

<b>බස්නාහිර පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව</b> <b>மேல் மாகாணக் கல்வித் திணைக்களம்</b> <b>Department of Education - Western Province</b>			
<b>දෙවන වාර ඇගයීම</b> <b>இரண்டாம் தவணை மதிப்பீடு - 2019</b> <b>Second Term Evaluation</b>			
<b>පන්ති අංකය</b> Grade	<b>11</b>	<b>විෂය</b> Subject	<b>Business and Accounting Studies</b>
<b>පත්‍ර</b> Paper	<b>II</b>	<b>පැය</b> Hours	<b>02</b>

**Important**

*Including question no. 1 answer five questions selecting two questions from each parts I and II*

01. Using following case answer question number (i) to (x).

Chathura and Kanchana are two best friends from their school age. They who completed their school education in a very remote school entered to a university and passed out from the university in 2018. They have followed a Business management degree and expect a suitable job however, they wanted to start their own business. Therefore, they started a fruit juice bar by investing money in a town in 01.01.2019. Name of the business is "Chathuka Fruit Juice". Following are few balances as at 01.01.2019.

Cash	Rs 500,000
Equipment	Rs 100,000
Motor car	Rs 400,000
Creditors	Rs 200,000

The business obtained a bank loan of Rs. 700,000. on 01.01.2019. Following are the transactions occurred in January month.

	Rs.
Purchased fruits	80,000
Sold fruit juice	200,000
Paid building rent	10,000
Paid carriage inwards of fruits	8,000
Credit purchase of fruits	15,000
Paid employees salary	5,000

Due to hot climate at the beginning of the year 2019 and use of quality fresh fruits, objectives of the business were achieved. Ability to deliver quality fruits from the suppliers in their village to the business was really helpful to them. Expenses were paid to the suppliers through the current account maintained in Peoples Bank, Pettah branch.

The equipment of the business depreciated annually 12% on straight line method.

They decided to sell fruit juice and fresh fruits as well and decided to expand the business gradually.

- (i) a) What is the type of business that "Chathuka Fruit Juice" belong to?  
 b) According to the objective of the business, what type of business does this belongs to?
- (ii) a) Name two opportunities for "Chathuka Fruit Juice" business.  
 b) What type of business environment does the suppliers who provide fruits of this business belong to?
- (iii) a) To what management function does the making decision of gradual expansion of the business belong?  
 b) Write your ideas about registering the business name of "Chathuka Fruit Juice".
- (iv) a) According to the given case, what type of account should be maintained in Peoples' bank, Pettah branch to do cheque transactions?  
 b) Write two benefits of above account.
- (v) Write the impact of accounting equation of the information given in Chathuka Fruit Juice as at 01.01.2019 including the obtaining bank loan.
- (vi) a) what is the value of equity of this business as at 01.01.2109.  
 b) State the value of liability of this business as at 31.01 2019.
- (vii) Calculate the value of cash balance as at 31.01.2019 of this business.
- (viii) a) Write the correct double entry with value of obtaining bank loan.  
 b) Sate the impact of obtaining bank loan in accounting equation as Increase, decrease and no impact.

Transaction	Asset	Equity	Liability
Obtaining a bank loan of Rs. 700 000	.....	.....	Increase

- (ix) Calculate the value of depreciation as at 31.01.2019.
- (x) Calculate the net profit of the business for the month of January. (2 \* 10 = 20 marks)

Part I  
 Business Studies  
 (Answer only two questions)

- 02) (i) a) What is a business?  
 b) Write two main objectives of a business. (2 marks)
- (ii) State whether following statements are true or false.  
 a) Human needs can be created and wants cannot be created.  
 b) The environment can be controlled by the business is external environment.  
 c) Business employed less than 25 employees are considered as small scale business, by Census and Statistic Department.  
 d) According to the partnership ordinance partners are limited to 2 to 20 in partnership business. (2 marks)

(iii) Gayan Amarasinghe is a talented contractor who constructs and sells houses.

a) What is the trade belong to buying 500 bricks by Gayan?

b) Write two characteristics can be seen in above mentioned ( a ) trade. (2 marks)

(iv) The government will have influence and enforce various rules and regulations when conducting businesses.

a) What is the name called for the government enforcing rules and regulation in external business environment?

b) Name two objectives of imposing rules and regulations by the government.

(2 marks)

03) (i) a) What is a fixed deposit?

b) Write two characteristics of a fixed deposit.

(2 marks)

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

a) The policy of the development of infrastructural facilities belong to the political environment.

b) In life insurance, indemnity principle does not apply.

c) Fixed deposit certificate can be transferred to anyone.

d) Nature of the products should be considered when selecting a suitable transport mode. (2 marks)

(iii) Indika pays to the suppliers who supply goods to her business only through crossed cheques.

a) Name two types of crossing cheques.

b) Name elements of magnetic ink character recognition space (MICR) of a cheque respectively. (2 marks)

(iv) Development of transport system in a country causes to the growth of the businesses and the development of the country.

a) What is transportation?

b) Name two benefits of using expressways for the business activities. (2 marks)

04) (i) a) What is marketing?

b) Name variables included in marketing mix.

(2 marks)

(ii) State whether following statements are true or false

a) Marketing process does not end up when a product is presented to the market

b) Allocating resources, job roles and tasks belong to the organizing function

c) Risk is minimized due to insurance.

d) The expenses of advertising as a promotion is not a waste in marketing mix.

(2 marks)

(iii) Business organizations can be categorized as ownership and objectives.

a) Show the organization classification based on ownership by a flow chart.

b) Name accepted characteristics of corporative society registered under the corporative act no5 of 1972. (2 marks)

(iv) The contribution of communication can be appreciated to development of modern technology

a) Draw the diagram communication process.

b) Name two importances of communication to a business organization. (2 marks)

II Part  
Accounting  
(Answer only two questions)

05) (i) a) Introduce Accounting.

(2 marks)

(ii) Fill in the following table according to the given transactions.

1. Owner invested Rs 600,000.
2. Obtained a bank loan Rs 100,000.
3. Sold cost Rs 4,000 stock to Rs 6,000 on credit basis.
4. Paid Bank loan installment Rs 15,000 and interest Rs 5,000.

Transaction	Assets			Equity	Liability	
	Cash	Stock	Debtor		Bank Loan	Creditors
1.						
2.						
3.						
4.						

(5 marks)

(iii) Followings are some information of recording double entry of transactions in ledger accounts in Sunimal's business for the month of January 2018. Complete the blanks in following ledger accounts.

Cash account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
.....	.....		.....	1/5	Electricity charges		3,000
1/8	Debtor		8,000	1/15	Travel expense		6,000
	.....		.....	.....	.....		.....
			533,000				533,000
1/16	Balance b/f		524,000				

Capital account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
				1/1	Cash		500,000

Electricity account

Date	Description	L/F	Value	Date	Description	L/F	Value
	.....		.....				

Debtor account

Date	Description	L/F	Value	Date	Description	L/F	Value
.....	.....		.....	.....	.....		.....

Bank Loan account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
				1/12	Cash		25,000

Travel Expense account

Date	Description	L/F	Value	Date	Description	L/F	Value
1/15	Cash		6,000				

(5 marks)

- 06) (i) a) What is a trail balance? (2 marks)  
 b) What is the meaning of balancing the agreed total debit column with credit column of the trial balance? (2 marks)  
 (ii) Following shows the trial balance prepared by trainee clerk Chamath in Bhanu's business.  
 Prepare the correct trial balance after correcting mistake of it.

Bhanu Business  
As at 31.12.2018  
Trail balance

Sales		150,000
Purchase	30,000	
Discount allowed		5,000
Creditors	40,000	
Debtors	5,000	
Furniture		30,000
Discount received		10,000
Electricity expenses		5,000
Machinery	150,000	
Bank loan		100,000
Investment		20,000
Commission income		15,000
Salaries and wages	40,000	
Shop rent income	20,000	
Motor vehicle	500,000	
Capital		450,000
	785,000	785,000

(4 marks)

(iii) Monthly petty cash imprest of Chameen business is Rs 2,500. Following information relevant to the month of January 2019 has been provided to you.

2109 January 01, cash in hand Rs 400

01 reimbursement of petty cash .....

03 Bus fare Rs 60

05 Stamp and envelope Rs 80

06 Carriage inwards Rs 300

06 Pen and pencils Rs 70

08 Taxi charges Rs 150

09 Purchased a book shelf Rs 400

11 A 4 papers Rs 100

12 Registered postage Rs 40

14 Cleaning expense Rs 120

14 Salary advance to Gayan Rs 500

15 Refreshment expense Rs 100

Prepare the petty cash book with postal, travel, stationary, other ledger account analysis column and reimburse the petty cash book on 15<sup>th</sup> January (4 marks)

07) (i) a) Define financial statements. (1 mark)

b) Name two main financial statements prepared by the sole proprietorship business. (1 mark)

(ii) a) Complete the following table using given expenses.

Advertising	Bad debts
Electricity	Carriage inwards
Bank loan interest	Telephone charges
Trade employees salary	Cash fraud

Distribution Expense	Administration Expense
.....	.....
.....	.....
.....	.....
.....	.....

(2 marks)

b) Following shows the trial balance prepared by the Uditha's business as at 31.12.2018

Description	Debit Rs.	Credit Rs.
2018.01.01 stock	40,000	
Sales		350,000
Purchase	80,000	
Carriage inwards	6,000	
Building (at cost)	500,000	
Building accumulated depreciation as at 2018.01.01		100,000
Debtors	30,000	
Bank overdraft		15,000
creditors		25,000
Electricity charges	7,000	
Advertising expenses	4,000	
Discount t allowed	5,000	
capital		480,000
machinery	400,000	
Bank loan		100,000
Discount received		5,000
Investment income		25,000
Telephone charges	5,000	
Bank loan interest	3,000	
Cash balance	20,000	
	1,100,000	1,100,000

#### Additional information

1. Stock as at 31.12.2018 Rs 5,000.
2. Annual depreciation of machine 10%.
3. Write off Rs 2,000 as bad debts from debtors.
  - (a) Prepare profit or loss statement for the year ended 31.12.2018. (4 marks)
  - (b) Prepare statement of financial position as at 31.12.2018. (4 marks)