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வலயக் கல்வி காரியாலயம் - கொழும்பு
Zonal Education Office - Colombo

දෙවන වාර පරීක්ෂණය - 2022

இரண்டாம் தவணைப் பரீட்சை - 2022

Second Term Test - 2022

11 ශ්‍රේණිය
தரம் 11
Grade 11

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வணிகமும் கணக்கீட்டுக் கல்வியும் வினாத்தாள்-11
Business & Accounting Studies Paper II

පැය දෙකයි
இரண்டு மணித்தியாலங்கள்
Two Hours

Instructions:

- ❖ Including question No.01 answer five questions, selecting two questions from each Part I and II

01. Using the following scenario, answer the questions (i) to (x).

Mr. Raja Wimalaratne was a chef with five years' experience in foreign hotel industries. He has invested Rs.1000000 from his savings and a motor vehicle worth Rs.800000 as capital and started a business with his friend Mr. Randika who has invested a building worth Rs.500000 on 01 January 2020. The name of the business is 'Ran Raja Soup' that makes and sells various kinds of soup with new flavours. Three trained workers have been employed and the business is using an attractive heat preserving food container in order to deliver the online orders, which is very popular among the customers. The business transactions are expected to be performed using cheques for which a bank account will also be opened.

The following transactions have been taken place during January 2020;

Jan- 02 Obtained a bank loan Rs.100000

Jan- 03 Purchased equipment to make soup Rs.50000

Purchases of raw materials during January was Rs.20000. No stocks of raw materials was remained as at 31 January. Sales revenue during the month was Rs.65000.

Wages Rs.30000 and Electricity Rs.2000 were incurred during the month of January.

- (i) (a) What type of an organization 'Ran Raja Soup' is, based on the nature of its product?
(b) What type of an organization 'Ran Raja Soup' is, based on its ownership?
- (ii) (a) What is the correct organizational classification that this business does belong to?
(b) Write one advantage and a disadvantage of the above organizational classification.
- (iii) (a) Write two strengths of 'Ran Raja Soup' business.
(b) Mr. Raja says that this business should be registered. Explain with reasons whether the above statement is true or false.

- (iv) (a) What is the marketing mix variable represented by 'the attractive heat preserving food container' which is used to deliver the online orders?
- (b) Which type of a bank account is expected to be opened by the business?
- (v) Write the basic Accounting Equation of 'Ran Raja Soup' as at 01.01.2020 with the respective items and values.
- (vi) Write the dual impact and the double entry of the transaction taken place on the 03rd January.
- (vii) Name a prime entry book that is to be maintained by this business with the respective source document.
- (viii) If equipment used for making soup was purchased on credit, write the prime entry book and double entry for the transaction.
- (ix) Calculate the net profit of 'Ran Raja Soup' business for the month ended 31.01.2020.
- (x) Calculate the cash balance of the business as at 31.01.2020.

(02x10 =20 marks)

Part I – Business Studies
(Answer two questions only)

02.

- (i) (a) What is a 'Business'? (01 mark)
 - (b) Write two main objectives of a business. (01 mark)
 - (ii) State whether the following statements are 'True' or 'False'.
 - (a) Food, Education and Clothing are basic human needs. (.....)
 - (b) Unlimited liability is an advantage of a Partnership. (.....)
 - (c) A Driving school is a service providing organization. (.....)
 - (d) The environment that can be controlled by the business is known as 'External Environment'. (.....) (02 marks)
 - (iii) Anil runs a book shop near a popular school. Many students daily come to his book shop to purchase necessary stationary. Recently, another book shop was opened nearby Anil's business.
 - (a) Write an opportunity to Anil's business.
 - (b) Write a threat to Anil's business. (02 marks)
 - (iv) State the changes took place in the business activities due to the development of technology. (02 marks)
- (Total 08 marks)

03.

(i) (a) What is a Commercial Bank?

(b) Name three types of deposits accounts maintained by a commercial bank.

(02 marks)

(ii) State whether the following statements are 'True' or 'False'.

(a) A Cooperative society raise capital from the membership fees. (.....)

(b) A retailer always acts according to the preferences of the whole seller. (.....)

(c) A fixed deposit can be used as a collateral to obtain a loan. (.....)

(d) It is compulsory to maintain a bank account in a commercial bank to issue a credit card. (.....) (02 marks)

(iii) (a) There are two main ways of crossing a cheque. Name those two ways. (01 mark)

(b) Briefly explain the process of encashing a crossed cheque over the bank counter.

(01 mark)

(iv) Mr. Sirisena was a heart patient. He has obtained a life insurance policy worth Rs.100000. But in the insurance contract, it has not been revealed that he was a heart patient. Mr. Sirisena has passed away and his wife has applied for the compensation. The insurance company has rejected paying the compensation.

(a) What is the insurance principle that has been violated in the above scenario?

(b) Write the differences between a life insurance and a property insurance.

(02 marks)

(Total 08 marks)

04.

(i) (a) Define the term 'Transportation'.

(01 mark)

(b) Write two advantages of transportation in regards to maintain efficiency in business operations.

(01 mark)

(ii) State whether the following statements are 'True' or 'False'.

(a) Sender is the most important element in a communication process. (.....)

(b) Management is the process obtaining maximum output from a minimum input. (.....)

(c) Air freight is the best way of transporting heavy goods. (.....)

- (d) A short signature is sufficient in correcting a cheque. (.....) (02 marks)
- (iii) (a) Name the functions of management in order. (01 mark)
- (b) Name two activities to be carried out under the second function mentioned above. (01 mark)
- (iv) (a) What is Marketing? (01 mark)
- (b) Categorize and show the marketing mix variables. (01 mark)
- (Total 08 marks)

Part II – Accounting
(Answer two questions only)

05.

- (i) State two characteristics of a liability. (02 mark)
- (ii) What is the meaning of 'Reimbursement of the petty cash imprest'? (02 mark)
- (iii) Following are the impact of each business transaction on a basic accounting equation. Write the transaction. (04 marks)

	Cash + (Rs.)	Stocks + (Rs.)	Non- current Assets + (Rs.)	Debtors (Rs.)	=	Liabilities + (Rs.)	Equity (Rs.)
1	+8000			-8000	=		
2			+40000		=	+40000	
3	-12000				=	-10000 (Bank loan)	-2000
4		-5000			=		-5000

- (iv) The cash balance and the bank balance of Suriya Trading business as at 01.01.2019 were Rs.40000 and Rs.32000 respectively. Following transactions have been provided;
- 01/01 Cash purchases Rs.4000 half paid by cash and the other half paid by a cheque.
Credit sales of goods to Tharaka Rs.12000.
- 02/01 Sunil has sent a cheque of Rs.18000 after deducting a 10% discount.
Credit purchases from Sisira Rs.10000.
- 03/01 Cheque received for Rs.8000 for sales was deposited to the bank.
Building rent paid by a cheque was Rs.5000
- 04/01 The cheque sent by Sunil was deposited to the bank.
Half of the amount payables to Sisira was paid by a cheque.
- 05/01 Cash Rs.8000 was deposited to the bank.

- A cheque for Rs.4000 was issued to Ruwan a creditor, to settle a debt of Rs.4200
- 06/01 Sunil's cheque was dishonoured.
- 07/01 The cheque paid to Sisira was dishonoured.

Required:

- (a) Prepare the cash book with the discount columns.
- (b) Bank account (Discount columns are not required) (04 marks)
- (Total 12 marks)

06.

- (i) (a) Write two facts included in a sales invoice. (01 marks)
- (b) Write two items which can be seen in the Debit column of a bank statement. (01 marks)

- (ii) Following are the credit purchases transactions of Samindu Trading business for the month of January 2019;

- 08/01 Invoice No.01 – Purchased from Jayasuriya Traders
25 packets of 400g Anchor milk powder, each at Rs.350
40 Mega soft drink bottles, each at Rs.250
Trade discount 10%
- 20/01 Invoice No.02 – Purchases from Mihindu Traders
50 Sugar packs of 1kg, Rs.100 per pack
60 packs of Samba rice, Rs.5000 per pack

Required:

Prepare a purchases journal for January 2019 to record the above transactions. (02 marks)

- (iii) The petty cash transactions of Sansiri trading business for March 2019 are as follows. Record them in a petty cash book including the analytical columns for Postage, Refreshments, Miscellaneous and Ledger A/C.

Date	Voucher No.	Transaction	Rs.
01/03		Petty cash imprest	2000
01/03	01	Soft drinks	100
06/03	02	Telegram	150
10/03	03	Vehicle parking fees	75
14/03	04	Labour wages	1000
18/03	05	Envelops	125
22/01	06	Sugar and Tea leaves	200
27/03	07	Photo copies	125
31/03		Reimbursement of the petty cash imprest	

(04 marks)

- (iv) The bank account prepared by Suranimala trading business as at 31.03.2020 and the bank statement received on the same date are as follows;

Bank A/C				
		Rs.		Rs.
01.03.2020	Balance	24000		
	b/f		Payments	
	Deposits:		(Cheques):	
	K 002	4000	P 004	3000
	S 015	3000	P 005	4500
	T 313	7500	P 006	6000
	L 120	3500	P 007	1500
	Cash	7000		
		<u>49000</u>	31.03.2020	Balance c/d
				<u>34000</u>
01.04.2020	Balance	34000		<u>49000</u>
	b/f			

Bank Statement				
Date	Description	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
03.01	Balance			24000
	K 002		4000	28000
	P 004	3000		25000
	Remittance		12000	37000
	Bank charges	2000		35000
	Standing order - Insurance	4000		31000
	T 313		7500	38500
	Cash		7000	45500
	P 006	6000		39500

Required:

- (a) Prepare the adjusted bank account.
 (b) Prepare the bank reconciliation statement

(04 marks)

(Total 12 marks)

07.

- (i) (a) What is a 'Suspense account'?
 (b) Define the 'Statement of Profit or Loss'.
 (ii) The following details are provided on a machinery purchased by Kithsiri trading organization.

(02 marks)

Cost of the machinery Rs.420000 Scrap value Rs.60000

Installation cost Rs. 40000 Estimated useful life 10 years

Calculate the annual depreciation of the above machinery. (02 marks)

(iii) The total of the Debit column was Rs.600 greater than the total of the Credit column in the trial balance prepared by Dinuka's business as at 31.12.2019. A subsequent investigation has revealed the following reasons for the difference;

- 1 – A sales invoice on Rs.3000 was recorded twice in the books
- 2 – Payment to a creditor Rs.1800 was not recorded in the respective creditor's account
- 3 – A purchase invoice of Rs.2500 was recorded in the books as Rs.1500
- 4 – Discount received Rs.1200 was extracted to the Debit column of the trial balance
- 5 – Receipt of Rs.1000 from Ranjani, a debtor was recorded in debtor Palitha's account

Required:

(a) Provide the journal entries to rectify the above errors.

(b) Prepare the suspense account

(04 marks)

(iv) The trial balance prepared by Supipi trading organization as at 31.12.2019 was provided below;

Trial balance as at 31.12.2019

	Debit (Rs.)	Credit (Rs.)
Stocks as at 01.01.2019	84000	
Purchases	226000	
Debtors	18000	
Discounts received		4000
Rates	2000	
Insurance	1800	
Distribution expenses	9000	
Sales		420000
Carriage inwards	14000	
Salaries and wages	12000	
10% bank loan		50000
Bank loan interest	3000	
Capital		195800
Land and buildings	<u>300000</u>	
	<u>669800</u>	<u>669800</u>

Additional information:

1. Stocks as at 31.12.2019 was Rs.24000
2. Rs.3000 of the debtors should be written off as bad debts
3. Accrued insurance was Rs.300

Required:

Prepare the Statement of Profit or Loss for the year ending 31.12.2019.

(04 marks)

(Total 12 marks)
