
  - (2) profit oriented, managed by the owners, owned to private sector.
  - (3) profit oriented, having a legal personality, not mandatory to keep accounts.
  - (4) profit oriented, managed by the owners, managed by the government.
09. Select the correct answer relating a partnership.
- (1) profit oriented, public sector business organization.
  - (2) Should be registered under the partnership ordinance of 1890.
  - (3) 02 partners minimum and maximum of 20.
  - (4) having continued existence, limited liability and not having legal personality.

10.



The answer for the above blacks respectively is,

- (1) import, export, wholesale, domestic
  - (2) wholesale, domestic, export, import
  - (3) domestic, import, export, wholesale
  - (4) domestic, wholesale, import, export
11. Grocery, Beauty, Saloons are related to,
- (1) mobile small scale retail stores
  - (2) mobile large scale retail stores
  - (3) fixed small scale retail stores
  - (4) mobile retail stores.
12. Amal Perera purchased a trade stock Rs. 50000 from Kamal Shantha on 05.01.2018. Amal Perera told to his clerk, Susil Wasantha to issue a Bank of Ceylon cheque to settle the amount for Kamal Shantha. Select the correct answer which indicates the drawer, drawee and payee respectively of above case.
- (1) Amal Perera, Bank of Ceylon, Kamal Shantha.
  - (2) Amal Perera, Sunil Wasantha, Kamal Shantha.
  - (3) Kamal Shantha, Bank of Ceylon, Amal Perera.
  - (4) Kamal Shantha, Sunil Wasantha, Amal Perera.

(02)

13. Examples for principles of insurance are given in column X and principles of insurance are in column Y.

X	Y
1. The legal owner of such property can obtain an insurance coverage for that property.	A - Utmost good faith.
2. The person who has obtained the insurance coverage conceals his serious illness	B - Indemnity
3. A motor vehicle is insured for Rs. 2000 000 and the compensation is given Rs. 200 000 for the damage valued Rs. 200 000	C - insurable interest.

- |                       |                       |
|-----------------------|-----------------------|
| (1) 1 - A 2 - B 3 - C | (2) 1 - B 2 - A 3 - C |
| (3) 1 - C 2 - A 3 - B | (4) 1 - B 2 - C 3 - A |

14. Select the transportation way which relates to following characteristics.

- s Can be used up to the destination.
- s having traffic congestion

- |               |           |              |                |
|---------------|-----------|--------------|----------------|
| (1) rail ways | (2) roads | (3) air ways | (4) water ways |
|---------------|-----------|--------------|----------------|

15. The class monitor conducts students is known as (1)..... and the prefects are finding out whether the students are cleaning their premises well and if not taking necessary measures to correct them is known as (2).....

Select the correct answer for above blanks (1) and (2).

- |                              |                           |
|------------------------------|---------------------------|
| (1) Planning & leading       | (2) leading & controlling |
| (3) controlling & organizing | (4) leading & organizing  |

16. The government institution established to monitor and regulate the Colombo Stock Exchange transaction is,

- (1) The Securities & Exchange Commission of Sri Lanka.
- (2) Colombo Stock Exchange
- (3) The company registrars office.
- (4) The Central Bank of Sri Lanka.

17. Select the transaction which is changed assets, liabilities and equity all,

- (1) Purchased a trade stock Rs. 5000 from Saman on credit.
- (2) Paid cash Rs. 3000 to creditor Amal.
- (3) Paid bank loan installment with the loan interest Rs. 1000.
- (4) Paid electricity bill Rs. 1000.

18. "Owner paid Rs. 10000 to a creditor from his own money."

The affection of this transaction to the accounting equation is,

	Assets	=	Equity (Rs.)	+	Liabilities (Rs.)
(1)	-10000	=			-10000
(2)	-10000	=	-10000		
(3)		=	+10000		+ 10000
(4)		=	+10000		-10000

19. The double entry of a transaction is as follows,

debtors Acc.	Dr.	Rs. 8000	
Sales Acc	Cr		Rs. 8000

The transaction would be,

- |  |  |
|--|--|
| (1) Credit sales of trade goods Rs. 8000 | (2) Credit purchases of trade goods Rs. 8000 |
| (3) Cash sales of trade goods Rs. 8000   | (4) Cash purchases of trade goods Rs. 8000   |

20. The ledger accounts are in column X and the types of accounts are in column Y.

X	Y
1. Discount allowed Acc	A Liability acc.
2. Sales acc	B. Income acc.
3. drawings acc	C. expenses acc.
4. Creditors acc.	D. Equity acc

Select the answer after matching column X to Y.

- (1) CDAB                      (2) CBDA                      (3) BDCA                      (4) DBAC

21. "Received interest income Rs. 10000 to the business" The accounts used to record this transaction are,

- (1) Assets & Income (2) Assets & equity (3) Income & equity (4) Assets & expenses

22. "Owner has taken Rs. 2000 worth goods for his personal uses."

Select the relevant source document and the prime entry book for this transaction.

- (1) paying voucher, cash book                      (2) paying voucher, general journal  
(3) Journal voucher, General journal                      (4) Journal voucher, cash book

• **Using following information answer question No. 23 & 24.**

The balance of the bank account of a business as at 31.08.2018 was Rs. 25800, but the balance of the bank statement was difference for that. Following reasons were affected to it.

- 1) Bank charges Rs. 10000  
2) Direct remittances Rs. 5000  
3) Deposited but unrealized cheques were Rs. 3000  
4) issued but unrepresented cheques were Rs. 4000

23. The balance of the adjusted bank account as at 31.08.2018 should be,

- (1) Rs. 20800                      (2) Rs. 24800                      (3) Rs. 30800                      (4) Rs. 29800

24. The balance of the bank statement as at 31.08.2018 should be,

- (1) Rs. 29800                      (2) Rs. 30800                      (3) Rs. 32800                      (4) Rs. 33800

25. The petty cash imprest of Anuruddha's business is Rs. 4000. As at 01st Aug. 2018, the petty cash in hand balance was Rs. 250. The petty cash imprest was decided to be increased by Rs. 2500 from 1st of Aug.

The amount of petty cash expenses for the month of July 2018 and the amount of reimbursed as at 01st Aug 2018 are,

- (1) Rs. 250 & Rs. 6250                      (2) Rs. 250 & Rs. 2750  
(3) Rs. 3750 & Rs. 6250                      (4) Rs. 3750 & Rs. 6500

26. Select the prime entry book and the source document which is recorded credit sales of trade goods.

- (1) Sales journal & Purchases invoice                      (2) Sales journal & Sales invoice  
(3) Cash book & Sales invoice                      (4) Sales journal & receipts

27. Following transactions occurred in a furniture manufacturing business.

- A- Purchased wood Rs. 30000 from Kamal on credit basis.  
B- Purchased a machine Rs. 300000 from Nuwan on credit basis.

The relevant source documents for above transactions respectively are,

- (1) Purchases invoice, Journal voucher                      (2) Journal voucher, Journal voucher  
(3) Journal voucher, Purchases invoice                      (4) Paying voucher, Journal voucher

- Using following information, answer question No. 28 - 29.
- Following is a journal entry for correction of error of a business.

Salary account	debit	Rs. 15 000	
Suspense Acc.	Credit		Rs. 15 000

28. The error should be.
- (1) Paid salary Rs. 15000 has been omitted from books.
  - (2) Paid salary Rs. 15000 has been credited to salary accounts.
  - (3) Paid salary Rs. 15000 has not been recorded in salary accounts.
  - (4) Paid salary Rs. 15000 has not been recorded in cash book.
29. As above error,
- (1) The totals of the credit column and the debit column of the trial balance are in equal.
  - (2) The total of the debit column of the trial balance decreases by Rs. 15000.
  - (3) The total of the debit column of the trial balance increases by Rs. 15000.
  - (4) The total of the credit column of the trial balance decreases by Rs. 15000.
30. Which is prepared to calculate the surplus or deficit for the year of not for profit organizations.
- (1) receipt & payment account
  - (2) profit or loss statement
  - (3) income statement
  - (4) statement of financial position
31. Select the in corrected statement.
- (1) Prime cost = direct material + direct labour + indirect other cost.
  - (2) Total production cost = prime cost + production overhead cost
  - (3) Production over head cost = indirect material cost + indirect labour cost + indirect other cost.
  - (4) Total production cost - prime cost = production overhead cost.
32. The cost incurred for buttons of a garment factory is related to.
- (1) prime cost
  - (2) production overhead cost
  - (3) direct material cost
  - (4) indirect other cost.
33. If 05 years investment Rs. 100000 was done on 01.01.2017 under 15% interest rate, for the accounting year ending 31.12.2017, it should be recognized as,
- (1) an interest income Rs. 15000 of profit or loss statement.
  - (2) an interest expense Rs. 15000 of profit or loss statement.
  - (3) an interest income Rs. 15000 of profit or loss statement and a current asset of the statement of financial position.
  - (4) an interest income Rs. 15000 of profit or loss statement and a non current asset Rs. 100000 of the statement of financial position.
34. The financial statements prepared by a business for the accounting year ends are,
- (1) profit or loss statement and income statement
  - (2) receipt and payment account and profit or loss statement
  - (3) profit or loss statement and statement of financial position.
  - (4) statement of financial position and income statement.

• Following balances extracted from Sandamini's business as at 31.12.2017

01.01.2017 stock	70000
Sales	430000
Purchases	180000
Building Depreciation provision	20000
Carriage inwards	10000
Administrative expenses	25000
Salary	45000
Building	300000
bad debt	5000
Advertising	15000
debtors	45000
cash	30000
creditors	20000

additional information

- Buildings are depreciated on cost at 10% per annum.
- Closing stock as at 31.12.2017 is Rs. 15000

• Using above information answer questions No. 35-40.

35. The cost of sales of the business is,  
 (1) Rs. 180000      (2) Rs. 185000      (3) Rs. 245000      (4) Rs. 430000
36. The total of the distribution cost for the year is,  
 (1) Rs. 5000      (2) Rs. 15000      (3) Rs. 20000      (4) Rs. 120000
37. The net profit of the business for the year ending 31.12.2017 is,  
 (1) Rs. 245000      (2) Rs. 185000      (3) Rs. 120000      (4) Rs. 65000
38. The amount of the current assets for the year ends.  
 (1) Rs. 150000      (2) Rs. 30000      (3) Rs. 45000      (4) Rs. 90000
39. The carrying amount of the buildings should be recorded in the statement of financial position as at 31.12.2017.  
 (1) Rs. 30000      (2) Rs. 50000      (3) Rs. 250000      (4) Rs. 300000
40. The amount of the total assets of Sandamini's business on 31.12.2017 is,  
 (1) Rs. 90000      (2) Rs. 250000      (3) Rs. 300000      (4) Rs. 34000



## PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

**THIRD TERM TEST 2018****Grade 11 Business & Accounting Studies (New Syllabus) - II**

Name / Index No. :

- 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 been marked.
- Including questions No. 01, answer five questions selecting two questions from each of the parts I & II.
- Write your answer in neat handwriting.

01. Using the following case, answer the questions no i to x.

Mansilu lives near the A grade road. Although Mansilu could not obtain sufficient grades to pass the G.C.E (O/L) Examination without being unconfident, he started a vegetable store in front of his house on 01.01.2018 and named it as "Mansilu Vegetables." Since vegetables and fruits are abundantly grown in near by villages. It was easy for Mansilu to transport the vegetables by his father's three wheel. Accordingly Mansilu invested his father's three wheel worth Rs. 350000 and his savings as capital to his business on 01.01.2018. Also he obtained a bank loan on the Same day. Many of the government officers get down at the railway station and walk through the road in front of 'Mansilu Vegetables' towards their houses. Although there are many other vegetable stores in the village, many customers are attracted toward 'Manisilu vegetables'. This is because Mansilu packs the vegetables in attractive bags and sells them at a fair price.

In order to work more conveniently Mansilu recruited an employee. He decided to open a new fruit stall by the next month and bought a refrigerator for this purpose. Mansilu didn't have any idea on book keeping. The cash book of "Mansilu vegetables" for the month ending January 2018 is given below.

Cash book

2018.01.01	Capital	180 000	2018.01.01	bank loan	80 000
2018.01.25	sales	55 000	2018.01.03	furniture	20 000
2018.01.26	credit sales	15 000	2018.01.04	advertising	2 000
			2018.01.05	purchases	25 000
			2018.01.10	credit purchases	10 000
			2018.01.25	salary	8 000
			2018.01.26	refrigerator	75 000
			2018.01.31	B/C/F	30 000
		250 000			250 000
2018.01.02	B/B/F	30 000			

## Other information

- No any closing stock as at 31.01.2018.
  - The bank loan interest should be paid 12% per annum and it has not paid during the month of January.
- (i) (a) What is the type of business that "Mansulu vegetables" belongs to based on the nature of the product produced ?
- (b) What is the type of business organization that "Mansilu vegetables" belongs to?

- (ii) Categorize followings as strengths, weaknesses, opportunities and threats.
- A Mansilu could not obtain sufficient grades to pass the G.C.E. (O/L) Examination. ....
- B There are many other vegetable boutiques situated in the village. ....
- C So many Government employees are in the village. ....
- D There wheeler and cash are invested to the business. ....
- (iii) As above case, Mansilu is employing in wholesale Trade.
- (a) Do you agree with above statement ? Give reason.
- (b) Name 02 elements of transportation and give example each from the above case.
- (iv) (a) A - recruiting an employee.  
B - deciding to start a fruit stall.  
state related management functions for above two incidents.
- (b) Extract 02 examples for the variables of marketing mix "production and promotion" of above case.
- (v) Correct and the balancing off the cash book of this business as at 31.01.2018.
- (vi) Present the accounting equation of this business as at 01.01.2018, according to the corrected cash book and the above information given.
- (vii) (a) Calculate the bank loan interest for the month of January 2018.  
(b) Write the journal entry to record the accrued bank loan interest.
- (viii) Give and example each for following types of accounts which indicates in the ledger of "Mansilu vegetables."
- A) Asset account .....
- B) Liability account .....
- C) expense account .....
- D) equity account .....
- (ix) Calculate the net profit for the month ended 31.01.2018 of this business.
- (x) Calculate the equity as at 31.01.2018 of this business. (2x10=20 m.)

### Part I - Business Studies

• **Answer only 02 questions.**

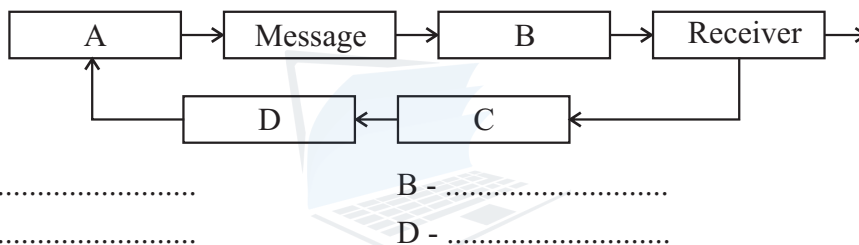
02. (i) (a) Explain the difference of needs and wants with examples. (01 m.)  
(b) State 02 required resources to start businesses and mention 02 examples each. (02 m.)
- (ii) State whether the following statements are true or false.
- (a) Modern businesses are widened than the past businesses. (.....)
- (b) As a stakeholder, the community are interested in the business activities. (.....)
- (c) Because of the globalization, The domestic, small businesses are developed. (.....)
- (d) It should be registered the name of an incorporated company. (.....)
- ( $\frac{1}{2} \times 4 = 2$  m.)
- (iii) The government decided to increase the price of one kilogram of wheat flour by Rs. 5/-
- (a) What is the related business environment for above case ? (01 m.)
- (b) How this decision would be influenced to the businesses ? (01 m.)



- (iv) Janindu who is conducting successfully a sweet business has decided to recruit Malindu a friend of himself for sales activities.
  - (a) State 02 advantages and disadvantages each for Janidu's business conducting by himself.
  - (b) After joining Malindu as a partner should this business be registered. (02 m.)

03. (i) Name 02 provided services by using electronic and communication technology to their customers by the banks at present. (02 m.)
- (ii) state whether the following statements are true or false.
- (a) When it is opening a current account the bank issues a pass book. (.....)
  - (b) Crossing a cheque means writing the name of the payee as mentioned on the face of a cheque at the bak of it by himself. (.....)
  - (c) The life insurance policy can't be transferred to anyone. (.....)
  - (d) communicating messages, information and ideas via various mediums between another institution is called as internal communication. (.....)
- (½x4=2 m.)

(iii) The elements of communication process is as follows.



Write the suitable words for the blanks. (02 m.)

- (iv) Mr. Jayantha Peiris met an insurance agent to obtain a life insurance and he didn't disclose his previous accident which he was injured seriously.
  - (a) What is the principle of insurance that Jayantha violates ? (01 m.)
  - (b) Write 02 differences between life insurance and property insurance. (01 m.)

04. (i) (a) What is retail trade ?
- (b) What are the factors to be considered when selecting an appropriate transportation medium? (02 m.)
- (ii) State whether the following statement are true or false.
- (a) It is not having legal personality of a Department. (.....)
  - (b) The telephone is an oral communication medium (.....)
  - (c) Prefects are finding out the daily cleaning of a school is an example for controlling. (.....)
  - (d) Advertising, personal selling, public relations and sales promotions are the variables of marketing mix. (.....)
- (½x4=2 m.)
- (iii) Assume, the commerce society of your school is conducting to held a fair and you have to be conducted all the activities of grade 10 and 11 regarding the fair. Categorize each activity regarding the 4 management functions. (02 m.)
- (iv) Mr. Dhanapala has invested his money in share market. But he has not enough knowledge about the investment and the benefits of the share market.
- (a) State 02 benefits received by investing in share market.
  - (b) Propose 02 alternative investment methods to Mr. Dhanapala instead of share market.
- (02 m.)

## Part II - Accounting

• **Answer 02 questions only.**

05. (i) (a) What is the main objective of Accounting? (02 m.)  
 (b) The equity of Amali's business was Rs. 500000 as at 01.01.2017. It was decreased up to Rs. 485000 as at 31.12.2017. Write 02 possible reasons to decrease the equity. (02 m.)
- (ii) State the transactions for following double entries.
- (a) Purchases Acc                      Dr                      12000  
                     Creditor Nuwan Acc                      Cr                      12000 (01 m.)
- (b) Cash Acc                              Dr                      50000  
                     Bank loan Acc                              Cr                      50000 (01 m.)
- (iii) Nalaka started a textile business on 01.01.2017. Following transactions occurred during the first month.
1. Received a bank loan Rs. 60000
  2. Salary paid Rs. 20000
  3. Sold goods which cost Rs. 10000 at Rs. 15000 on cash
  4. Purchased textiles Rs 15000 on credit.
  5. Owner has taken Rs. 2000 for his personal uses.

Required

- (1) Record the impact of above transactions to the accounting equation.  
 (Use following format in answering. First transaction has been done for you.)

Transaction No.	Assets	=	Liabilities	+ Owner's equity
1	+ 60000 (cash)	=	60000 (bank loan)	
2				
3				
4				
5				

- (2) State the increase or decrease of total equity and total liabilities for the month ending. (04 m.)

- (iv) The credit balance of the bank account of Sirisena's business was Rs. 25000 as at 01.10.2018. Following transactions occurred during the month of October.
- 10/02 - Deposited cash in the bank Rs. 50000  
 10/04 - issued a cheque to a creditor Rs. 4500, discount received Rs. 500  
 10/05 - Deposited a cheque Rs. 5000 which was received from a debtor.  
 10/10 - rent paid Rs. 25000  
 10/15 - The cheque was dishonoured which was deposited on 10/05  
 10/20 - issued a cheque for electricity bill Rs. 1500

Required

Record the above transactions in the bank account and calculate the bank balance as at 31.10.2018. (04 m.)

(04)

## Grade 11

## Business &amp; Accounting Studies - I Continuation

06. (i) (a) What is petty cash reimbursement? (01 m.)  
 (b) The petty cash balance of a business as at 01st of January was Rs. 400 and as at 01st of February was Rs. 600. If it was received Rs. 8400 as petty cash on 01st of Feb, what is the petty cash imprest?(01 m.)
- (ii) The trial balance prepared for Aravinda's business as at 31.12.2017 did not balance and the difference was posted to a suspense account. Later following reasons revealed.  
 (a) Cash sales Rs. 8000 has been recorded in sales accounts as Rs. 800.  
 (b) Paid electricity Rs. 3000 has not been recorded in accounts.  
 (c) Received interest income Rs. 7000 has been recorded only in the cash book.  
 (d) Building repair expenses Rs. 20000 has been debited to the building account.
- Required.  
 (1) Journal entries to rectify the above errors. (02 m.)  
 (2) The suspense account. (02 m.)
- (iii) The balance of the bank account of Ramani's business as at 31.01.2018 was Rs. 24000. But the balance of the bank statement shows a difference balance on that day. Following are reasons for the difference.  
 ★ deposited but unrealized cheques - cheque no. 121 Rs. 6000  
 ★ debtors direct remittance Rs. 8000  
 ★ payments on standing orders Rs. 7000  
 ★ cheques issued but unrepresented to the bank yet. Rs. 10000
- Required.  
 (1) Adjusted bank account for the month of January. (02 m.)  
 (2) Bank reconciliation statement. (02 m.)
- (iv) Following information relates to a furniture manufacturing business for the month of March 2018.  
 ★ Number of admirahs produced 20 ★ per unit production cost Rs. 20000  
 ★ production overhead cost Rs. 100000  
 ★ when deciding the selling price of an admirahs, keeps a profit margin of 25% on cost.
- Required  
 (1) The direct cost for the month of March 2018. (01 m.)  
 (2) The per unit selling price. (01 m.)
07. (i) (a) Name 02 main factors which are considered by preparing the trade account. (01 m.)  
 (b) State the journal entry to record the expense of annual depreciation. (01 m.)
- (ii) The income statement of Shakthi Sports Society for the year 2017 is as follows.

## Shakthi Sports Society.

## The income statement for the year ending 31.12.2017

<u>Income</u>		
subscription fee	50000	60000
donation	10000	
<u>Expenses</u>		
play ground maintenance	4000	(15000)
electricity	2000	
sports equipment depreciation	3000	
sports training expenses	3500	
Bats and balls	2500	
Surplus		45000

Notes :- receivable subscription fee for the year Rs. 10000

**Required** - The receipts & payments account for the year ending 31.12.2017

(iii) The Trial balance of Anjana's business as at 31.12.2017 is as follows.

	Rs.	Rs.
Capital		400 000
building (on cost)	300 000	
motor vehicle (on cost)	200 000	
provision for depreciation (as at 01.01.2017)		
building		60 000
motor vehicle		30 000
stock as at 01.01.2017	25 000	
15% bank loan		50 000
sales		230 000
purchases	140 000	
debtors	25 000	
creditors		15 000
discount allowed / discount received	2 000	3 000
electricity charges	6 000	
fuel for motor vehicle	8 000	
bad debts	2 000	
rates	4 000	
administrative salaries	15 000	
bank loan interest	6 000	
cash	55 000	
	788000	788 000

Additional information:

- (1) Trade stock as at 31.12.2017 was Rs. 20000.
- (2) Motor vehicle and Building should be depreciated annually at 10% on straight line method.

Required

- (1) The profit or loss statement of Anjana's business for the year ended 31.12.2017. (02 m.)
- (2) The statement of financial position as at 31.12.2017. (02 m.)

## Grade 11

## Business &amp; Accounting Studies

## Answer paper - Paper I

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

(40 marks)

## Paper II - Part I

01. (i) (a) Service providing business (01 m.)  
 (b) Sole proprietorships / profit oriented business / Small scale business / private sector business.  
 (01 m.)
- (ii) A -Weaknesses B-Threats C-Opportunities D-Strengths. ( $\frac{1}{2} \times 4 = 2m.$ )
- (iii) (a) No. ( $\frac{1}{2} m.$ ) He sells vegetables for final consumption. ( $\frac{1}{2} m.$ )  
 (b) Way -A grade road / Road / Medium - Three wheeler / Terminal - Railway station.  
 ( $\frac{1}{2} \times 2 = 1m.$ )
- (iv) (a) A -Organizing B - Planning  
 (b) Product - Fresh vegetables. ( $\frac{1}{2} \times 2 = 1m.$ )  
 Promotion - incurred advertising expenses. (01 m.) (c. 01)

(v) Mansilu Vegetables  
Cash book

Date	description	L.P	cash	Date	description	L.P	cash
18/01/01	capital		180 000	18/01/03	Furniture		20 000
18/01/01	bank loan ( $\frac{1}{2}$ )		80 000	18/01/04	Advertising		2 000
18/01/25	vegetable sales		55 000	18/01/05	vegetable purchases		25 000
				18/01/25	Salary		8 000
				18/01/26	refrigerator		75 000
18/02/01				18/01/31	B/C/F	( $\frac{1}{2}$ )	185 000
			315 000				315 000
	b/c/f		185 000				

Writing except credit sales and credit purchases  $\frac{1}{2}$  each 01

- (vi)
- |                          |   |                   |                      |
|--------------------------|---|-------------------|----------------------|
| Assets                   | = | Equity            | + liabilities        |
| + 18 0000 (cash)         | = | 180 000 (capital) | + -                  |
| + 350 000 (Tree wheeler) | = | 350 000 (capital) |                      |
| + 80 000 (cash)          | = |                   | + 80 000 (bank loan) |
| <u>610 000</u>           | = | <u>530 000</u>    | <u>+ 80 000</u>      |

(One mark for recording only two transactions)

- (vii) (a)  $80\,000 \times \frac{12}{100} \times \frac{1}{12} = \text{Rs. } 800$  (01 m.)

- (b) bank loan interest Acc Dr. Rs. 800  
 Accrued bank loan interest Acc Cr. Rs. 800

Should be written the value (01m)

(01)

- (viii) A - Refrigerator Acc / Furniture Acc / Cash Acc  
 B - Bank loan Acc.  
 C - Salary Acc / Advertising Acc / Purchases Acc.  
 D - Capital Acc. ( $\frac{1}{2} \times 4 = 2$  m.)

(ix)	Cash sales	55 000	
	credit sales	<u>15 000</u>	70 000
	- cash purchases	25 000	
	credit purchases	<u>10 000</u>	<u>35 000</u>
	gross profit		35 000
	salary	8 000	
	advertising	20 000	
	loan interest	<u>800</u>	<u>10 800</u>
	net profit		<u><u>24 200</u></u>

(for corrected profit 1, other 3 items  $\frac{1}{2}$  each)

(x)	Equity as at 01.01.2018	430 000	
	+ Net profit	+ <u>24 200</u>	
	equity as at 31.12.2018	<u><u>454 200</u></u>	(02 m.)

(2x10=20 m.)

### Part I - Business Studies

02. (i) (a) Needs :- The things should be fulfilled essentially to existence.  
 eg:- food, clothes, shelter, health, education  
 Wants :- the various strategies which fulfil needs.  
 eg:- food - rice, grains, bread, buns      cloths - sarees, trousers, frocks      (01 m.)
- (b) Land - Land, natural resources  
 Labour - employees, managers  
 Capital - cash, machines  
 Entrepreneurship - Owner, organizers.      (02 m.)
- (ii) (a) True      b) True      c) False      d) False      ( $\frac{1}{2} \times 4 = 2$  m.)
- (iii) (a) economic environment      (01 m.)  
 (b) increasing the cost of bakery products.      increasing the price of bakery products.      (01 m.)
- (iv) (a) Advantages - can be start easily. / independent controlling. / profit owned to the owner.  
 Disadvantages - unlimited liability / difficult infinding capital / not having continued existence.      (2x $\frac{1}{2}$ =1 m.)  
 (b) If the business name is different from the owner / owners name/ names, it should be registered under the companies act No. 07th of 2007.      (01 m.)
03. (i) Credit card, Debit card, ATM card      (02 m.)  
 (ii) (a) False      b) False      c) true      d) False      ( $\frac{1}{2} \times 4 = 2$  m.)  
 (iii) A- Sender      B- medium      C - response      D - Feed back      (02 m.)

- (iv) (a) utmost good faith. (01 m.)  
 (b) for any two differences give marks. ( $\frac{1}{2} \times 2 = 01$  m.)
04. (i) (a) selling goods for final consumption. (01 m.)  
 (b) cost, capacity, speed, security. ( $\frac{1}{2} \times 2 = 01$  m.)
- (ii) A - True      B - False      C - True      D - False. ( $\frac{1}{2} \times 4 = 02$  m.)
- (iii) planning  
 organizing  
 leading  
 controlling - for a relevant activity give  $\frac{1}{2}$  marks each. ( $\frac{1}{2} \times 4 = 02$  m.)
- (iv) (a) Dividend / voting power / capital gain / using as a collateral / can be able to appoint as a director / can be joined to take decisions ( $\frac{1}{2} \times 2 = 01$  m.)  
 (b) starting an small business / depositing cash in the bank / purchasing properties. ( $\frac{1}{2} \times 2 = 01$  m.)

### Part - II - Accounting

05. (i) (a) providing information to the stake holders to take decisions. (01 m.)  
 (b) drawings / losses / expenses ( $\frac{1}{2} \times 2 = 01$  m.)
- (ii) (a) purchased trade goods Rs. 12000 from Nuwan on credit basis. (01 m.)  
 (b) Bank loan obtained Rs. 50000 (01 m.)
- (iii) (a)

Transaction	Assets = Liabilities + owner's equity	
01	+ 60 000 (cash) = + 60 000 (bank loan)	
02	- 20 000 (cash) - 20 000 (salary)	$\frac{1}{2}$
03	- 10 000 (stock) + 15 000 (cash) + 50 00 (profit)	$\frac{1}{2}$
04	+ 15 000 (stock) + 15 000 (creditors)	$\frac{1}{2}$
05	- 20 00 (cash) - 20 00 (drawings)	$\frac{1}{2}$

- (b) decreased equity by Rs. 17000 (01 m.)  
 increased liabilities by Rs. 75000 (01 m.)

(iv)

(04 m.)

## Bank Account

Date	Description	L. P.	Dis allow	amount	Date	Description	L. P.	Dis received	amount
10/02	cash		(½)	50000	10/01	B/B/F			25000 (½)
10/05	cash (cheque)		(½)	5000	10/04	Creditors		500	4500 (½)
					10/15	debtors			5000 (½)
					10/20	electricity			1500 (½)
					10/31	B/C/F			19000 (1)
				55000				500	55000
11/01	B/B/F			19000					(4 m)

(Less ½ marks if not the correct format)

06. (i) (a) The petty cashier should be given the amount equivalent to the amount of payments made at that time and with that the imprest will be reimbursed. This is known as reimbursement of the petty cash imprest. (01 m.)

- (b) Rs. 9000 (01 m.)

(ii)

## General Journal

(a)	Suspense Acc Sales Acc. (.....)	Dr	7200	7200	(½)
(b)	Electricity Acc Cash Acc. (.....)	Dr	3000	3000	(½)

(04)



(c)	Suspense Acc interest received Acc. (.....)	Dr	7000	7000	(½)
(d)	Building repair Acc Building Acc. (.....)	Dr	20 000	20 000	(½)

Suspense Acc	
(01) Sales	7200
(01) interest received	7000
	<u>14200</u>
The difference	14200
	<u>14200</u>

Adjusted bank Acc.	
(½) B/B/F	24000
(½) Remittance	8000
	<u>32000</u>
Standing Orders	7000
B/C/F	25000
	<u>32000</u>

Bank Reconciliation statement.

Balance of the adjusted bank Acc.	(½)	25000
+ Unpresened cheques	(½)	10000
		<u>35000</u>
- unrealized cheques	(½)	6000
The balance of the bank statement	(½)	<u>29000</u>

(02 m.)

(iv) (a) Total production cost	400000	} (20000 × 20)	(½ m.)
(-) Production overhead cost	(100000)		
Prime cost / direct cost	<u>300000</u>		(01 m.)

(b) Per unit selling price	20000	+	$(20000 \times \frac{25}{100})$	} (½)
	20000	+	50000	
	Rs. 25000/- (01 m.)			

07. (i) (a) sales & cost of sales (01 m.)

(b) depreciation Acc. Dr.

Accumulated deprecation Acc. Cr (01 m.)

(ii)

Shakthi sports society  
receipts & payments Acc.

Subscription fee	40 000	Play ground maintenance	4000
Donation	10 000	electricity	2000
		sports training expenses	3500
		bats & ball	2500
		B/C/F	38000
	50 000		50000
B/C/F	38 000		

other corrected 02 items half each 1½

If only 38000 given ½

(02 m.)

(iii) (අ)

Anjana's business  
profit or loss statement  
for the year ending 31. 12. 2017

Sales		230000	
01.01.2017 stock	25000		
purchases	140000		
	165000		
- closing stock	(20000)		
cost of sales		(145000)	(½)
Gross profit		85000	
<u>Other income</u>			
discount received	3000	3000	
		88000	
<u>Distribution expenses</u>			
motor vehicle depreciation	(½) 20000		
discount allowed	2000		
fuel	8000		
bad debts	2000	32000	
<u>administration expenses</u>			
building depreciation	(½) 30000		
rates	(½) 3000		
electricity	8000		
administration salary	15000	56000	
Financials expe.	(½) 7500		
		7500	
Net loss transferred to the capital Acc.		(7500)	(½)
			(04 m.)

(06)

(b)

Anjana's business  
The statement of financial position  
as at 31.12.2017 (½)

	Cost	Acc. Dep.	Carrying amount
		(½)	
<u>Non current assets</u>	300 000	90 000	210 000
building	200 000	50 000	150 000
motor vehicle	500 000	140 000	360 000
<u>Current assets</u>			
stock		20 000	(½)
debtors		25 000	
prepaid expenses		1 000	(½)
cash		55 000	
Total Assets			101 000
			461 000
Capital		400 000	
Net loss		(7 500)	(½)
		-	392 500
<u>Non current liability</u>			
15% bank loan		50 000	50 000
<u>Current Liability</u>			
creditors		15 000	
Accrued electricity		2 000	(½)
Accrued loan interest		1 500	(½)
			18 500
			461 000

(04 m.)



(07)  
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