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அதிவரை பொடி சுலத்தில் பறந்து (சுமாராக 10 மீ) விளையல், 2015 தேதிகளில் கல்விப் பொதுத் தராநூற்றுப் பத்திர (சாதாரண தர)ப் பரிட்சை, 2015 டிசம்பர் General Certificate of Education (Ord. Level) Examination, December 2015

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| <b>Business and Accounting Studies</b> | <b>I, II</b> |

படிய துனை  
முன்று மணித்தியாலம்  
*Three hours*

## **Business and Accounting Studies I**

### Note :

- (i) Answer all questions.
  - (ii) In each of the questions 1 to 40, pick one of the alternatives (1), (2), (3), (4) which you consider as correct or most appropriate.
  - (iii) Mark a cross (X) on the number corresponding to your choice in the answer sheet provided.
  - (iv) 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.

Karunawathie, who is a housewife lived in a rural area, with lot of experience about agricultural activities, cultivates vegetables in her garden to provide fresh vegetables to her family members. Her daughter, Samadhi likes cucumbers and tomatoes very much. While holding the sufficient amount of vegetables for her family consumption Karunawathie earns profits by selling the excess vegetables to the vendors in the nearby weekly fair.

1. Select that shows a human need and a want relevant to it in this case respectively.  
(1) Tomatoes - Foods (2) Foods - Cucumbers (3) Foods - Health (4) Cucumbers - Tomatoes
  2. Select the correct statement about the above case.  
(1) Karunawathie is involved in direct production only.  
(2) Karunawathie is involved in indirect production only.  
(3) Karunawathie is involved in direct and indirect production.  
(4) Samadhi is involved in indirect production.
  3. An opportunity of Karunawathie's business mentioned in this case is  
(1) Karunawathie's experience on agricultural activities.  
(2) Karunawathie being a housewife.  
(3) Karunawathie having a big garden.  
(4) the existence a weekly fair close to Karunawathie's house.
  4. The weekly fair in this case is  
(1) a tertiary production business in public sector.  
(2) a primary production business in public sector.  
(3) a primary production business in private sector.  
(4) a secondary production business in private sector.
  5. Select the correct answer that indicates the distribution process of the products in this case.

- (1) **Karunawathie** → Consumer

(2) **Weekly fair vendor** → Consumer

(3) **Karunawathie** → **Weekly fair vendor** → Consumer

(4) **Weekly fair vendor** → **Retailer** → Consumer

| X                      | Y                                 |
|------------------------|-----------------------------------|
| 1. Marketing plan      | A - Expected training expenses    |
| 2. Operational plan    | B - Expected advertising expenses |
| 3. Human resource plan | C - Expected Capital              |
| 4. Financial plan      | D - Expected production units     |

When the components of a business plan in column X are matched in correct order with the items in column Y, the answer is

- Answer questions No. 9 and 10 using the following information.

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- Following are the estimated expenses for the month of January, 2008.

The following are the estimated expenses for the month of January 2016 of a business that expected to produce and sell school bags.

- |                         |             |
|-------------------------|-------------|
| * Total production cost | Rs. 120 000 |
| * Direct labour cost    | Rs. 20 000  |
| * Other direct expenses | Rs. 10 000  |
| * Direct Material cost  | Rs. 60 000  |

9. Expected production overhead cost of this business is  
(1) Rs. 30 000.      (2) Rs. 60 000.      (3) Rs. 90 000.      (4) Rs. 210 000.

10. If 200 school bags are expected to produce in January, the expected cost of a school bag is  
(1) Rs. 150.                   (2) Rs. 300.                   (3) Rs. 450.                   (4) Rs. 600.

- A numbered cheque and few terms related to a cheque are given below. Answer questions No. 11 and 12 using those information.

- A - Amount in words                      B - Date  
C - Name of the payee                D - Branch code  
E - Name of the account holder      F - Account number

11. Select the answer with correct terms for ①, ②, ③ and ④ in the above cheque respectively.

(1) C, A, B, D.      (2) C, A, B, F.      (3) E, A, B, D.      (4) E, A, B, F.

12. Select the **incorrect** statement relevant to the part indicated by No. ⑤ of the above cheque.
- This is the counterfoil of the cheque.
  - It includes B and C above.
  - 015129 on it is the cheque number.
  - This is the source document used in depositing the cheque in the bank.
13. Kumari who is doing a textile business has issued a cheque to Damith for purchasing a stock of cloths of Rs. 100 000. To proceed in this transaction Kumari should have
- a savings account in the National Savings Bank.
  - a current account in the National Savings Bank.
  - a current account in the People's Bank.
  - a savings account in the People's Bank.
14. Select the correct statement about a debit card from the following.
- A debit card is issued on credit basis.
  - A bank account is not required to obtain a debit card.
  - A interest is charged for the payments on debit card.
  - A debit card is issued on the value of the deposit of the customer.
15. Tharindu has forwarded an application to a insurance company to take an insurance on his own name to the lorry which is owned by his father but has been used in his business activities. The insurance company has rejected it. The principle of insurance caused this is
- insurable interest. (2) indemnity. (3) utmost good-faith. (4) subrogation.
16. Currently, there is a high demand for the hybrid cars; a high fuel-efficient vehicle. The elements of transportation included in this statement are,
- way and mode. (2) mode and power. (3) power and terminal. (4) way and terminal.
17. Components of communication process are given below.
- |             |              |              |
|-------------|--------------|--------------|
| A - Mode    | B - Receiver | C - Feedback |
| D - Message | E - Sender   | F - Response |
- Select the answer that shows the components of communication process in correct order.
- E, D, A, B, C, F (2) E, D, A, B, F, C (3) E, A, D, B, F, C (4) E, D, A, F, B, C
18. An external, oral, electronic communication from the following cases is
- Sending the invitation to the neighbouring schools for the sportsmeet.
  - Hand over the students' progress report to the parents.
  - Informing about a sick student, to the parents by principal using telephone.
  - Addressing the school assembly by principal using the loudspeaker.
19. Ruwan has bought 1 000 ordinary shares of a company at Rs. 50 each and after one month, sold at Rs. 70 each. The return he received from this transaction is
- an interest income of Rs. 20 000. (2) a dividend of Rs. 20 000.
  - a capital gain of Rs. 20 000. (4) a capital gain of Rs. 70 000.
20. While investing in ordinary shares of a company have a .....①..... risk, in comparison to investing in savings deposits, it has a .....②..... return too.
- Select the answer that shows the suitable terms to ① and ② in the above statement in correct order.
- high, high (2) high, low (3) low, high (4) low, low
21. Select the answer that shows the correct impact on basic accounting equation of paying the business rent of Rs. 8 000 in cash.
- Assets = Owner's Equity + Liabilities
- + 8 000 = + 8 000 -
  - 8 000 = - 8 000 -
  - = + 8 000 - 8 000
  - = - 8 000 + 8 000
22. While the debtors account in the ledger is .....①....., discount received account is .....②..... .
- Select the answer which shows the suitable terms to ① and ② above in correct order.
- a liabilities account, an income account (2) a liabilities account, an expenditure account
  - an assets account, an income account (4) an assets account, an expenditure account

23. Following is an account extracted from the ledger of a business.

| ..... Account |                   |     |            |       |                    |     |            |
|---------------|-------------------|-----|------------|-------|--------------------|-----|------------|
| Date          | Description       | L/F | Amount Rs. | Date  | Description        | L/F | Amount Rs. |
| 01/15         | Cash account      |     | 6 000      | 01/01 | Balance            |     | 5 000      |
|               | Discount received |     | 600        | 01/10 | Purchasing account |     | 10 000     |
| 01/31         | Balance c/d       |     | 8 400      |       |                    |     | 15 000     |
|               |                   |     | 15 000     | 02/01 | Balance b/f        |     | 8 400      |

Select the answer that shows the name of this account and the type of account which it belongs to respectively.

- (1) Creditors account, Liabilities accounts      (2) Debtors account, Liabilities accounts  
 (3) Cash account, Assets accounts      (4) Debtors account, Assets accounts

24. Some transactions occurred in a business and source documents used in recording these transactions in prime books are given in columns X and Y respectively.

| X  | Y                   |
|--|---------------------|
| 1. Return inwards from Prasanna Rs. 3 000    | A - Debit note      |
| 2. Return outwards to Keerthi Rs. 5 000      | B - Receipt         |
| 3. Purchasing a machine on credit Rs. 50 000 | C - Credit note     |
| 4. Receiving Rs. 10 000 from a debtor        | D - Journal voucher |

When above transactions in column X are matched with the source documents in column Y in correct order is

- (1) A, C, B and D.    (2) C, A, B and D.    (3) C, A, D and B.    (4) C, B, A and D.

25. Select the transaction that caused to increase the discount allowed of a business by Rs. 800.

- (1) Paying money to Janaka, a creditor of Rs. 8 000, subject to a 10% discount.  
 (2) Selling a good for Rs. 3 200 in cash which has been marked as Rs. 4 000.  
 (3) Receiving Rs. 800 from Ruwan, a debtor of Rs. 1 000.  
 (4) Obtaining money from Kapila, a debtor of Rs. 8 000, subject to a 10% discount.

26. Select the correct statement about prime books from the following.

- (1) All credit purchases of a business are recorded in the purchase journal.  
 (2) The debit note is the source document that used to record the transactions in return inwards journal.  
 (3) Purchasing a machine on credit for the use of business is recorded in general journal.  
 (4) When there is no special prime book to record a transaction, it is recorded in cash book.

27. Some information about petty cash of a business are given below.

- \* Petty cash balance of petty cashier as at 01.01.2015 is Rs. 200
- \* Reimburse the petty cash imprest on 01.01.2015 is Rs. 1 800
- \* Petty cash balance of petty cashier as at 31.01.2015 is Rs. 300

Select the answer that shows the amount of the petty cash imprest and petty cash expenses of the business in the month of January respectively.

- (1) Rs. 2 000, Rs. 1 500      (2) Rs. 1 800, Rs. 1 500  
 (3) Rs. 1 800, Rs. 1 700      (4) Rs. 2 000, Rs. 1 700

28. An item in the debit side of the bank statement is

- (1) Debtors remittances. (2) Cash deposits.    (3) Cheques deposits.    (4) Bank charges.

- Answer questions No. 29 and 30 using the following information.

A transaction occurred in a business and the double entry used to record it are given below.

Transaction : Purchasing office equipment in cash of Rs. 50 000

Double entry : Office expenses a/c      Dr. Rs. 50 000  
                   Cash a/c                   Cr. Rs. 50 000

29. What is the accounting error occurred in recording the above transaction?

- (1) An error of commission      (2) An error of omission  
 (3) An error of principle      (4) An error of compensating

30. What is the journal entry to rectify the above error?

- |   |   |
|---|---|
| (1) Office equipment a/c Dr. Rs. 50 000 | (2) Office equipment a/c Dr. Rs. 50 000 |
| Cash a/c Cr. Rs. 50 000                 | Office expenses a/c Cr. Rs. 50 000      |
| (3) Suspense a/c Dr. Rs. 50 000         | (4) Office equipment a/c Dr. Rs. 50 000 |
| Office expenses a/c Cr. Rs. 50 000      | Suspense a/c Cr. Rs. 50 000             |

31. A machine purchased on 01.01.2013 by a business for Rs. 100 000 has an effective life time of 05 years. Its scrap value at the end of its effective life time is Rs. 10 000. The balance of the provisions for depreciation of machine account as at 31.12.2014 is

- (1) Rs. 18 000. (2) Rs. 20 000. (3) Rs. 36 000. (4) Rs. 40 000.

32. Sumudu's business has invested Rs. 200 000 on 01.01.2014 in a fixed deposit at 15% interest per annum. During the year 2014, Rs. 20 000 investment income has been received in cash. What is the investment income in profit and loss account prepared of this business for the year ended 31.12.2014?

- (1) Rs. 10 000 (2) Rs. 20 000 (3) Rs. 30 000 (4) Rs. 220 000

● Answer questions No. 33 and 34 using the following information.

Number of members in Eksath sports club in the year 2014 is 120. Monthly membership fee is Rs. 50 for each member. 100 members have paid annual membership fees during the year 2014.

33. How much is the membership fee to be received as at 31.12.2014?

- (1) Rs. 1 000 (2) Rs. 6 000 (3) Rs. 12 000 (4) Rs. 60 000

34. How much is the annual membership fee income of this sports club in year 2014?

- (1) Rs. 6 000 (2) Rs. 12 000 (3) Rs. 60 000 (4) Rs. 72 000

● Use the following information to answer questions No. 35 to 40.

Given below is the trial balance of Kalhara's Trade Business prepared as at 31.12.2014 which was started on 01.01.2014.

|                            | Debit (Rs.)    | Credit (Rs.)   |
|----------------------------|----------------|----------------|
| Sales .....                |                | 180 000        |
| Purchases .....            | 100 000        |                |
| Return Inwards .....       | 5 000          |                |
| Return outwards.....       |                | 9 000          |
| Land .....                 | 450 000        |                |
| Building rent .....        | 24 000         |                |
| Advertising .....          | 15 000         |                |
| Electricity expenses ..... | 18 000         |                |
| 10% bank loan .....        |                | 50 000         |
| Bank interest .....        | 2 000          |                |
| Debtors .....              | 20 000         |                |
| Creditors .....            |                | 15 000         |
| Cash in hand .....         | 30 000         |                |
| Bank overdraft .....       |                | 10 000         |
| Capital.....               | <u>664 000</u> | <u>400 000</u> |
|                            | <u>664 000</u> | <u>664 000</u> |

Additional Information:

- Stock as at 31.12.2014 is Rs. 30 000.
- Accrued electricity expenses as at 31.12.2014 is Rs. 2 000
- The cost of sales of the business in the year ended 31.12.2014 is  
 (1) Rs. 61 000. (2) Rs. 70 000. (3) Rs. 91 000. (4) Rs. 100 000.
- The Gross profit of the business in the year ended 31.12.2014 is  
 (1) Rs. 84 000. (2) Rs. 105 000. (3) Rs. 114 000. (4) Rs. 119 000.
- A selling and distribution expense in profit and loss account of this business for the year ended 31.12.2014 is  
 (1) Advertising expenses. (2) Electricity expenses.  
 (3) Building rent. (4) Bank interest.

- 38.** The value of the owner's equity of this business as at 31.12.2014 is  
(1) Rs. 50 000. (2) Rs. 350 000. (3) Rs. 400 000. (4) Rs. 450 000.
- 39.** The value of the current liabilities of this business as at 31.12.2014 is  
(1) Rs. 20 000. (2) Rs. 25 000. (3) Rs. 27 000. (4) Rs. 30 000.
- 40.** The value of the total assets in the balance sheet of this business as at 31.12.2014 is  
(1) Rs. 80 000. (2) Rs. 450 000. (3) Rs. 500 000. (4) Rs. 530 000.

\* \*

Department of Examinations, Sri Lanka

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අධ්‍යාපන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2015 දෙසැම්බර් කළවීප් පොතුත් තරාතරුප පත්තිර (සාතාරණ තරු)ප පරිශ්‍යේ, 2015 අනුමත අධ්‍යාපන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2015 දෙසැම්බර් කළවීප් පොතුත් තරාතරුප පත්තිර (සාතාරණ තරු)ප පරිශ්‍යේ, 2015 අනුමත

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| <b>Business and Accounting Studies</b> | <b>I, II</b> |

**Business and Accounting Studies II**

**NB:** 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 being marked.

\* Including question No. 1 answer five questions selecting two questions from each of the parts I and II.

\* Write your answers in neat handwriting.

1. Using the following case, answer the questions No. (i) to (x).

Amarasingha has started a business, as "Amarasa Curd" on 01.01.2015 by employing Rs. 50 000 in cash and a Lorry of Rs. 500 000 to distribute pots of curd to canteens of government institutions in Colombo, by purchasing from Rasika, who is a producer of curd in Ambilipitiya. On the same day current account was opened by depositing Rs. 20 000. While the payment for the purchased pots of curd is done using a cheque at the end of the month and those pots of curd are sold to canteen owners in cash.

Information about the transactions occurred during the month of January 2015 are given below.

- \* The purchasing price of a pot of curd is Rs. 20 and selling price is Rs. 30.
  - \* Purchases - Pots of curd 20 000
  - \* Paid Rs. 25 000 of wages to the lorry driver.
  - \* Paid Rs. 20 000 to purchase containers for carrying the pots of curd.
  - \* Paid Rs. 40 000 for fuel and other expenses.
  - \* Lorry should be depreciated annually at 12% on straight line method.
  - \* No any closing stock at the end of the month.
  - \* The amount deposited in the current account during the month is Rs. 500 000.

Starting from February, pots of curd are expected to distribute in Colombo and suburbs and from it, pots of curd selling per month are expected to increase by 5%. Further, there is an idea to purchase a new lorry for this.

- (i) (a) What is the basic human need satisfied by the product mentioned in the above case?  
(b) What is the type of business organization, that "Amarasa curd" belongs in?

(ii) Indicate the distribution process of the product in this case using a flow chart.

(iii) (a) Write a name of an insurance policy you propose for this business.  
(b) Write an advantage included in this case, that a current account holder can receive from a current account.

(iv) Write **two** formal sources of funds that this business can use to buy the lorry needed for expanding the business.

(v) (a) How much is the expected units of sale in February?  
(b) How much is the expected sales income in February?

(vi) Write the double entry to record the employing of the capital on 01.01.2015.

(vii) (a) Write **two** transactions related to the current account of this case.  
(b) Write the relevant source documents required in recording the above (a) transactions.  
(Use a format as follows in providing the answers.)

| (a) Transaction | (b) Source document |
|-----------------|---------------------|
| 1.              | 1.                  |
| 2.              | 2.                  |

- (viii) (a) Write, with amount, a revenue expenditure included in this case.  
 (b) Write, with amount, a capital expenditure included in this case.

(ix) Prepare the bank column of the cash book of this business for the month of January 2015.

**Part I - Business Studies**

(Answer two questions only.)

- 2.** (i) Define the needs and wants separately. (02 marks)
- (ii) (a) Classify the business organizations according to the ownership.  
 (b) Into which type of business organization, does the post office in your area belong to? (02 marks)
- (iii) State whether the following statements are **true or false**.  
 (a) Utilizing the resources in their natural form is secondary production.  
 (b) A farmer who cultivates vegetables providing them to consumers by himself is direct production.  
 (c) A business plan includes forecasted information.  
 (d) A company receives a legal entity by incorporating it. (02 marks)
- (iv) Jayapala intends to produce and sell cane chairs. While he expects to produce 50 cane chairs in the month of January 2016, it is estimated that Rs. 40 000 cost for canes, Rs. 10 000 for carpenter's monthly wages, Rs. 6 000 for monthly electricity expense and Rs. 4 000 for monthly rent would occur.  
 (a) How much are the direct cost and indirect cost expected in this business?  
 (b) How much is the expected production cost of a chair? (02 marks)
- (v) Sumana has purchased one kilogram of potatoes for her consumption from the Deepa's vegetable shop in her area. Danapala who is a friend of Deepa, provides potatoes to Deepa's shop by purchasing potatoes in large scale from potato farmers in Welimada.  
 (a) Name **two** mediators in the above case.  
 (b) Indicate how the increase of import tax on imported potatoes by government would influence the potato farmers in Welimada. (02 marks)  
**(Total 10 marks)**
- 3.** (i) What is a cheque? (02 marks)
- (ii) (a) Write **two** internal, written communication methods used in your school.  
 (b) Write **two** reasons for communication to become important for business activities. (02 marks)
- (iii) State whether the following statements are **true or false**.  
 (a) Writing a name of a commercial bank inside the two parallel lines across the cheque is special crossing.  
 (b) A pawn broker has an insurable interest for pawned jewellery.  
 (c) Transmitting messages, information or ideas among the people in an organization using a certain mode is external communication.  
 (d) As an elements of transportation, Colombo port is a terminal. (02 marks)
- (iv) Isuru has insured the motor vehicle purchased for his business in Sri Lanka Insurance Corporation.  
 (a) Write the insurer and insured respectively.  
 (b) Write a difference between the Insurance and Assurance. (02 marks)
- (v) Bandara, collecting grapes in stocks from Jaffna, and transporting them to Colombo by train, distributes among the fruits shops in Colombo using his own van.  
 (a) State the transport ways and respective mode for it, included here.  
 (b) Write an advantage received by Bandara, by transporting grapes as mentioned above, without transporting grapes from Jaffna to Colombo using his own van. (02 marks)  
**(Total 10 marks)**
- 4.** (i) What is an investment portfolio? (02 marks)
- (ii) (a) Write **two** sources of finance available for a co-operative society.  
 (b) Write **two** types of deposits in commercial banks. (02 marks)
- (iii) State whether the following statements are **true or false**.  
 (a) One who invests in ordinary shares will receive a fixed dividend.  
 (b) The activities in the Colombo stock exchange is regulated by Securities and Exchange Commission of Sri Lanka.  
 (c) Profit received by an investor through selling the ordinary shares at a higher price than the purchased price is capital gains.  
 (d) Investments that are carried out by organizations with acceptable legal basis are formal investments. (02 marks)
- (iv) Muditha is doing a press in a rented building. While there are four employees, Muditha intends to purchase a modern printing machine for printing works.  
 (a) Write **two** short term financial requirements of this business.

- (v) Two sisters, Ama and Paba equally sharing a Jackpot of Rs. 100 000 have invested in formal investments. After one year Ama told that she has received a capital gains, while Paba told that she has received an interest income.
- Write the type of investment that you think Ama would have invested in, with reasons.
  - Write the type of investment that you think Paba would have invested in, with reasons. (02 marks)
- (Total 10 marks)

### Part II - Accounting

(Answer two questions only.)

5. (i) Following are some transactions occurred in a trade business.

- Employing Rs. 50 000 by owner as the capital.
- Obtaining a bank loan of Rs. 25 000.
- Purchasing a stock of goods on credit Rs. 15 000.
- Paid monthly electricity bill Rs. 3 000
- Purchasing furniture of Rs. 100 000 from Moratu Furniture Traders on credit.

**Required:**

Write the source document, debited account and credited account for each transaction above.  
(Use following format in answering. First transaction has been done for you.)

| Transaction | Source document | Debited account | Credited account |
|-------------|-----------------|-----------------|------------------|
| (a)         | Receipt         | Cash account    | Capital account  |
| (b)         |                 |                 |                  |
| (c)         |                 |                 |                  |
| (d)         |                 |                 |                  |
| (e)         |                 |                 |                  |

(04 marks)

- (ii) The trial balance of Kalum's business prepared as at 31.03.2015 was not balanced. The difference of Rs. 4 000 was credited to a suspense account. Later following errors were revealed.

- The return inwards by Eranga Rs. 1 000 was recorded in debit side of both relevant accounts.
- Sales invoice of Rs. 8 000 has been recorded as Rs. 800 in Sales Journal.
- Rs. 2 400 paid for insurance expenses has been recorded only in cash book.
- Interest received Rs. 2 200, has been correctly recorded in cash book but has been debited to interest paid account.

**Required:**

- Journal entries to rectify the above errors
- The suspense account

(06 marks)  
(Total 10 marks)

6. (i) Following is the receipts and payments account of Dilena Tharu Sports Association prepared for the year ended 31.12.2014.

#### Receipts and Payments Account

|                          | (Rs.)          | (Rs.)                         |                |
|--------------------------|----------------|-------------------------------|----------------|
| Balance as at 01.01.2014 | 22 000         | Purchase of sports equipments | 30 000         |
| Membership fee received  | 80 000         | Electricity bill paid         | 6 000          |
| Cash donation received   | 8 500          | Purchasing a Steel Almairah   | 12 000         |
|                          |                | Ground maintenance            | 10 500         |
|                          |                | 31.12.2014 balance c/d        | 52 000         |
|                          | <u>110 500</u> |                               | <u>110 500</u> |

Additional information:

- \* The number of members in the Dilena Tharu Sports Association is 200 and annual membership fee per member is Rs. 500.

**Required:**

- The membership fee not yet received as at 31.12.2014.
- Name two expenses included in the income and expenditure account of this sports association, prepared for the year ended 31.12.2014.
- Write a difference between the 'Receipts and Payments Account' and 'Income and Expenditure Account' prepared by not for profit organization. (03 marks)

- (ii) The bank column of the cash book of Amalie's business for the month of September 2015 is given below.

Cash book

| Date  | R.N. | Description    | L/F | Amount Rs. | Date  | V.N. | Description     | L/F | Amount Rs. |
|-------|------|----------------|-----|------------|-------|------|-----------------|-----|------------|
| 09/01 |      | Balance b/f    |     | 3 500      | 09/02 |      | Cheque - 153161 |     | 2 000      |
| 09/03 |      | Cash deposit   |     | 6 000      | 09/08 |      | Cheque - 153162 |     | 800        |
| 09/10 |      | Cheque deposit |     | 4 500      | 09/15 |      | Cheque - 153163 |     | 3 400      |
| 09/18 |      | Cheque deposit |     | 6 400      | 09/20 |      | Cheque - 153164 |     | 2 100      |
| 09/25 |      | Cash deposit   |     | 5 000      | 09/26 |      | Cheque - 153165 |     | 1 500      |
| 09/28 |      | Cheque deposit |     | 1 800      | 09/30 |      | Balance c/d     |     | 17 400     |
|       |      |                |     | 27 200     |       |      |                 |     | 27 200     |

The bank statement sent by the bank to Amalie's business for the month of September 2015 is given below.

| Date  | Particulars               | Payments<br>(Rs.) | Receipts<br>(Rs.) | Balance<br>(Rs.) |
|-------|---------------------------|-------------------|-------------------|------------------|
| 09/01 | Balance b/f               | -                 | -                 | 3 500            |
| 09/03 | Cash deposit              | -                 | 6 000             | 9 500            |
| 09/05 | Cheque paid - 153161      | 2 000             | -                 | 7 500            |
| 09/10 | Cheque paid - 153162      | 800               | -                 | 6 700            |
| 09/12 | Cheque deposit            | -                 | 4 500             | 11 200           |
| 09/15 | Debtors remittances       | -                 | 2 000             | 13 200           |
| 09/17 | Cheque paid - 153163      | 3 400             | -                 | 9 800            |
| 09/20 | Cheque deposit            | -                 | 6 400             | 16 200           |
| 09/25 | Cash deposit              | -                 | 5 000             | 21 200           |
| 09/26 | Cheque paid - 153164      | 2 100             | -                 | 19 100           |
| 09/27 | Bank charges              | 100               | -                 | 19 000           |
| 09/30 | Standing orders-Insurance | 4 200             | -                 | 14 800           |

**Required:**

- (a) The Adjusted cash book  
 (b) The Bank reconciliation statement

(07 marks)  
 (Total 10 marks)

7. Given below is the trial balance of Tharindu's trade business as at 31.12.2014.

|                                   | Debit (Rs.)      | Credit (Rs.)     |
|-----------------------------------|------------------|------------------|
| Capital .....                     |                  | 500 000          |
| Stock (as at 01.01.2014).....     | 30 000           |                  |
| Purchases .....                   | 300 000          |                  |
| Sales .....                       |                  | 450 000          |
| Debtors .....                     | 45 000           |                  |
| Creditors .....                   |                  | 20 000           |
| 10% Bank loan .....               |                  | 50 000           |
| Land and building (at cost) ..... | 400 000          |                  |
| Machinery (at cost).....          | 120 000          |                  |
| Electricity charges .....         | 12 000           |                  |
| Administrator salaries .....      | 30 000           |                  |
| Drawings .....                    | 5 000            |                  |
| Advertising charges .....         | 10 000           |                  |
| Distribution expenses .....       | 12 000           |                  |
| Bank loan interest .....          | 4 000            |                  |
| Cash in hand .....                | 52 000           |                  |
|                                   | <u>1 020 000</u> | <u>1 020 000</u> |

**Additional Information:**

- \* Cost of stock as at 31.12.2014 is Rs. 12 500.
- \* Machinery should be depreciated annually at 10% on straight line method.
- \* Rs. 1 000 of debtors should be written off as bad debts.

**Required:**

- (i) Trading and Profit and Loss account of Tharindu's business for the year ended 31.12.2014 (05 marks)  
 (ii) Balance Sheet as at 31.12.2014 (05 marks)

(Total 10 marks)