

සෞඛ්‍ය සහ අධ්‍යාපන දෙපාර්තමේන්තුව
 Department of Education - Western Province
 Department of Education - Western Province
 Department of Education - Western Province
 Department of Education - Western Province

බස්නාහිර පළාතේ අධ්‍යාපන දෙපාර්තමේන්තුව
 மேல் மாகாணக் கல்வித் திணைக்களம்
 Department of Education - Western Province

සෞඛ්‍ය සහ අධ්‍යාපන දෙපාර්තමේන්තුව
 Department of Education - Western Province
 Department of Education - Western Province
 Department of Education - Western Province
 Department of Education - Western Province

වර්ෂ අවසාන ඇගයීම
 ஆண்டிறுதி மதிப்பீடு - 2014
 Year End Evaluation

ශ්‍රේණිය தரம் } 11 Grade	විෂයය பாடம் } Business and Accounting Studies Subject	පත්‍රය வினாத்தாள் } I Paper	කාලය காலம் } 01 Hour Time
--------------------------------	-------------------------------------------------------------	-----------------------------------	---------------------------------

- Note:**
- (i) Answer all questions.
 - (ii) In each of the questions 1 to 40, mark the correct or most appropriate answer from the alternative (1), (2), (3), (4)

(01) Businesses fulfill important tasks for the livelihood of human. The most important task fulfilled is,

(1) Provide jobs	(2) Use resources
(3) Supply goods and services	(4) Fulfill needs and wants

(02) Following few statements are made regarding the needs.

- A - "The temptation of the human to fulfill basic satisfactions."
- B - "It is compulsory to fulfill to live"
- C - "Wants are arised from needs"
- D - "Creation of businesses based on needs and wants"

Out of the above statements,

(1) Only A is correct	(2) Only A and B are correct
(3) Only A, B and C are correct	(4) All of the above are correct

(03) The groups of farming industries, fisheries, mining and quarrying belong to the,

(1) Agricultural production	(2) Primary production
(3) Secondary production	(4) Tertiary production

(04) Some businesses has legal personality. The business get "Legal personality" through,

- (1) Registering the business name
- (2) Registering the business for legalization
- (3) Engage in persons for a business
- (4) Carrying out business in the name of the owner

(05) Select the document in which the information of a company's objectives, rights and duties of shareholders, and the management and administration of the company is included.

(1) Article of Association	(2) Memorandum of Association
(3) Certificate of Incorporation	(4) Prospectus

- (06) Some businesses most often fail to succeed although much dedication is shown. A reason for this is,
- (1) Not registered
(2) Not legalized
(3) No plan
(4) Not follow rules and regulations

♦ Use following information to answer questions 7 and 8.

In a business, during one month expected production cost to stitch 200 items of children's clothing is Rs. 40,000. Expected profit margin per item is 10% on cost.

- (07) Production cost per item of children's clothing is,
(1) Rs. 100
(2) Rs. 150
(3) Rs. 200
(4) Rs. 400
- (08) Profit gain from each item of children's clothing is,
(1) Rs. 10
(2) Rs. 20
(3) Rs. 40
(4) Rs. 60
- (09) "Manufacturing business require a certain amount of money to incur expenses of raw materials, electricity, labour and other"
The most suitable source of finance to fulfill this financial requirement is,
(1) obtain a long-term bank loan
(2) Obtain a mortgage loan
(3) Obtain a bank overdraft
(4) Obtain a lease
- (10) A cheque can be crossed to provide more security for it. In special crossing it is compulsory on the face of the cheque to.....,
(1) Draw two parallel lines
(2) Write "Not negotiable"
(3) Write "Account payee only"
(4) Specify a name of a commercial bank
- (11) A facility provided by the commercial banks to businessmen, to purchase assets of higher value,
(1) Pawning service
(2) Service related to deposits
(3) Leasing service
(4) Consultancy service
- (12) Harsha insured his business premises for Rs. 500,000 and due to a fire it is estimated that Rs. 200,000 damage occurred. Although he expected a compensation of Rs. 500,000 he received only Rs. 200,000. What is the reason for this you think?
(1) Application of the principle of insurable interest.
(2) Application of the principle of utmost good faith.
(3) Application of the principle of indemnity.
(4) Application of the principle of contribution.
- (13) There are few common components which can be identified in all functions of communication. The component which shows "the way of acting regarding the message by the receiver" is,
(1) Sender
(2) Message
(3) Mode
(4) Response

- (14) Various projects have been implemented for road development in Sri Lanka recently. Other elements to be developed to improve transport service is,
- (1) Capacity, Power, Speed (2) Mode, Power, Terminal
 (3) Power, Speed, Mode (4) Mode, Capacity, Speed
- (15) The document used to store goods properly in a warehouse is,
- (1) Bin card (2) Debit note (3) Credit note (4) Receipt
- (16) A service helps to maintain demand and supply in an equilibrium manner and to maintain the prices of goods in a stable manner is,
- (1) Banking (2) Ware housing
 (3) Insurance (4) Communication
- (17) Following table shows the sources of funds and benefits of those.

Sources of funds	Benefits
1. Bank loan	a. No repayment
2. Sell properties	b. No interest
3. Issue shares	c. Can obtain quickly
4. personal loan	d. Secured and less interest

Select the correct answer which shows the relevant benefits for each sources of funds.

- (1) 1d, 2a, 3b, 4c (2) 1a, 2b, 3c, 4d (3) 1a, 2b, 3d, 4c (4) 1c, 2d, 3a, 4d
- (18) The amount invested by the owner to start a business is recorded as "Capital" according to,
- (1) Money Measurement concept (2) Accounting Entity concept
 (3) Accrual concept (4) Periodic concept
- (19) From the following facts, select the group of answers which shows second increases based on the increase of first.
- A - Earn profits/Owner's equity
 B - Payment of bank loan/Asset of cash
 C - Incurr expenses / Profit
 D - Credit sales / Bad debts take place
- (1) A, D (2) C, D (3) A, B (4) B, D
- (20) Select the transaction which appear 'Contra entries' in the cash book.
- (1) Received a cheque of Rs. 20,000 from debtor Siril
 (2) Paid Rs. 10,000 to creditor Sonali by cheque
 (3) Withdrew Rs. 15,000 from bank for business use.
 (4) Bank informed that Rs. 5,000 cheque received from Siril dishonoured.
- (21) Following is the steps of preparing the bank reconciliation statement.
- A - Adjust the bank balance in the cash book, by making necessary entries selecting the reasons which are not entered in the cash book.

- (27) Books of accounts which use the source documents of invoice and credit note respectively to keep records,
- (1) Purchases journal and creditor's account
 - (2) Sales journal and debtor's account
 - (3) Sales journal and return inwards journal
 - (4) Purchases journal and return outwards journal
- (28) The error of overstate the total of purchases and sales accounts by Rs. 2,000 is,
- (1) Error of principle
 - (2) Error of omission
 - (3) Compensating error
 - (4) Error of recording the same transaction twice in the ledger.
- (29) Due to the error of recording the Rs. 3,000 purchase invoice as Rs. 30,000 in the creditor's account and correctly in the purchase account, the trial balance,
- (1) Has Rs. 3,000 suspense balance in the credit column
 - (2) Has Rs. 27,000 suspense balance in the debit column
 - (3) Has Rs. 27,000 suspense balance in the credit column
 - (4) Has Rs. 3,000 suspense balance in the debit column
- (30) Select the answer which shows the accounts balances of trial balance correctly.
- (1) Debit balances of Asset, Expenditure and Income accounts - Credit balances of Liability and Capital accounts
 - (2) Debit balances of Asset and Expenditure accounts - Credit balances of Liability, Income and Capital accounts
 - (3) Debit balances of Liability and Expenditure accounts - Credit balances of Assets, Income and Capital accounts
 - (4) Debit balances of Liability and Capital accounts - Credit balances of Assets, Expenditure and Income accounts.
- (31) In a business, Trial Balance showed a balance of Rs. 10,000 in the electricity expense account. The Income statement (Profit and loss account) prepared at the end of year showed that expense as Rs. 12,000. Reason for this is that expense has,
- (1) adjusted according to cash basis
 - (2) adjusted according to Accounting Entity concept
 - (3) adjusted according to Money Measurement concept
 - (4) adjusted according to Accrual concept
- (32) Number of members in the 'Rantharu' sports club is 200. Monthly membership fee is Rs. 20/- . 10 members have not paid the subscription for the year 2013. Membership fee amount shown in the Receipts and Payment account, and the Income and Expenditure account respectively of this club is,
- | | |
|-----------------------------|-----------------------------|
| (1) Rs. 1,900 - Rs. 2,000 | (2) Rs. 3,800 - Rs. 4,000 |
| (3) Rs. 42,500 - Rs. 48,000 | (4) Rs. 45,600 - Rs. 48,000 |

- Answer the questions 33 to 40 by using the following information.

Following is the trial balance prepared as at 31-03-2013 of Kusal's business.

	Rs.	Rs.
Capital		250,000
Inventory as at 01-04-2012	7,000	
Purchases	55,000	
Sales		175,600
10% Bank loan		50,000
Return inwards	2,300	
Return outwards		4,400
Commission received		1,500
Motor vehicle at cost	240,000	
Building	125,000	
Insurance	4,000	
Sales employees salary	15,000	
Bank loan interest	4,000	
Debtors	20,000	
Creditors		10,000
Drawings	4,500	
Cash in hand	14,700	
	491,500	491,500

Additional Information:

- Inventory as at 31-03-2013 Rs. 12,000
- Insurance prepaid Rs. 1,000
- Motor vehicles should be depreciated 10% annually on cost.
- Write off bad debts 4% from debtors

- (33) What is the cost of goods sold for the year 2012/2013 of Kusal's business?
 (1) Rs. 45,600 (2) Rs. 50,600 (3) Rs. 57,600 (4) Rs. 173,300
- (34) What is the gross profit of this business for the year 2012/2013?
 (1) Rs. 120,000 (2) Rs. 127,700 (3) Rs. 173,300 (4) Rs. 175,600
- (35) What is the amount of bank loan interest shown in the profit and loss account prepared by this business?
 (1) Rs. 1,000 (2) Rs. 4,000 (3) Rs. 5,000 (4) Rs. 9,000
- (36) Under which type of expenses the insurance is shown in profit and loss account?
 (1) Administrative and Establishment (2) Selling and Distribution
 (3) Finance expenses (4) Other expenses
- (37) The total of the selling and distribution expenses included in profit and loss account of this business is,
 (1) Rs. 39,800 (2) Rs. 27,000 (3) Rs. 15,000 (4) Rs. 7,200

- (38) The total of the current assets in the balance sheet as at 31-03-2013 of this business is,
(1) Rs. 14,500 (2) Rs. 24,700 (3) Rs. 35,300 (4) Rs. 46,900
- (39) What is the value of the total assets in the balance sheet as at 31-03-2013 of this business?
(1) Rs. 125,000 (2) Rs. 216,000 (3) Rs. 341,000 (4) Rs. 387,900
- (40) What is the amount of Owner's Equity in the Balance Sheet as at 31-03-2013 of this business?
(1) Rs. 81,400 (2) Rs. Rs. 250,000 (3) Rs. 331,400 (4) Rs. 326,900

බස්නාහිර පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව Department of Education - Western Province	බස්නාහිර පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව மேல் மாகாணக் கல்வித் திணைக்களம் Department of Education - Western Province	බස්නාහිර පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව Department of Education - Western Province
වර්ෂ අවසාන ඇගයීම ஆண்டிறுதி மதிப்பீடு - 2014 Year End Evaluation		
ශ්‍රේණිය } 11 தரம் } 11 Grade } 11	විෂයය } Business & Accounting Studies பாடம் } Subject }	පත්‍රය } II வினாத்தாள் } Paper } කාලය } 02 Hours காலம் } Time }

- ◆ Including question No. 1 answer five questions selecting two questions from each of the parts I and II.
- ◆ Write your answers in neat handwriting.

(01) Answer the questions No. (i) to (x) by using the following case.

According to the mass media, in Sri Lanka from recent times there is a high tendency of a rise in non-communicable diseases among population. It has been revealed that one reason for this is unhealthy eating habits and the need for natural food has been stressed.

Vikum who was intended to start a business, started the "Green Vegetables and Fruits Outlet" on 1st of January 2014 by investing his money Rs. 150,000 and his lorry worth Rs. 700,000 to the business. The people's bank provided a loan of Rs. 50,000 on 12% interest by considering the business plan and the certificate of registration of business on the day Vikum presented to the bank.

In addition to the above transactions, following transactions took place during the month of January 2014.

	Rs.
Vegetables and fruits - cash purchases	100,000
- credit purchases	60,000
Purchase of equipment	200,000
Rent	15,000
Employee wages	20,000
Miscellaneous expenses	18,000
Cash sales	240,000
Other income	5,000
Payment for creditors	50,000

The value of the closing inventory as at 31st January 2014 Rs. 10,000.

Vikum who engaged in business activities with great commitment and excellence could earn a net profit of Rs. 41,500 during the month of January 2014.

- (i) (a) What is the business activity of Vikum?
(b) Name the field of production it is related.
- (ii) Give an example each for business opportunity and business strength from the case.
- (iii) Is it required to register the business name of "Green Vegetables and Fruits Outlet"? If so, what is the relevant act?
- (iv) Write two facts should be included in the marketing plan of the business plan Vikum presented.
- (v) (a) What is the type of business organization this outlet related to?
(b) Name two disadvantages of that type of business organization.

- (vi) Show the status of this business by means of an accounting equation after supplying the capital, and show how it changed after receiving the bank loan.
- (vii) Name two prime entry books you assume, which should be maintained in this business and name the relevant source documents of those.
- (viii) Prepare the cash book of this business and calculate the cash balance.
- (ix) Prepare the balance sheet of this business.
- (x) Name the financial reports prepared to show
 - (a) Operational result
 - (b) Financial status of this business

(2 x 10 = 20 marks)

Part I - Business Studies
(Answer only two questions)

- (02) (i) What is meant by a business?
- (ii) It is said that businessman cannot control external environmental factors. Factors of increase in the prices of raw materials and increase in the bank interest rates related to which external environment?
 - (iii) Incorporated companies are strong type of business organizations. Write two special characteristics of incorporated companies when compared with other types of business organizations in the private sector.
 - (iv) From which institution the special permit should be obtained to start a pharmacy?
 - (v) name two factors considered by a producer when deciding the price for his products.
- (2 x 5 = 10 marks)
- (03) (i) Write the action to be followed in following instances.
- (a) To issue cheques which exceeds the current account balance
 - (b) Transfer the ownership of cheque to another party.
- (ii) Name three types of accounts which can be maintained in a commercial bank by an individual and name the type of account which is important as a source of investment out of it.
- (iii) Briefly explain how insurance contribute to the
- (a) development of businesses and
 - (b) betterment of individual
- (iv) Name the mode of communication mostly used in following instances.
- (a) To make aware the drivers in a road.
 - (b) To make aware the students by the teacher who is engaged in teaching in a classroom.
 - (c) To maintain relationships with his buyers for a businessman who is engaged in international trade.
 - (d) For a Sri Lankan voter to provide his ballot paper.
- (v) Name two information provided by a producer to consumer from the package of the good.
- (2 x 5 = 10 marks)
- (04) (i) Write four instances where a businessman require transport service.
- (ii) Why storage is required? Give two facts.
 - (iii) Name two factors considered when obtaining a bank loan.
 - (iv) Mark the following statements True (✓) or False (✗)
 - (a) Money of the savings account can be withdrawn whenever it is required. ()

- (b) Ordinary shares are source of investment with less risk and higher benefits. ()
 (c) Current accounts do not receive interest. ()
 (d) Bank deposits is an informal source of investment. ()
 (v) Write two benefits received by investing in ordinary shares.

(2 x 5 = 10 marks)

Part I - Accounting
(Answer only two questions)

- (05) (i) Following account balances related to the books of Amani traders as at 31-03-2014. By using the account balances prepare the Trial Balance of this business and calculate the capital.

	Rs.
Land and building	70,000
Equipment	10,000
Purchases	47,000
Sales	60,000
Debtors	5,000
Creditors	10,000
Drawings	3,000
Bank and cash balances	15,000
Discount received	5,000

(5 marks)

- (ii) (A) Name two instances where errors can take place in Accounting. (01 marks)
 (B) The trial balance prepared as at 31-03-2014 of Ahamed's business did not tally. The difference was transferred to a suspense account. Later following errors were revealed.
 (a) Cash sales of Rs. 12,000 has recorded only in the cash book.
 (b) Rs. 10,000 paid for repair the building has recorded in the building account.
 (c) Payment of electricity expenses Rs. 6,300 has recorded as Rs. 3,600 in the electricity expense account.
 (d) A purchase invoice of Rs. 2000 has recorded correctly in the purchases account and has recorded as Rs. 20,000 in the creditors account.
 (1) Write the journal entries to correct above errors. (02 marks)
 (2) Prepare suspense account. (02 marks) (Total 10 marks)
- (06) (i) Briefly explain the difference between a Receipts and Payments account, and an Income and Expenditure account of Non-profit making organization. (02 marks)
 (ii) Following is the receipts and payments account of Dilena Tharu Sports Club for the year ended 31-03-2014.

Receipts and Payment Account

	Rs.		Rs.
12% Bank loan	10,000	Stationary	3,000
Membership fees	18,500	Building Rent	12,000
Donations	18,000	Employee wages	9,000
Sale of empty containers	1,000	Entertainment expenses	1,000
		Loan interest	1,000
		Insurance	3,000
		Balance c/d	18,500
	47,500		47,500

Following additional information has been provided.

- ♦ The number of members in the Dilena Tharu Sports Club is 100 and the annual membership fee is Rs. 200.
- ♦ Rs. 2,000 building rent is for the next year and accrued employee wages is Rs. 3,000
- ♦ Bank loan interest of Rs. 200 is accrued

Prepare the Income and Expenditure account for the year ended 31-03-2014 (04 marks)

- (iii) Bank balance of cash book prepared for the month of January 2014 by Rathna Textiles was Rs. 7,000. It was differ from the balance of bank statement sent by the bank for that month.

Following reasons for the difference revealed.

- (a) Bank charges charged by the bank Rs. 400, has not recorded in the cash book.
- (b) Remittance from debtors Rs. 3,000. This amount has not recorded in the cash book.
- (c) The value of the cheques deposited but not realized was Rs. 2,000.
- (d) Cheques issued but not presented to the bank for encashment was Rs. 1,000

(A) Adjust the cash book (02 marks)

(B) Prepare the bank reconciliation statement. (02 marks) (Total 10 Marks)

- (07) Following is the trial balance of Hansagiri business as at 31-03-2014.

Trial Balance as at 31-03-2014

	Debit Rs.	Credit Rs.
Capital		110,000
Inventory as at 01-04-2013	7,000	
Purchases	58,000	
Carriage Inwards	2,000	
Sales		98,000
Debtors	12,000	
Creditors		15,000
10% Bank Loan		30,000
Machinery at cost	150,000	
Discount received		7,000
Electricity expenses	2,000	
Insurance	1,000	
Advertising	6,000	
Bank loan interest	2,000	
Employee Salaries	18,000	
Cash in hand	2,000	
	260,000	260,000

Additional Information:

- (i) Remaining stock as at 31-03-2014 Rs. 3,000
- (ii) Machinery should be depreciated at 5% on straight line method.
- (iii) From advertising expenses Rs. 2,000 for the next year.
- (iv) Rs. 1,000 of debtors should be written off as bad debt.

Required:

(A) Trading, Profit and Loss account for the year ended 31-03-2014 (05 marks)

(B) Balance Sheet as at 31-03-2014 (05 marks)

(Total 10 marks)