

Business and Accounting Studies

Teachers' Guide

Grade 11

(To be implemented from 2016)

Department of Commerce
Faculty of Science and Technology
National Institute of Education
Maharagama
Sri Lanka

Web: www.nie.lk
Email: info@nie.lk

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Message from the Director General

The first phase of the new competency based curriculum, with an 8 year curriculum cycle was introduced to secondary education in Sri Lanka in 2007 replacing the existing content based education system with the basic objective of developing the national level competencies recommended by the National Education Commission.

The second phase of the curriculum cycle to be introduced to grades 6 and 10 starts in 2015. For this purpose, National Institute of Education has introduced a rationalization process and developed rationalized syllabi for these grades using research based outcomes and various suggestions made by different stakeholders.

In the rationalization process, vertical integration has been used to systematically develop the competency levels in all subjects from fundamentals to advanced levels using the bottom up approach. Horizontal integration is used to minimize overlapping in the subject content and to reduce content overloading in the subjects to produce more student friendly and implementable curricula.

A new format has been introduced to the Teachers' Guide with the aim of providing teachers with the required guidance in the areas of lesson planning, teaching, carrying out activities and measurement and evaluation. These guidelines will help the teachers to be more productive and effective in the classroom.

The new Teachers' Guides provide freedom to the teachers in selecting quality inputs and additional activities to develop the competencies of the students. The new Teachers' Guides are not loaded with subject content that is covered in the recommended textbooks. Therefore, it is essential for the teacher to use the new Teachers' Guides simultaneously with the relevant textbooks prepared by Education Publications Department as reference guides to be more aware of the syllabi.

The basic objectives of the rationalized syllabi and the new format of the teachers' guide and newly developed textbooks are to bring about a shift from the teacher centred education system into a student centred and more activity based, education system in order to develop the competencies and skills of the school leavers and to enable the system to produce suitable human resource to the world of work.

I would like to take this opportunity to thank the members of Academic Affairs Board and Council of National Institute of Education and all the resource persons who have immensely contributed in developing these new teacher guides.

Director General
National Institute of Education

Message from the Deputy Director General

Education from the past has been constantly changing and forging forward. In recent years, these changes have become quite rapid. Past two decades have witnessed a high surge in teaching methodologies as well as in the use of technological tools and in the field of knowledge creation.

Accordingly, the National Institute of Education is in the process of taking appropriate and timely steps with regard to the education reforms of 2015.

It is with immense pleasure that this Teachers' Guide where the new curriculum has been planned based on a thorough study of the changes that have taken place in the global context adopted in terms of local needs based on a student-centered learning-teaching approach, is presented to you teachers who serve as the pilots of the schools system.

An instructional manual of this nature is provided to you with the confidence that, you will be able to make a greater contribution using this.

There is no doubt whatsoever that this Teachers' Guide will provide substantial support in the classroom teaching-learning process at the same time. Furthermore the teacher will have a better control of the classroom with a constructive approach in selecting modern resource materials and following guide lines given in this book.

I trust that through the careful study of this Teachers Guide provided to you, you will act with commitment in the generation of a greatly creative set of students capable of helping Sri Lanka move socially as well as economically forward.

This Teachers' Guide is the outcome of the expertise and unflagging commitment of a team of subject teachers and academics in the field Education.

While expressing my sincere appreciation of this task performed for the development of the education system, my heartfelt thanks go to all of you who contributed your knowledge and skills in making this document such a landmark in the field.

M.F.S.P. Jayawardhana
Deputy Director General
Faculty of Science and Technology

Introduction

According to the present policy with regard to the Curricula of Sri Lanka the entire curriculum has to be revised once every eight years. A new revision of this nature has become necessary because of the meaningful expectation that a generation of students capable of facing local as well as global challenges taking place needs to be produced. Further the recent past has witnessed immense economic, political, social and trade related changes on a global scale. As a result the stage has arisen for all curricula to be revised in 2015.

Taking the situation above into consideration I am extremely pleased that the Grade 11 Business and Accounting studies, Teachers Guide has been written and forwarded in such a short time. I would like to extend my very sincere thanks especially to the panel of writers for functioning with such commitment to the Director General for his Instructions and guidance for the fulfilment of this task successfully, to the Deputy Director General and to all those who supported the speedy conclusion of this responsible endeavour.

It is my firm belief that this Teachers Guide on Business and Accounting for Grade 11 will prove an immense support to subject Directors Inservice Advisors and Teachers in the provision of learning experiences successfully to students.

Dr. A. Sivanesharaja
Director,
Commerce Department,
Faculty of Science and Technology,
National Institute of Education

Guidance and Approval	:	Academic Affairs Board National Institute of Education
Guidance	:	M.F.S.P. Jayawardena Deputy Director General
Directing	:	Dr.A. Sivanesharajah Director
Subject Co-ordination	:	P.H.Kusumawathie Senior Lecturer Department of Commerce S.K. Prabakaran Lecturer Department of Commerce
Writing Pannel	:	Internal P.H.Kusumawathie S.K. Prabakaran External Sirima Nanayakkra, ISA,Zonal Education Office, Elpitiya C.L.M.Navas, ISA,Zonal Education Office, Ibbagamuwa. M.H.M.Buhary,ISA(retired)
Language Editing	:	S.A.D.Gunapala Lecturer, Bed Degree Program National Institute of Education. K.D. Percival Rtd. Lecturer

Instruction for the Use of the Teachers' Guide

This Teachers Guide has been prepared for Grade 11 based on the syllabus for Business and Accounting Studies proposed to be implemented for G.C.E. (O/L) from 2016.

Model activities have been included here as guidance in the planning of teachers' learning-teaching process so as ensure the development of the students' competencies.

This Teachers' Guide has been prepared in keeping with the order in which the learning-teaching process should be implemented in the classroom. Learning outcomes have been presented for every competency Level in the syllabus. It is expected that teacher will implemented a student-centered learning-teaching procedure to ensure that all the students achieve these learning outcomes and the relevant competencies. For this purpose the learning-teaching process has been presented under each competency level in order to provide you with guidance. It is by no means compulsory that you conform to these instructions in that very form itself, you, as a creative individuals, have complete freedom to conform to any other student-centered learning-teaching procedure you consider for students.

Similarly, included in this teachers' guide are the basic terms and concepts related to the subject area under each competency level. They will serve as guidance to the subject matter you should elicit through the activities in the classroom as well as for the notes you give the students.

Subject Coordinators
Department of Commerce
National Institute of Education

Content

	Page
Message from the Director General	i
Message from the Deputy Director General	ii
Introduction	iii
Curriculum Committee	iv
Instruction for the Use of the Teachers' Guide	v
Syllabus	vi - xx
Guidence for Learning-Teaching Process	01 - 74

Business and Accounting Studies

Syllabus

Grade 11

(To be implemented from 2016)

1.0 Introduction

This syllabus is to be implemented in 2015. Through this syllabus it is expected to provide theoretical and practical knowledge to the student that would give him guidance in his future livelihood, through the provision of business knowledge, recording of transactions, evaluation of business results, information technology, development of desire for saving and investment and business management. Similarly, it is expected that the initial foundation will be laid for the creation of entrepreneurs as well as other professionals by teaching this subject. Through this, it is also expected to build the human resources necessary for the economic and social development of the country.

Similarly, through the pedagogical approach, it is expected to build in the students on integrated personality with focus on student centered, competency based activities. Further, it is expected that this syllabus will serve in the creation of a citizen who possesses no burden to society, acts with social responsibility, has the capability of conforming to the conditions of the changing world and enjoys to the end of one's life the results of the combinations produced by changing the subject content.

2.0 National goals

1. The achievement of a functioning sense of National Cohesion, National Integrity and National Unity
2. The establishment of a pervasive pattern of Social Justice and active elimination of inequities.
3. The evolution of a Sustainable Pattern of living - A sustainable Life Style.
4. Seeking a livelihood and work opportunities that are, at one and the same time, productive and give avenues of self-fulfilment
5. Participation in human resource development that will support socio-economic growth of the country.
6. Involvement in nation building activities: learning to care.
7. Cultivation of an element of adaptability to change - learn to learn and adapt, developing competence to guide change.
8. Coping with the complex and the unforeseen; and achieve a sense of security and stability
9. Securing and honourable place in the international community

(ii) Competencies relating to the Personality Development

- Generic skills such as creativity, divergent thinking, initiative, decision making, problem-solving, critical and analytical thinking, team work, inter-personal relationships, discovering and exploring
- Values such as integrity, tolerance and respect for human dignity.
- Cognition

3.0 Basic Competencies

The following competencies promoted through education will help to achieve the above mentioned National Goals.

(i) Competencies in Communication

This first set of competencies is made up of four subsets - Literacy, Numeracy, Graphics and information communication skills :

Literacy	:	Carefully listening, Speaking clearly, Reading for comprehension, writing clearly and accurately.
Numeracy	:	Using numbers to count, calculate, code and to measure, matter, space and time.
Graphics	:	Making sense of line and form, expressing and recording essential data, instructions and ideas with line, form, colour, two and three-dimensional configurations, graphic symbols and icons
ICT Competencies	:	Knowledge on computers, and the ability to use the information technology skills at learning or work as well as in the private life

(ii) Competencies relating to the Personality Development

- Generic skills such as creativity, divergent thinking, initiative, decision making, problem-solving, critical and analytical thinking, team work, inter-personal relationships, discovering and exploring
- Values such as integrity, tolerance and respect for human dignity.
- Cognition

(iii) Competencies related to the Environment.

This is the second set of competencies related to the Social, Biological and Physical Environments.

Social Environment	:	Awareness, sensitivity and skills linked to being a member of multi cultural plural society, social relationship, personal conduct, general and national heritage, legal conventions, rights, responsibilities, duties and obligations.
Biological Environment	:	Awareness, sensitivity and skills linked to the living world, man and the ecosystem, trees, forests, seas, water, air and life - plant, animal and human life.
Physical Environment	:	Awareness, sensitivity and skills related to space, energy, fuels, matter, materials and their links to human living, food, clothing, shelter, health, comfort, respiration, sleep, relaxation, rest, wastes and excretion, media of communication and transport. <i>Included here are the skills in the use of tools to shape and materials for living and learning.</i>

(iv) Competencies related to Preparation for the world of work

Employment related skills to maximize their potential and to enhance their capacity to contribute to economic development; to discover their vocational interests and aptitudes; to choose a job that suits their abilities and; to engage in a rewarding and sustainable livelihood

(v) Competencies related to religion and ethics

This fourth set of competencies are laden with values and attitudes. It is essential for individuals to assimilate values, so that they may function in a manner consistent with the ethical, moral and religious modes of conduct, rituals and practices in everyday living, selecting the most appropriate.

(vi) Competencies in Play and Use of Leisure

Competencies that link up with pleasure, joy, emotions and such human motivations. These find expression in play, sports, athletics and leisure pursuit of many types. These also link up with such values as cooperation, team work, healthy competition in life and work. Included here are such activities that are involved in aesthetics, arts, drama, literature, exploratory research and other creative modes in human living.

(vii) Competencies related to 'Learning to learn

These competencies flow directly from the nature of a rapidly changing, complex and interdependent world. Whatever one learns, that learning will need updating and review. This requires that one should be aware of, sensitive and skilful in sustained attention, and be willing to persevere and attend to details that matter in a given situation.

4.0 Aims and objectives of the subject

Aims of the subject

- (1) Provision of the ability for orientation to a business related vocation or to commence a business of one's own.
- (2) Preparation of the background necessary to conduct a well managed business with social understanding.
- (3) To transform one into a businessman consumer who acts with a sense of social responsibility.

Objectives of the subject

- (1) To study the nature of businesses.
- (2) Inculcate a desire for investment.
- (3) Record and copy business transaction reports.
- (4) Prepare the final financial statement of a business.
- (5) Acquire basic ability regarding electronic commerce and accounting.

Competency 6 : **Develops a basis regarding how Business activities are implemented with the assistance of auxiliary services.**

Competency Level 6.1 : **Inquires about the contribution of Banking Services in making business activities efficient.**

No. of Periods : 03

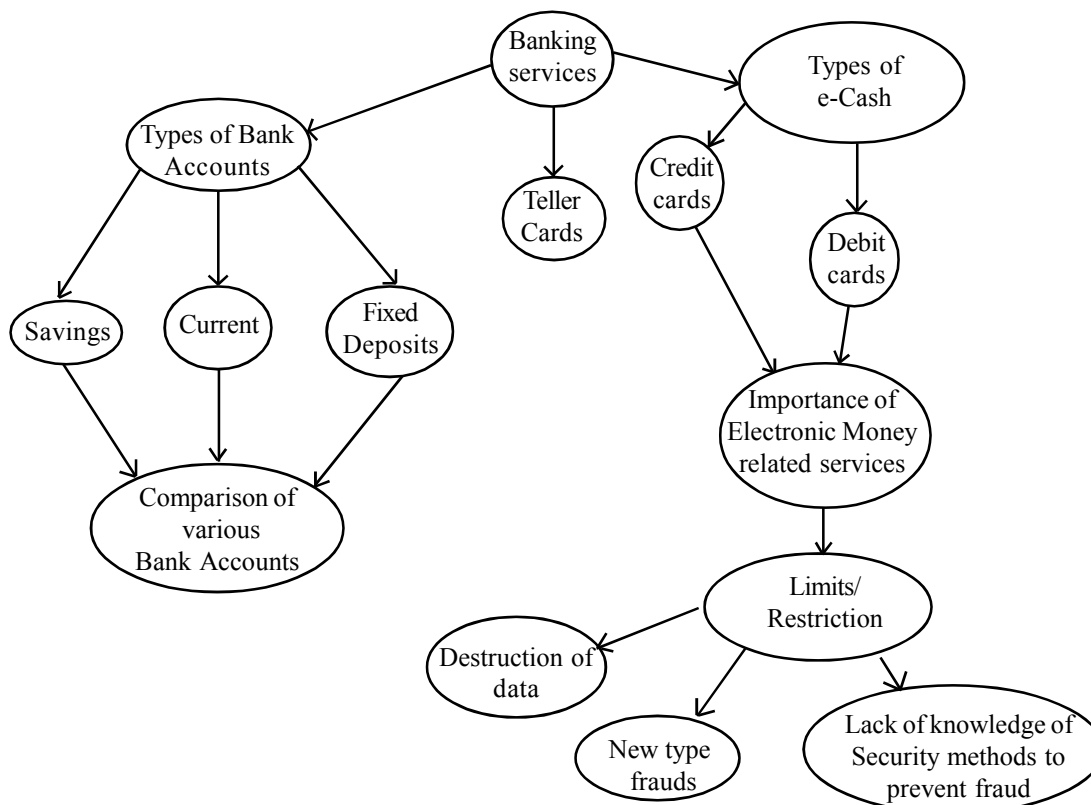
Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes.**

- Classifies types of bank accounts emphasizing the necessity of Banking.
- Shows the steps necessary to commence a Savings Account.
- Shows the steps to be followed when opening a Fixed Deposit Account.
- Explains the importance of services related to Electronic Money
- Shows the limitations of Electronic Money.

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Concept Map



The following accounts are generally maintained by a commercial bank.

- Savings accounts
- Current accounts
- Fixed deposits

Currently, a maximum and an attractive service is rendered to their customers by the banks utilizing information and Communication Technology. Among these the following are very significant.

Credit Cards

Using these cards, issued by a commercial bank on a credit basis, goods and services can be bought from any authorised business firm. Not only that, but also an amount of cash under a predetermined limit can be drawn out through Automated Teller Machines (ATM). Maintenance of a bank account is not necessary in this regard.

ie: Visa Credit Card, Master Credit Card

Debit Card

The electronic card which is issued by a bank on the basis of deposits in the account of the customers is known as a debit card. Goods and services could be purchased from any authorised business institute up to the balance in the account using this debit card. Cash from the customer's account is transferred to the bank account of that institute (seller's account)

i.e. PET Visa Debit Card, BOC Visa Debit Card

Automated Teller Machine Cards

An electronic card which is issued by a bank so as to receive a service equivalent to that receivable from a savings passbook for a customer, is known as an Automated Teller Machine Card. Arrangements can be made with the bank to use this card as a debit card also. Here, all the services are rendered by an automated teller machine activated using the computer (ATM).

More efficient and more systematic services could be rendered through electronic cash services. There are some limitations as well in these services using electronic cash services. Since all the data are computerised, there is the risk of these data being destroyed. Further, the chances of fraudulent deeds is great. The need for applying appropriate technical devices to prevent such malpractices and other disadvantages also has come to the surface.

Instructions on Planning Activity :

- At the approach to the first lesson inform the students regarding the necessity of banking services and give a brief introduction of the various categories of accounts.
- Give a brief explanation of electronic money.
- Provide a set of documents needed to open a savings account and fixed account.
- Considering the teacher as the bank and the students as the customers willing to open accounts, practice how to open accounts by filling up of the relevant documents.
- Lead a discussion highlighting the following facts using the completed documents.
 - that a passbook is issued by the bank. (There are some accounts for which a passbook is not issued)
 - Mandate card is issued.
 - That an identity card is needed.

Give out annex 6.1.1 and instruct the students to answer the questions by studying the subject matter contained in the grade 11 text book.

Annexure 6.1.1

1. Complete the table below

Criteria	Savings Account	Fixed Deposit Account
1. Interest Percentage		
2. Related documents issued by the bank		
3. Depositing cash		
4. Withdrawing cash		
5. Other facilities		

List the Features and Services of the cards below

Card	Features	Services
Debit cards		
Credit cards		
ATM cards		

Quality Inputs :

- Grade 11 Business and Accounting Studies Text Book.

Criteria for Assessment and Evaluation:

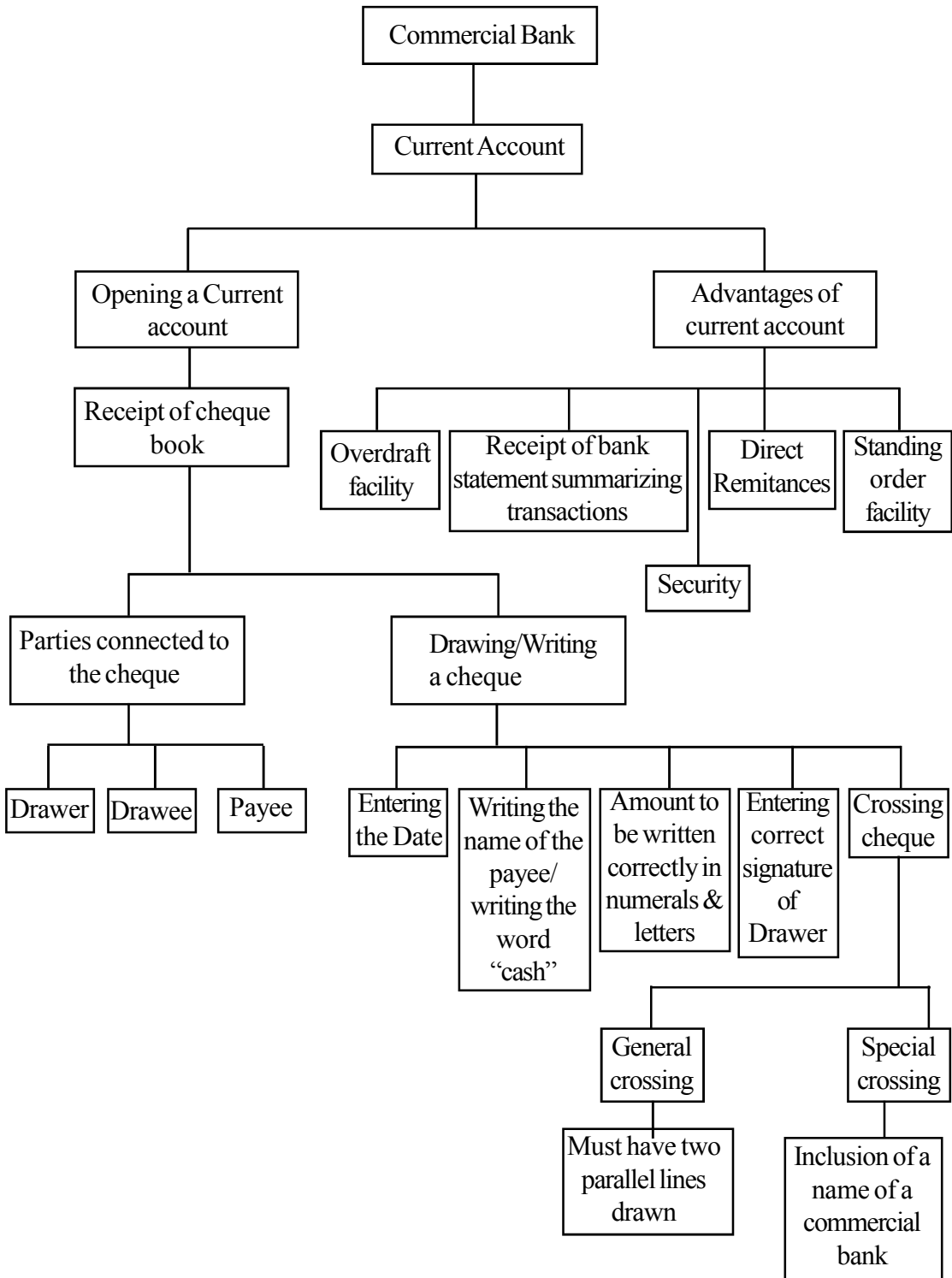
- Showing the steps in starting a Savings Account.
- Showing the steps in starting a Fixed Deposit.
- Showing the difference between a Saving Account and a Fixed Deposit.
- Describing three services provided by a bank in relation to Electronic Money.
- Pointing out two limitations related to Electronic Money.

- Competency 6** : **Develops a basis regarding how business activities are implemented with the assistance of auxiliary services.**
- Competency Level 6.2** : Inquires about the advantages of maintaining a Current Account and the implications of the cheque.
- No. of Periods** : 04
- Learning Outcomes** : **At the end of this lesson, students should be able to acquire the following learning outcomes :**
- Lists the advantages of a Current Account.
 - Names parties related to cheques.
 - Describes the procedures to open a current account.
 - Completes a model Cheque.
 - Describes the steps involved in depositing a cheque in the bank.

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map is shown in the following page.

Concept Map



Advantages of maintaining a Current Account

- Carrying out transactions through cheques is more secure and time saving, convenient than cash transactions.
- Various types of income and cheques received on behalf of the account holder can be directly credited to the account. This facility is referred to as **direct remittances**.
- Current account holders can request the bank to settle payments such as the loan instalments, insurance premiums etc through own current account. Such arrangements are called **standing orders**.
- Even though there aren't adequate funds in the current account, payments can be made through cheques after obtaining the permission of the Bank. This facility is called a short-term loan or a **Bank Overdraft**.
- At the end of a specific period of the current account the summary of all transactions made through the Account sent to the current account holder is called the **Bank statement**. Through receipt of details of one's current account, the current account holder gets the ability to manage his/her money in the current account.

Current Account

A type of account which facilitates carrying out transactions using cheques for business purposes is referred to as current accounts.

Bank Statement

The summary of transactions of one's current account sent to the Account Holder at the end of the period of time (usually one month) is called the Bank Statement.

Cheques

"The written order made by a current account holder to the bank for the payment of a fixed amount of money to a definite individual, is a cheque."

Parties connected to the cheque

Drawer - Current Account Holder

Drawee - Relevant Commercial Bank (Current Account holder's bank)

Payee - Individual, to whom the cheque is drawn

Writing a Cheque

In order to be eligible for payments, cheques have to be written following the conditions given below

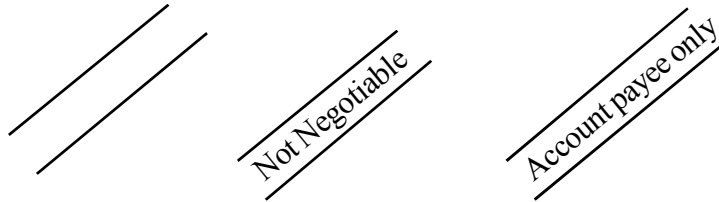
These conditions are

- Signature on the cheque must be similar to the specimen signature available at the Bank
- Amount of the cheque shall be equal both in numerals and letters
- Writing clearly/ Printing
- Inclusion of date in the correct format (DD/MM/YYYY)
- Endorsement of rectifications

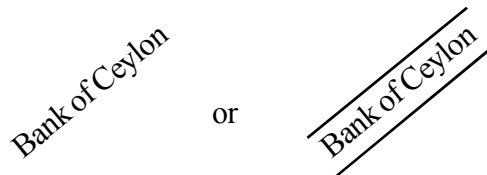
Crossing a Cheques

Drawing of two parallel lines or writing the name of a commercial bank on the face of the cheque is called crossing a cheque. Cheques can be crossed to ensure security of the transaction. There are various ways of crossing cheques.

General Crossing - Drawing two parallel lines across the face of the cheque is general crossing. It is seen on the face of the cheque as below.



Special Crossing - The crossing made by noting the name of a commercial bank with or without parallel lines on the face of the cheque is special crossing. This is as below,



Endorsing Cheque

Writing the name written on the face of the cheque in the same manner on the separate space at the back of the cheque, is termed cheque endorsement. The endorsement is required when transferring the cheque to another person, or depositing it in a bank account.

Instructions on Planning Activity :

When commencing the lesson relevant to this competency level, lead a discussion directing the questions below to the students.

- What are the types of accounts an individual can open in a Commercial Bank?
- What type of account is suitable for a businessman?
- What are the advantages of such a type of account to a business?
- How are transactions carried out through that account?
- Direct students to study the subject matter relevant to the Grade 11 Lesson.

Inform the students to pay greater attention to the following points.

- Date
- Payee
- Amount
- Drawee
- Signature of Drawer
- Cheque Number
- Bank Number
- Branch Number
- Current Account Number
- Crossing (General, Special)
- Magnetic Ink Character Recognition Strip
- Counterfoil
- Endorsement

- Prepare an enlarged poster of a cheque along with the counterfoil and display on the black board. Exhibit the incident given in 6.2.1 on the black board and present that incident to be heard by the students.
- Distribute to the students the instructions in 6.2.2 and provide adequate time to study it.
- Lead the students in the task according to the instructions below.
 - Give an opportunity to students to complete the cheque displayed on the board providing questions. Get the student participation in completion of the cheque writing to the number of students in class.
- After the students have provided answers to all the questions, summarize the lesson according to the points below.
 - Elements of a cheque
 - Parties attached with a cheque
 - Writing of cheques
 - Endorsing cheques
 - Crossing cheques

Annex 6.2.1

Amal Perera is a businessman. He assigned the task of issuing Cheque No. 200125 on behalf of P. Kamal for the purchase of goods valued at Rs. 50,000 on 2014.05.30, to his clerk Namal Gajanayake. Further, Kamal Shantha needed to use this cheque to settle another transaction.

Bank of Ceylon Bank number : 7010 Branch No. : 055

Instructions for students

- Read the case put up on the board carefully
- Study the questions below referring to the case
 - Write the name of the payee
 - Write the amount in figures
 - Write the amount in letters
 - Place the signature of the drawer
 - Mark the magnetic ink character recognition strip
 - Write the date the cheque was drawn
 - Mark the bank number
 - Mark the branch number of the bank.
 - Write the cheque number
 - Complete the counterfoil
 - Mark the drawee of the cheque
 - Apply a general crossing to this cheque
 - Convert it to a special crossing
 - It has become necessary to transfer this cheque to another. Make an endorsement for that purpose.

- Write/complete on the cheque displayed on the board the answer relevant to the question provided to you.
- Observe whether the answers written/completed by the other students to the questions they had received are correct.
If the answers are incorrect, show how they should be answered correctly

Quality Inputs :

Business and Accounting studies Grade 11 text book lesson

Criteria for Assessment and Evaluation

- Write 5 advantages of maintaining a current account, for a businessman
- Showing the steps involved in banking a cheque
- Showing the steps involved in starting a current account
- Exhibit five items based on a model cheque
 - Inclusion of Date
 - Writing name of payee (Imaginary name)
 - Writing amount in letters and figures clearly (Imaginary amount)
 - Placing signature of drawer
 - Marking magnetic ink character recognition strip
 - Marking the drawee
 - Placing given number as bank number
 - Completing counterfoil
 - Placing special or general crossing
 - Endorsing cheque

Competency 6 : **Develops a basis regarding how Business activities are implemented with the assistance of auxiliary services.**

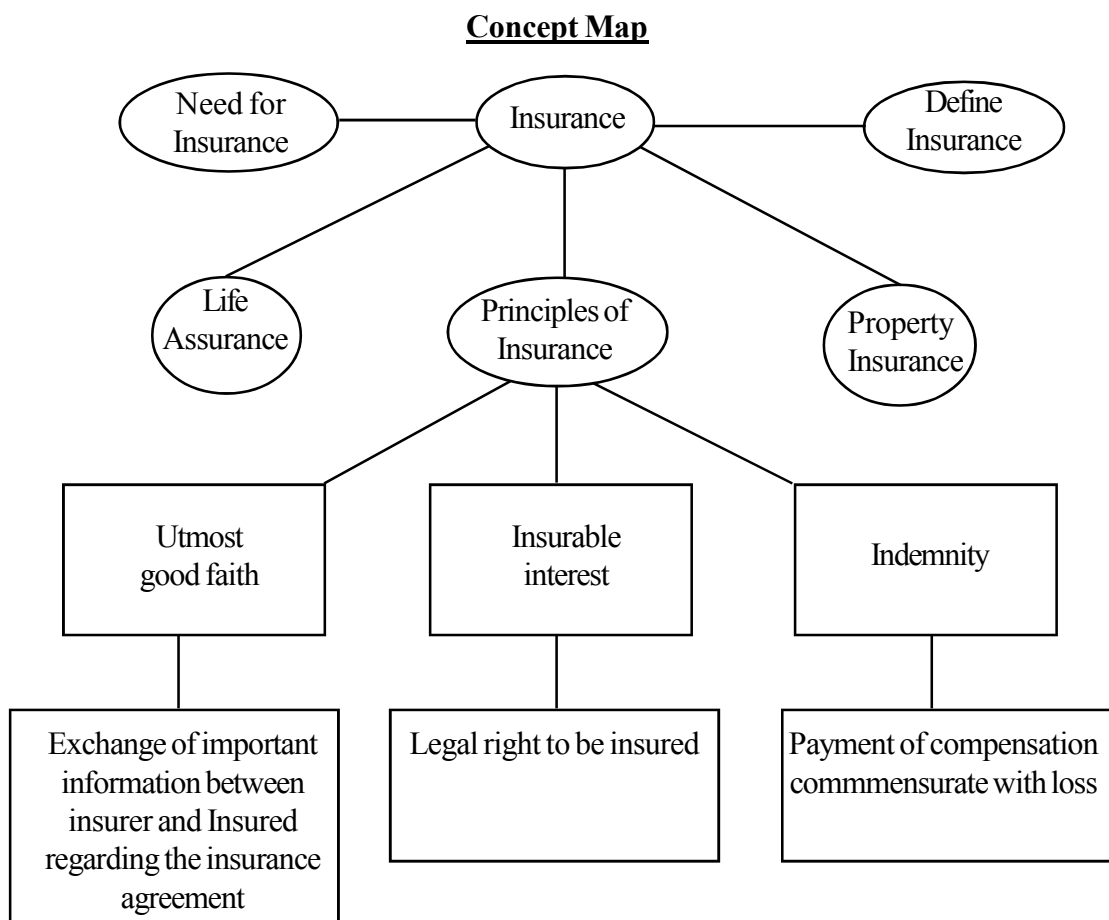
Competency Level 6.3 : Builds a basis for risk Management by inquiring into the importance of insurance.

No. of Periods : 03

Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes below:**

- Explain the concept of Insurance
- Show the difference between life assurance and property insurance.
- Explain the principles of insurance.

Instructions for the Learning-Teaching Process :
Key Concepts and terms



- Insurance - Insurance is the mutual sharing of the damage caused to a single party through the cumulation of damage.
- Life Assurance - Is insurance provided against the risk attached to human life.
- Property Insurance - Property insurance is the risk insurance cover against the quantum of damage to property.

Property Insurance

- The value of the deed of insurance is decided on the value of the property
- Deed of Insurance can be transferred
- Compensation is paid according to the amount
- Indemnity principle is related
- Is not entitled to other benefits
- Policy is obtained for a period less than one year

Life Assurance

- The value of the Deed of Insurance is decided on the individual capacity and wish
- Deed of Insurance cannot be transferred
- Whether damage is caused or not compensation is paid.
- Indemnity principle is not related
- Is entitled to other benefits
- Policy covers more than a one year period

Principles of Insurance

The principles that apply to the implementation of an Insurance agreement are as follows.

- Insurable Interest - The legal right to insure Life or Property. It needs to have economic benefits through the sustenance of life or property and that economic loss can be caused by their destruction.
- Utmost good faith - That both parties related to insurance have to disclose information on all ownerships related to the insurance without suppressing any information.
- Indemnity - In instances where insured property is damaged, it is necessary that compensation is paid to enable the damage to be brought back to its original state. (This is in relation to property only)

Need of Insurance

Covering a financial loss for an insured life or for a property by unexpected event.

Instructions on Planning Activity :

- Engage in the lesson related to these competencies presenting visuals of vehicles that had been damaged in accidents and of business premises destroyed by fire.
- Discuss about action that can be taken in order to face such risks that businesses would have to face.

- Explain the following terms in brief.
 - Insurance
 - Principles of Insurance
 - Property insurance
 - Life assurance
- Provide the students with the activity sheets in Annex 6.3.1
- Direct the students to read the Flash Card.
- Provide the questions below to the students
 - State whether the statement in the Flash Card you got is about a personal risk or about a risk to property.
 - Direct the student to read the relevant chapter of the Grade 11 text book and to name the principle of insurance life and property insurance classified above.
 - Direct them to compare the difference between life and property insurance

Life Assurance	Property Insurance
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

Annex 6.3.1

Flash Cards

Damage to a large number of shops in the city through a sudden fire.
 Extensive damage to life and property through the collision of two trains.

Extensive damage to homes and cultivations through heavy/rainfall

The death of two individuals struck by lightning

Quality Inputs :

- Grade 11 Business and Accounting Studies, text book
- Brochures released by various insurance companies

Criteria for Assessment and Evaluation :

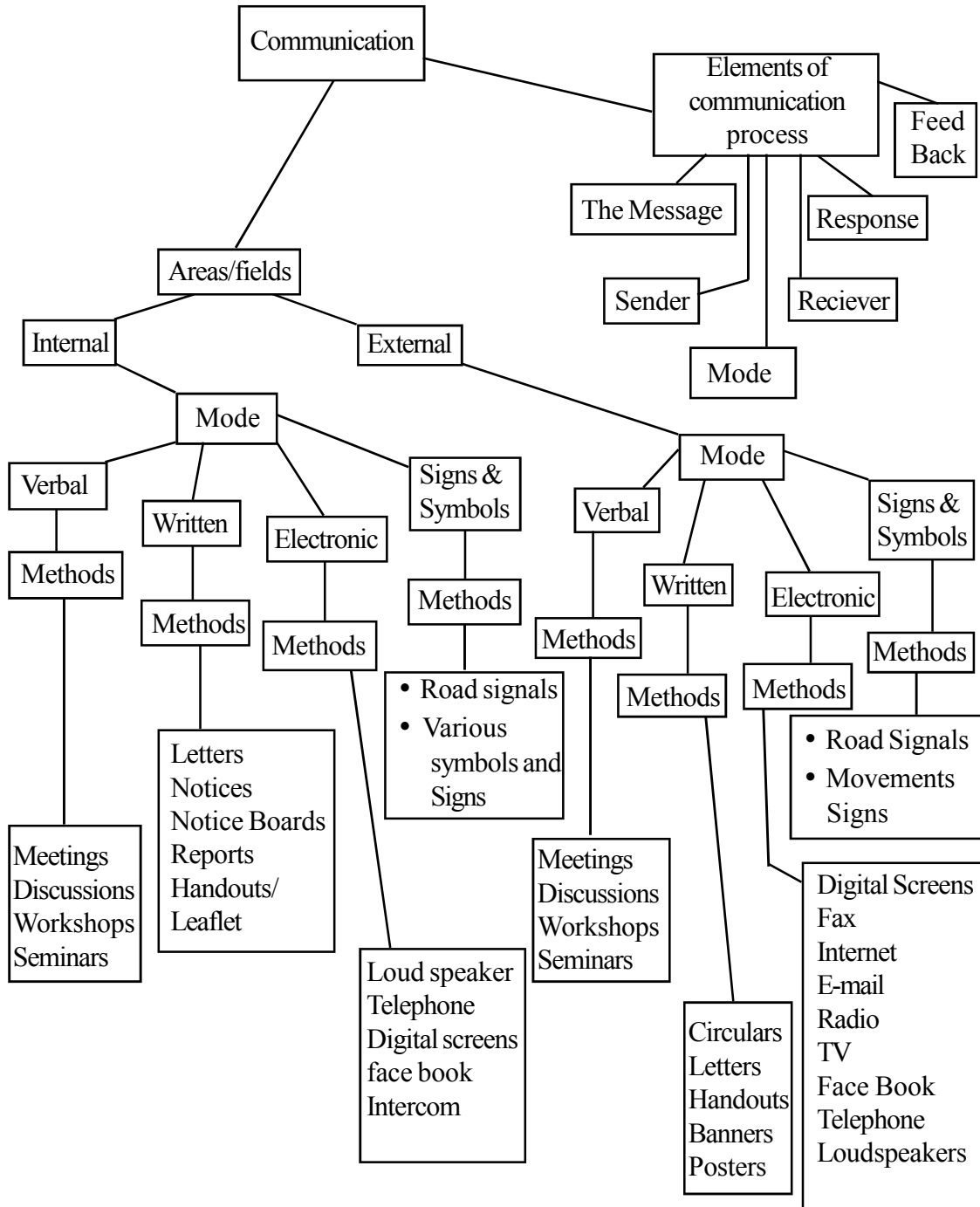
- Explains the concept of Insurance
- Explains the types of insurance
- State the principles of Insurance

- Competency 6** : **Develops a basis regarding how Business activities are implemented with the assistance of auxiliary services.**
- Competency Level 6.4** : Inquires into the basis of communication and prepares the groundwork necessary for its use.
- No. of Periods** : 03
- Learning Outcomes** : **At the end of this lesson, students should be able to acquire the following learning outcomes:**
- Explain the concept of communication
 - Name the fields of communication
 - Show communication mode and methods
 - Describe the elements of communication listing its process.
 - List factors that should be taken into consideration in the selection of a method of communication

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map is given in the following page

Concept Map



Communication – Exchange of messages, information, ideas between two parties through a particular mode.

Ways of communication used in business organizations

Internal Communication

Exchange of messages, information and ideas between parties within an institution, through different media.

External Communication

Exchange of ideas, messages, information by an organization with another organization/institution or individual.

Communication Mode Ways/Methods of communication

Verbal	- Meetings, Discussions
Written	- Notices, Letters, Circulars
Electronic	- TV, Radio, Loudspeaker, Internet, Cell Phones, Telephone
Signs, Signals	- Road signs, manipulatory signs

Elements included in the communication process

- Sender of the message
- Message
- Mode
- Receiver of the Message
- Response
- Feed back

Factors taken into consideration in selecting a communication method

- Suitability/Relevance
- Speed
- Cost
- Clarity
- Ease of use
- Comprehensibility

Instructions for Planning Activity :

- Engage students in the lesson on this competency inquiring about the methods used to exchange messages/ information and inform them that these can be classified as internal and external and similarly, as written, oral, electronic and signs/signals.
- Explain, the term communication in brief
- Explain that communication is a process
- Distribute the table in annex 6.4.1 among students or student groups and instruct them to study the relevant lesson in the text book grade 11.
- Direct the students to answer the relevant questions
- Based on the answers provided by the students, explain the subject matter below.
 - Introduces Communication
 - States the field of communication and modes of communication
 - Deriving the elements of communication based on the communication process
 - Factors to be taken into consideration when selecting a communication method

Annex 6.4.1

Specimen Table

(1) Write down as many methods of communication as you know

--

(2) Classify methods of communication mentioned above in terms of a business organization

Internal	External

(3) Divide the method of communication in table (1) into communication mode

Written	Verbal	Electronic	Sign

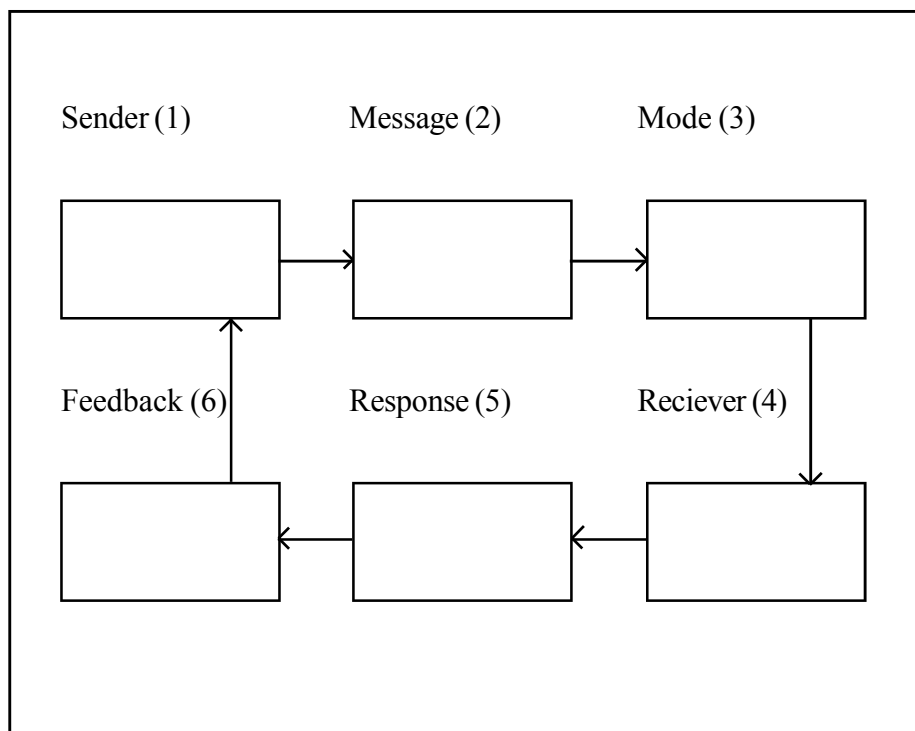
(4) Write down the factors be considered in selecting communication methods for a business organization.

--

Read the case below

“The manager of a business forwarded an email to all assistant managers informing them that a meeting for assistant managers will be held at 10.30 a.m. on 14.03.2015 at the Conference Hall. Assistant managers have sent their confirmation on their participation.

- Write in the boxes examples of elements relevant to the communication process.



Quality Inputs :

- Business and Accounting Studies text book grade 11

Assessment and Evaluation Criteria.

Study the table below containing methods of communication, identify communication mode and communication field and mark (✓) as relevant

Communication Methods	Mode				Field	
	Written	Verbal	Electronic	Signs & Symbols	Internal	External
01 Text/Letters						
02 Internet						
03 Meetings						
04 Television						
05 Banners						
06 Radio						
07 E-mail						
08 Discussion						
09 Fax						
10 Loudspeakers						
11 Leaflets						
12 Telephone/ Cell Phone						
13 Notice Board						
14 Circulars						
15 Posters						
16 Facebook						
17 Workshops						
18 Digital Boards						
19 Seminars						
20 Bell						
21 CCTV						
22 Electronic Bell						

- Presentation of the communication process with examples
- State 5 factors that need to be considered when selecting a communication method.

Competency 6 : **Builds a basis regarding how Business Activities should be implemented while receiving the assistance of auxiliary services**

Competency Level 6.5 : **Receives the basic ability to implement Transport Service for Business activities effectively.**

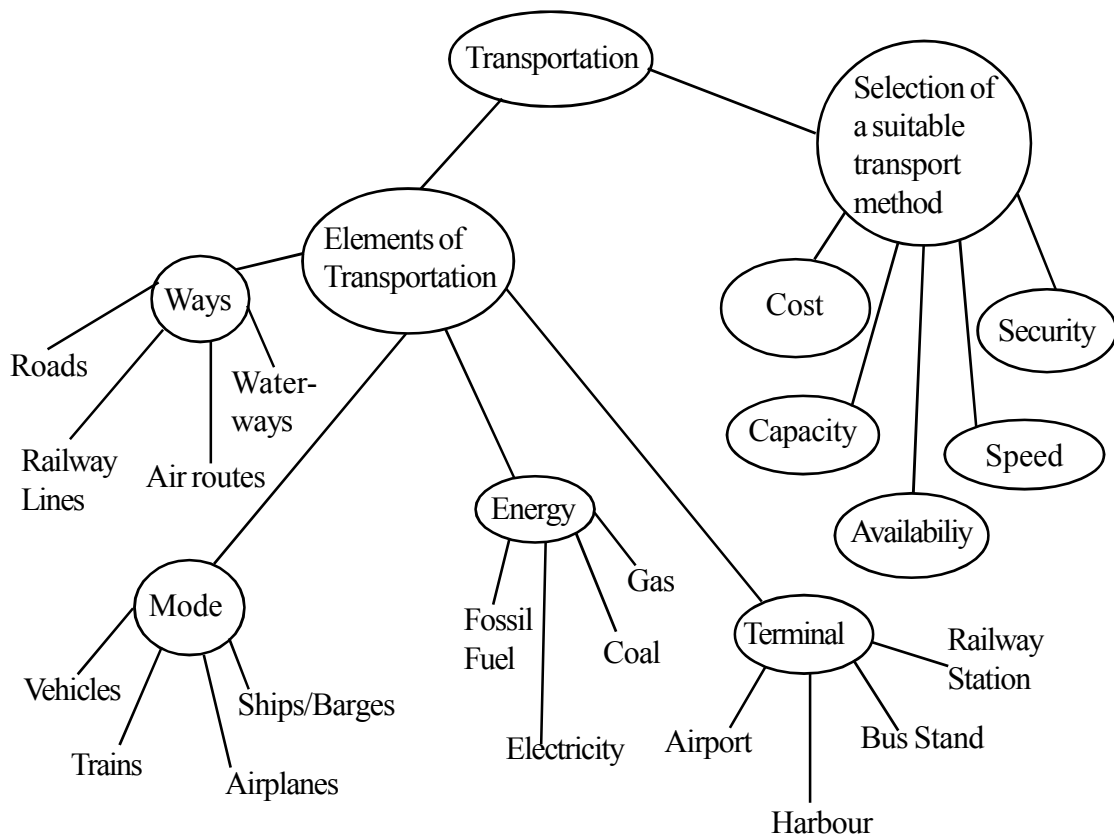
No. of Periods : 03

Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes:**

- Explain the concept of Transport
- Name the Element of Transport.
- Describe the factors to be considered when selecting a suitable Transport Method.
- Discuss the advantages and disadvantages of different fields of transport.

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map



- Transportation - Transfer of goods or passengers from one particular place to another place is referred to as transport.
- Elements of Transportation - Elements of transportation are the factors that influence on the efficiency of a transport system.
- Ways - Avenues and roads used for purposes of transport.
- Mode - Vehicles used for purposes of transport in different ways
- Power - Power required to use transport modes.
- Terminals - Locations used in handling transport modes

Factors be considered when selecting a suitable method of transport.

- Cost
- Capacity
- Security
- Speed
- Availability

Advantages and Disadvantages of mediums of transportation.

Transportation Ways	Advantages	Disadvantages
Road	<ul style="list-style-type: none"> • Can be used for the whole journey (trip) • Being available for use at any time 	<ul style="list-style-type: none"> • Incidence of congestion/traffic jams • Incidence of road accidents • Causes environmental pollution
Railway	<ul style="list-style-type: none"> • Being able to transport a large volume of passengers and goods • Availability of passenger comfort • Availability of special services for long-distance trips • Low cost method 	<ul style="list-style-type: none"> • Not being available till end of journey • Being operated according to a fixed time-table/unavailability
Water	<ul style="list-style-type: none"> • Being able to transport a large volume of passengers and goods • Low transport cost compared to airways • Supports international trade • Ability to transport heavy items 	<ul style="list-style-type: none"> • Takes a number of days to transport passengers and goods • Not being applicable to countries/regions that do not have a sea, Rivers, Streams.
Air	<ul style="list-style-type: none"> • High speed • Increase in passenger comfort • Helpful in international trade 	<ul style="list-style-type: none"> • High-cost • Accidents being destructive • Impossibility of transporting extremely heavy goods

Instructions for Activity Planning :

- Inquire about how students get to school and highlight elements of transportation.
- Distribute copies of the four pictures given in Annex 6.5.1 among four groups and let them study them.
- Instruct the students to write the relevant answers in the blank spaces in the table below against the elements shown in the pictures (1), (2), (3), (4) in annex 6.5.1 based on the elements of transport.

Plane, Helicopter, boats, Maradana railway station, Diesel, Colombo-Badulla railway line, Electric train, ships, Electricity, Katunayaka - Dilli flight path, coal, Colombo Central Bus stand, train, Hambantota Harbour Kaduwela - Matara highway, Petrol, Katunayake Airport, Colombo - Trincomalee Sea route, Buses, Motor bicycle.

Quality Inputs :

- Business and Accounting Studies : Grade 11 Text book

Criteria for Assessment and Evaluation

- Explanation of the concept of transportation
- Describes elements of Transportation
- States factors to be considered when selecting a suitable mode of transport.
- List the factors to be considered in order to handle transportation effectively for business activities
- Discussion of the advantages and disadvantages of different ways of transport.

Picture A



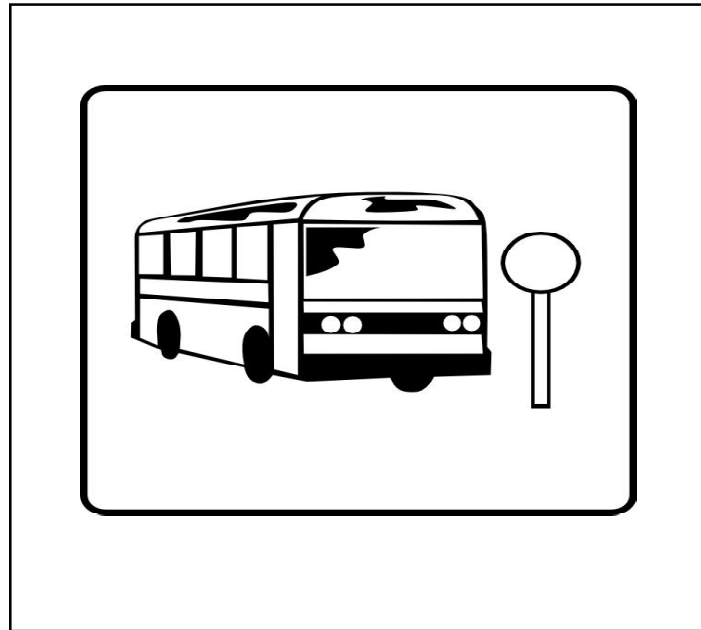
Elements of transpotation related to the picture	Examples
1.	
2.	
3.	
4.	

Picture B



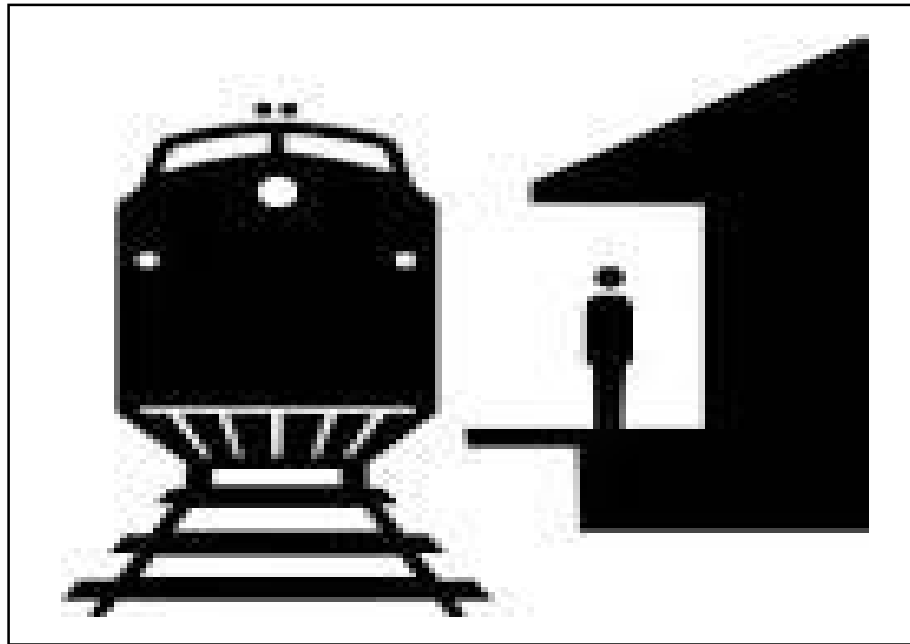
Elements of transpotation related to the picture	Examples
1.	
2.	
3.	
4.	

Picture C



Elements of transpotation related to the picture	Examples
1.	
2.	
3.	
4.	

Picture D



Elements of transportation related to the picture	Examples
1.	
2.	
3.	
4.	

Competency 6 : **Develops knowledge of the implementation of Business while receiving the assistance of auxiliary services**

Competency Level 6.6 : Exhibits basic ability to become a real party in Domestic trade and Foreign trade

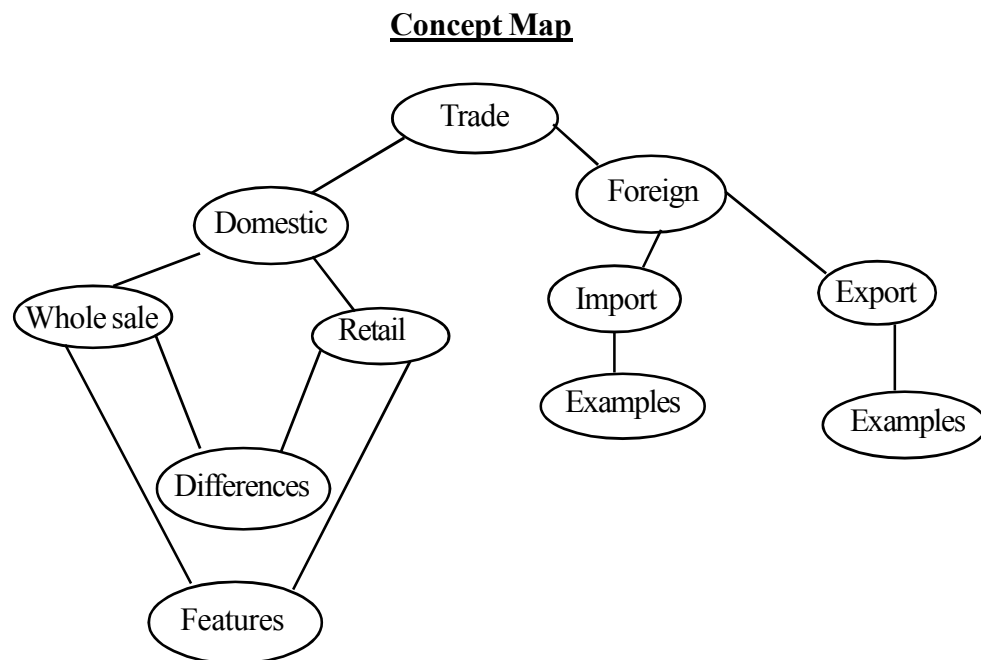
No. of Period : 04

Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes:**

- Explains domestic trading.
- Explains retail trading.
- States the importance of retail trading
- States the importance of wholesale trade
- Shows the difference between retail trading and wholesale trading
- Explains foreign trading
- Gives examples of foreign trade

Instructions related to the Learning-Teaching Process :

Key terms and Concepts



Domestic Trading

All business activities taking place in a country belong to this category

Retail Trading

Trading carried out with the objective of consumption

Features of Retail Trade

- Purchased by the customer for consumption
- Satisfaction of consumer needs in small quantities when required
- Consumer is able to purchase requirements easily
- Proximity of the market to the consumer
- Availability of several types of goods

Importance of Retail Trade

- Satisfaction of the day to day needs of the consumer.

Wholesale trade

- Trade carried out with the objective of re-selling

Features of Wholesale Trade

- Purchase items with re-selling purpose
- Purchase and sale of a large stock of goods
- Relatively low unit price
- Supply selected goods

Differences between Retail and Wholesale trade

Retail	Wholesale
<ul style="list-style-type: none">• Sale for final consumption• A variety of types of items available• Relatively high price• Normally, not entitled to discounts	<ul style="list-style-type: none">• For resale• Sale of limited types of items• Entitled to discounts• Relatively Low Price

Foreign Trading

This implies trade transacted between two or more countries. Foreign trading can be divided as import and export.

Examples of import and export items of Sri Lanka.

Import	Export
Textiles (raw materials)	Finished garments
Food	Tea
Motor vehicles	Rubber
Machinery	Copra/desicated coconut
Electric equipment	Small scale export crops
Wheat flour	Gems
Pharmaceuticals	Granite
Milk Powder	Tyres (Lotus)
Fuel	
Perfumes	
Tyres	
Gold	
Timber	
Cement	
Iron	

Instructions for Learning-Teaching Process :

- Engage in competency level inquiring about the students' view about the transaction involving the purchase of an exercise book by a student, from the school Co-operative Society and the purchase of that book from the manufacturer by the Co-operative store for sale to the student.
- Based on their views, explain retail trading and wholesale trading in simple form. At the time, explain involvement in foreign trade if those books are exported to a foreign country.
- Provide the instruction sheet in Annex 6.6.1 to the students and get them involved in the activity.
- After the students have presented their answers, elaborate subject matter based on the presentation.

Annex 6.6.1

Student Instruction Sheet

1. Make a list of the business ventures operating in your area.
2. Based on that list classify the businesses as wholesalers and retailers.
3. What is the basis used for above classification?
4. Prepare a list of characteristics relevant to retailing and wholesaling.
5. Explain the importance of retail trade referring to the above observation.
6. Make a presentation on your observation.

Quality Inputs :

- Relevant Lesson of the Grade 11 Accounting and Business Studies text Book

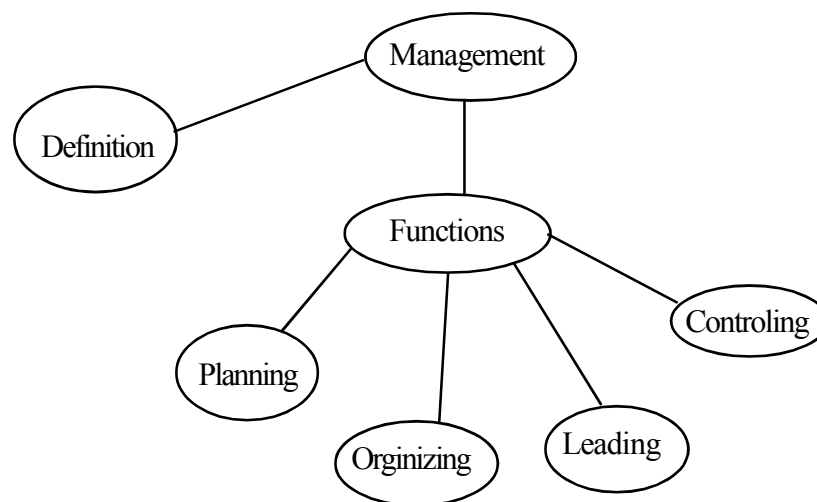
Criteria for Assessment and Evaluation:

- Defines domestic trading
- Explains retail trading
- States the importance of retail trading
- Writes 3 examples of retail trading
- Explains wholesale trading
- Differentiates between retailing and wholesaling
- Describes foreign trading
- Presents four examples of foreign trading

- Competency 7** : **Develops basic capabilities of Management.**
- Competency Level 7.1** : Acquires basic capabilities in Management
- No. of Periods** : 03
- Learning Outcomes** : **At the end of this lesson, students should be able to acquire the following learning outcomes:**
- Explain the concept of Management in simple terms
 - Names four Management functions

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map



Management

Management is the efficient and effective planning, organizing, directing and controlling of resources in order to achieve a particular objective, of a business. Making maximum use of resources, can be considered as efficiency. The achievement of objectives, with minimum resources within a set time frame can be called effectiveness.

Management Functions

Planning

Organizing

Leading

Control

Planning

Planning is the process of determining the aims of an organization and deciding on the more suitable ways and means of achieving them. Planning is illustrative of how the activities of a company are related to the future.

Organising

Organising is the process of assigning the duties, responsibilities and authority of the organization so as to enable the achievement of the aims of the organization. The division of the resources of the organization so as to ensure the achievement of each aim, is organising.

Leading

Leading is the process whereby influence is brought upon the human resources of the organization, in order to achieve the objectives of the organization. Handling of the human resources of the organization for the achievement of its objectives, is what is meant here. Through this motivation is given for the achievement the organization's objectives.

Controlling

Investigating whether necessary action is being taken for the actualization of the targeted objectives of an organization and, if this is not so, taking necessary action in that regard, is controlling.

Instructions on Planning Activity :

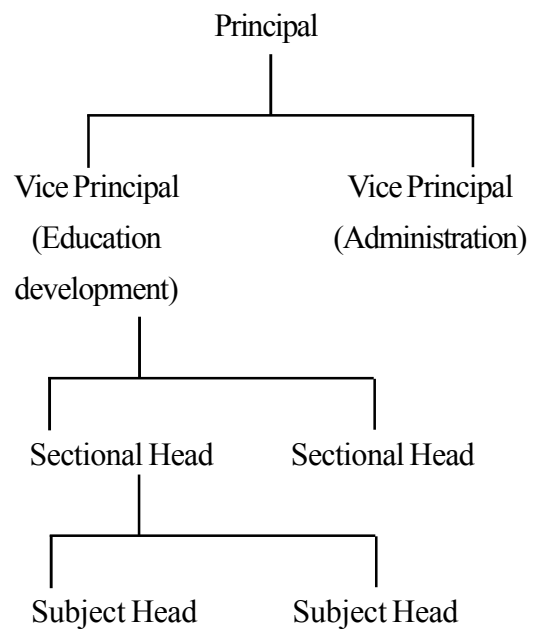
- In order to commence the lesson relevant to this competency level, lead a discussion based on the note in Annex 7.1.1 regarding how management takes place in school. Based on that discussion elicit views regarding management functions.
- Explain to the students, in simple terms, that management takes place in any organization or program. In this regard, confirm that management does take place in the class room, laboratory, library, canteen, during educational trips, sports meets, even in the context of the school. Similarly, emphasize that there is management in business, retail trade stall, or hospital.
- Involve the students in activity 7.1.2 in order to understand this well. For this purpose decide on the provision of topics in the text book appropriate to the students.
- For this purpose make arrangements for the study of the incident in Annex 7.1.3 and the subject matter relevant to this competency level in the student text.
- After the student activity provide them with the opportunity to present their group findings to the class in a suitable form.
- Evaluate the students' presentation.

1. Planning

- Deciding on the objectives of a school
 - Creating a good citizen
 - Producing disciplined students
 - Producing students with leadership skills
 - Creating students with friendly attitudes to the environment
 - Instituting a friendly environment in the school surroundings
- Deciding on the most appropriate methods employed to achieve objectives.
 - Sports meets
 - Aesthetic programmes
 - Religious programmes
 - Friendly learning environment
 - Conduct attitude development programmes for developing attitudes

2. Organizing

- Sharing of the duties by the individuals in a school in order to achieve the aims above (allocation of posts)
 - Principal
 - Sectional Head
 - Subject Head
 - Teachers
 - Prefects
 - Monitor
 - Office Assistant
 - Security
 - Clerks etc



3. Leading

- Taking leadership and functioning in order to carry out properly the tasks assigned under each post
 - The school being directed by the principal
 - The students being directed by the teachers
 - The class monitor directing the students in the class

4. Controlling

- Control means investigating whether the means laid down for the achievement of the objectives of a school, takes place of the use of remedial measures where such doesn't take place.
 - The prefect investigating whether the daily cleaning is performed well. If such doesn't happen taking remedial measures.
 - Investigating whether the learning-teaching process of the school is properly implemented. If such doesn't happen taking remedial measures.
 - Investigating whether the school inter-house sports meet is properly conducted. If such doesn't happen taking remedial measures.

Instruction sheet for students

- Out of the topics below, identify the topic you got.
 - Retail shop
 - Garment factory
 - Private hospital
 - School class room
- Collect information for the questions below, relevant to the topic provided to you.
 - Describe the most appropriate line of action to be taken for the achievement of aims of the place/organization relevant to the topic provided to you.
 - What are the posts available for the execution of the functions in the place/organization provided to you?
 - How do you handle the activities of that place/organization property?
 - How do you investigate whether the functions of the place/organization provided to you are being properly implemented?
 - How do you investigate what the functions of the place/organization provided to you have been properly implemented?
 - State in brief what is meant by management, according to the information you collected, on the topic.

Planning

Planning is the process of determining the aims of an organization and deciding on the more suitable ways and means of achieving them. Planning is illustrative of how the activities of a company are related to the future.

Organising

Organising is the process of assigning the duties, responsibilities and authority of the organization so as to enable the achievement of the aims of the organization. The division of the resources of the organization so as to ensure the achievement of each aim, is organising.

Leading

Leading is the process whereby influence is brought upon the human resources of the organization, in order to achieve the objectives of the organization. Handling of the human resources of the organization for the achievement of its objectives, is what is meant here. Through this motivation is given for the achievement the organization's objectives.

Controlling

The process of investigating whether the activities necessary for the actualization of targets decided on are being implemented and the organization of necessary action if this is not so, is control.

Quality Inputs:

- Relevant lesson of Business and Accounting Studies Grade 11- Text book

Criteria for Assessment and Evaluation:

- Explains Management in brief
- Names Management functions

Competency 7 : Develops the Basic Capabilities of Management

Competency Level 7.2 : Investigates the Basic Foundation of Marketing

No. of Periods : 03

Learning Outcomes : At the end of this lesson, students should be able to acquire the following learning outcomes:

- Explains the concept of Marketing in simple terms
- Name the components of the Marketing Mix.

Instructions related to the Learning-Teaching Process :

Concept Map



Marketing

“Marketing is the process of Manufacturing Pricing, Promotion and distribution of products for the satisfaction of human needs and wants”

Marketing is an important concept that every businessman should follow.

Marketing Mix

The blend of a collection of variables that can be controlled by an organization, employed to elicit conducive responses through the satisfaction of the needs of the target market, is called the Marketing Mix.

The Target Market is the segment of consumers whose needs are expected to be satisfied. Marketing Mix comprises four main components.

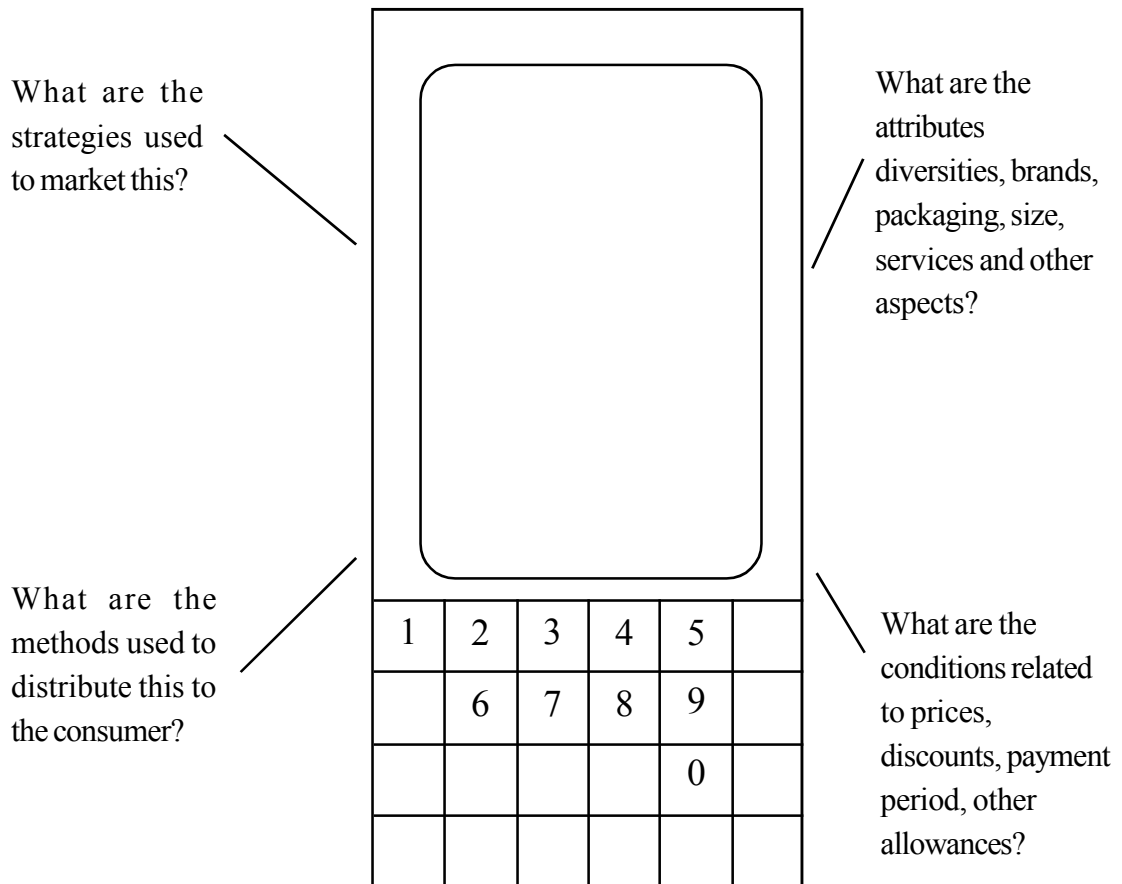
- Production - Anything introduced to the market to satisfy needs and wants for consumption/acquisition, is called product. That is, they can be considered as goods or services.
- Price - The amount of money the consumer is willing to pay for the purchase of a particular good or service.
- Place - The location related to the distribution of the good or service is called the place.
- Promotion - Strategies employed for the purpose of sales of a business is called promotion.

Instructions on Activity Planning :

When approaching the lesson in order to achieve this competency level, present the diagram of mobile phone in annex 7.2.1 and lead a discussion.

- Explain to the students that the importance of the marketing mix in the satisfaction of human needs and wants, It's main aspects:-
 - Product
 - Price
 - Place
 - Promotion can be considered as key components
- Subsequently, provide the students the Market Mix in Annex 7.2.3 and the instruction sheet in Annex 7.2.2 and get them involved in the activity.
- Divide the students into four groups according to the wishes of the teachers. Provide all the groups with one of the products (A packet of Milk Powder, Pen, Book etc)

Annex 7.2.1



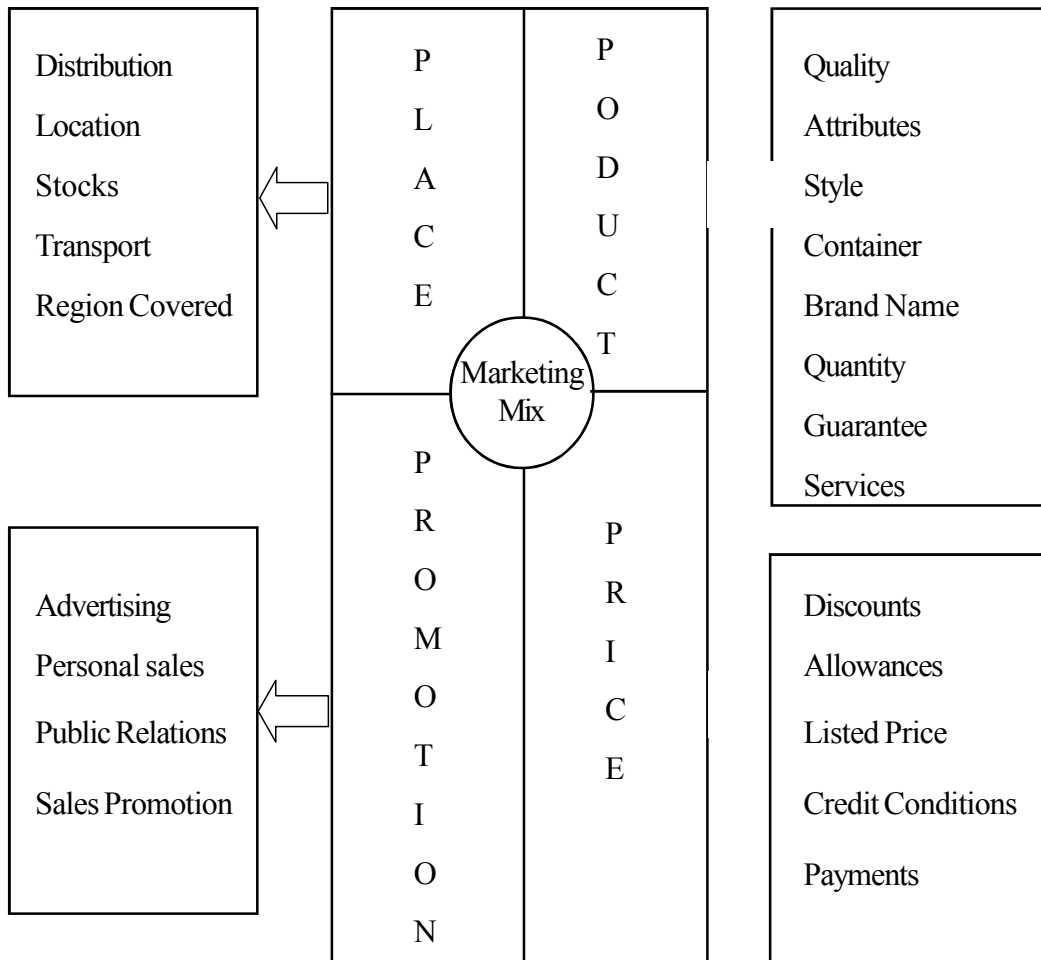
Annex 7.2.2

Instructions for the Students

- Study the note in the Marketing Mix, well.
- Discuss about the topic received by you out of marketing mix mentioned below.
 - Product
 - Price
 - Place
 - Promotion

- In the Marketing Mix related to the good provided to you, provide answers to the questions below relevant to your topic
 - Introduce in brief, the topic provided to you.
 - Present, based on the Marketing Mix notes/Text book, important facts related to the topic provided to you
 - Present, to the class, the information collected by you, subject to the instructions of the teachers.

Annex 7.2.3



Quality Inputs

- Relevant lesson -Business and Accounting studies, Grade 11, text book

Assessment and Evaluation Criteria

- Explains the concept of Marketing in Brief
- Names the components of the Marketing Mix

Competency 8 : Prepares financial statements of a business

Competency Level 8.1 : Prepares trading account of a business

No. of Periods : 05

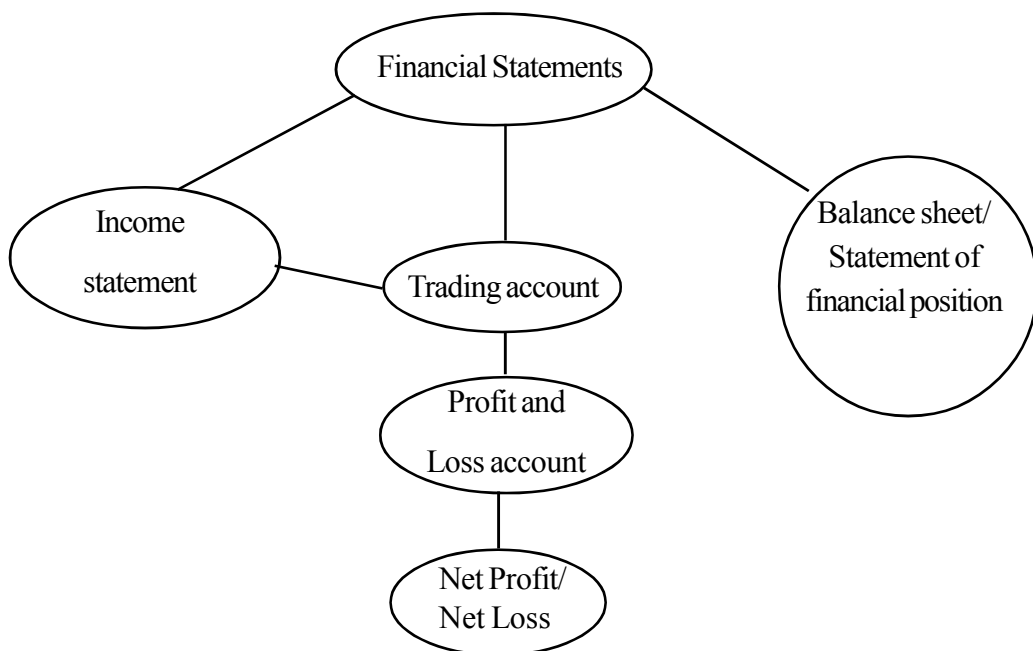
Learning Outcomes : At the end of this lesson, students should be able to acquire the following learning outcomes:

- Name the financial statements of a business
- Calculate the cost of goods sold
- Prepare trading account and calculates gross profit or loss

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Concept Map



Financial Statements

The final output of the Accounting process is financial statements. It includes trading, profit and loss account and the Statement of Financial position (Balance Sheet).

Trading Account

A Trading account is an account that is prepared for the calculation of gross profit or loss for an accounting period, by a business which is engaged in trading.

It includes cost of good sold and sales income.

Format of Trading account

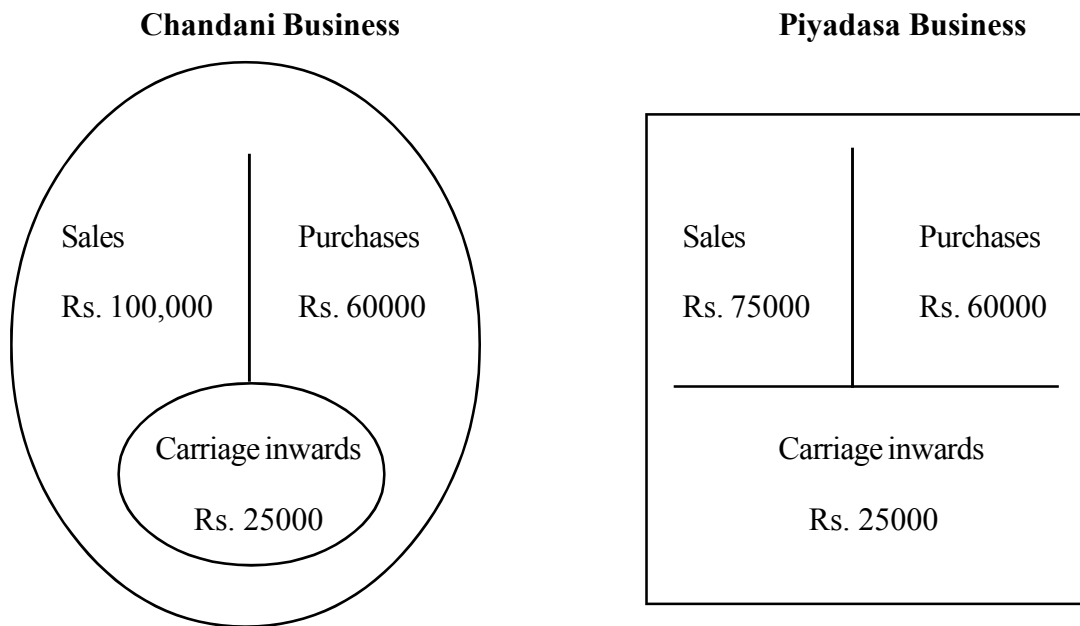
..... **Business**
Trading account for the year
ended 31 December 2014

	Rs.	Rs.		Rs.
Opening stock		xx	Sales	xx
<u>Add</u> Purchases	xx			
Carriage inwards	xx	xx		
		xx		
<u>Less</u> Closing stock		(xx)		
Cost of goods sold		xx		
Gross profit c/d		xx		
		xx		xx

Instructions on Planning Activity:

- Present the information on the business in annex 8.1.1 to the students to engage in the lesson pertaining to the competence level and discuss the results of the calculations of both businesses
- Explain to the students the calculation of a gross profit or loss of a business using sales and cost of goods sold. In this regard explain to the students how cost of good sold is calculated.
- Next get the students to engage in the preparation of the trading account based on business transactions, follow the instructions given in annex 8.1.2
- Find out the accuracy of the information collected by the students. Guide the students if they have made errors.
- Get students to engage in similar exercises.

Annex 8.1.1



Annex 8.1.2

Information on a business

Information on Mohan's business for the year ended 31.12.2015

	Rs.
Sales	150000
Stock 01.01.2015	45000
Stock 31.12.2015	15000
Purchases	88000
Carriage inwards	2000

Guidance for Students :

- State sales income of the business
- Calculate cost of good sold by the business
- Calculate gross profit or loss for the year ended 31.12.2015
- Prepare Trading account for the year ended 31.12.2015

Quality Inputs:

- Relevant lesson - Business and Accounting Studies, Grade 11, Text book

Criteria for Assessment and Evaluation

- Explains the aim of preparation of trading account
- Records the opening stock, purchases, carriage inwards and sales, in the trading account
- Calculates the cost of goods sold
- Prepares trading account calculating gross profit or loss with given information

Competency 8 : Prepares financial statements of a Business.

Competency Level 8.2 : Prepares Profit and Loss account of a business

No. of Periods : 10

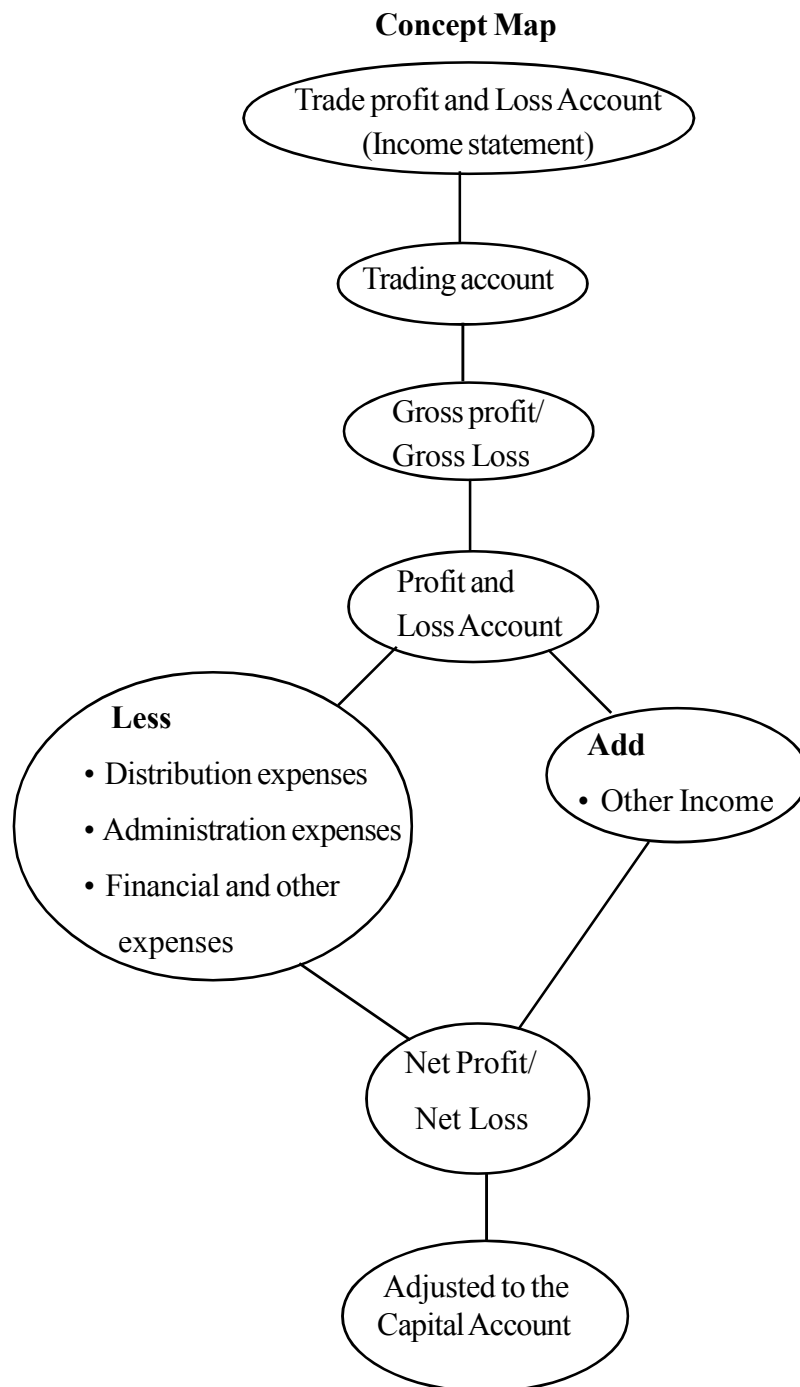
Learning Outcomes : At the end of this lesson, students should be able to acquire the following learning outcomes:

- To explain the profit and loss account
- To record distribution expenses
- To record administration expenses
- To record financial and other expenses
- To add other income to the gross profit
- To prepare trading, profit and loss account
- To calculate Net Profit or loss
- Show how gross profit/loss is transferred to the capital account.

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Mind Map is shown in the following page



Profit and loss account

Profit or loss account is prepared to decide whether the business earns profit or takes a loss. Profit or loss account is prepared based on balances of income and expenses after the preparation of Trading Account.

Net profit is calculated after adjusting the operating expenses and income of the accounting period for the gross profit or loss.

XY Business

Trading and Profit and Loss Account for the year ended 31 December 2015

	Rs.	Rs.		Rs.	
Opening stock (2015.01.01)		xx	Sales		xx
Add Purchases	xx				
Carriage inwards	xx	xx			
		xx			
Less Closing stock		(xx)			
Cost of goods sold		xx			
Gross Profit c/d		xx			
		xx			xx
			Gross Profit b/f		xx
Distribution Expenses			Other Income		
Sales employee wages	x		Discount Received	x	
Discount allowed	x		Commision Received	x	
Bad Debt	x		Interest Income	x	xx
Vehical Depreciation	x	xx			
Administration Expenses					
Rent and Rate	x				
Insurance	x				
Administration	x				
Stationary	x				
Buiding depreciation	x	xx			
Financial and Other Expense					
Bank Interest	x				
Bank overdrafts Interest	x				
Bank Charges	x	xx			
		xx			
Net Profit Transferd to the capital Account		xx			
		xxx			xxx

XY Business

Trading and Profit and Loss Account for the year ended 31.12.2014

	Rs.	Rs.	Rs
Sales			xxxx
Cost of good sold			
Opening stock		xx	
Purchases	xx		
Add Carriage inwards	x	xx	
		xx	
Less Closing stock		(x)	
Cost of good sold			(xx)
Gross profit/Gross Loss			xxx
Other income			x
			xxxx
Distribution Expenses			
Sales employee wages	x		
Discount allowed	x		
Bad Debts	x		
Vehical Depreciation	x	(xx)	
Administration Expenses			
Rent and Rate	x		
Insurance	x		
Administration	x		
Stationary	x		
Buiding depreciation	x	(xx)	
Financial and Other Expense			
Bank Interest	x		
Bank overdrafts Interest	x		
Bank Charges	x	(xx)	(xxx)
Net Profit Transferd to the capital Account			xxx

Income statement shown in vertical formati

.....**Business**

Trading and Profit and Loss Account for the year ended 31.12.2014

Sales			xx
Cost of goods sold			
Purchases		xx	
<u>Less</u> Closing stock		(xx)	
Cost of goods sold			(xx)
Gross Profit or Loss			xx
Distribution Expenses			
Sales wages	x		
Discount allowed	x		
Bad Debt	x		
Vehicle Depreciation	x		
		xx	
Administration Expenses			
Rent and Rate	x		
Insurance	x		
Administration	x		
Stationary	x		
Building depreciation	x	xx	
Financial and Other Expense			
Bank Interest	x		
Bank overdrafts Interest	x		
Money fraud	x		
Bank Charges	x		
		xx	(xx)
Net Profit Transferred to capital Account			xx
			xxx

Trading and Profit and Loss account

Although the trading account and the profit or loss account are studied separately, in general, trading account and profit and loss account is prepared as a single statement.

Instructions for Activity Planning :

- Based on the information on Mohamed's business in annex 8.2.1, get the students to prepare the trading account
- Provide the questionnaire in annex 8.2.2 and get students involved in an activity
- Check the accuracy of the student's answers and get them to prepare a trading account and Profit and Loss account as a single statement

Mohammad's Business
Trial Balance as at 31 December 2015

Account Name	Dr Rs	Cr Rs
Cash Balance	6000	
Bank Balance	3000	
Petty Cash Balance	100	
Building	20000	
Stock 01.01.2015	4000	
Purchases	30000	
Bank Loan		15000
Sales		55000
Debtors	12000	
Creditors		20000
Discount Allowed	2000	
Discount Received		4000
Wages and Salary	5500	
Furniture	15000	
Insurance	1200	
Transportation	800	
Electricity	1000	
Other Income		1500
Stationary	500	
Bank Charges	900	
Building Repairing	2000	
Motor Vehicle	25000	
Capital		35000
Advertising	1000	
Bank Loan Interest	500	
	130500	130500
	130500	130500

P.N. All stocks have been sold

Questionnaire for the students

1. List out Income and expenses separately included in the trial balance
2. Calculate the cost of good sold.
3. Classify expenditure under the following sections
 - Distribution expenses
 - Administrative expenses
 - Financial and other expenses
4. Prepare Trade, Profit and Loss Account for the year ended 31.12.2015.
5. Write the journal entries for posting the gross profit or loss of this business to the capital account
6. Compare the students answers on gross profit or loss with the answer given
7. Present the information in the profit and loss account through the Income Statement

Answers

1. Income	Rs.
Sales	55000
Discount received	4000
Other income	1500
	60500

2. Cost of Goods Sold	Rs.
Opening stock	4000
(2015.01.01)	
+ Purchases	30000
	34000
Cost of Goods Sold	

Expenses	Rs
Purchases	3000
Stock 01.01.2015	4000
Discount allowed	2000
Wages and salary	5500
Insurance	1200
Transportation	800
Electricity	1000
Stationary	500
Bank Charges	900
Building repairing	2000
Advertising	1000
Bank loan interest	500
	49400

Administration expenses	Rs.
Wages and salary	5500
Insurance	1200
Electricity	1000
Building repairs	2000
Stationary	500
	10200

Finance other Experses	Rs.
Bank charges	900
Bank loan interest	500
	1400

Distribution Expences	Rs.
Discount Allowed	2000
Transportation	800
Advertisement	1000
	3800

Mohammad business

Trading, profit and loss account for the year ended 31.12.2015

	Rs	Rs.		Rs.	Rs.
Opening Stock		4000	Sales		55000
Purchases		30000			
Cost of Goods Sold		34000			
Gross Profit c/d		21000			
		55000			55000
Distribution Expenses			Gross Profit b/f		21000
Discount Allowed	2000		Discount Received	4000	
Transportation	800		Other Income	1500	5500
Advertisement	1000	3800			26500
Administration Expenses					
Wages and Salary	5500				
Insurance	1200				
Electricity	1000				
Stationary	500				
Building repairs	2000	10200			
Finance and Other Expenses					
Bank Charges	900				
Bank Interest	500	1400			
		15400			
Net Profit transferred		11100			
to the Capital Account		26500			26500

		Rs.	Rs.
(4) Profit and Loss Account	Dr	11100	
Capital Account	Cr		11100

Quality inputs :

- Relevant lesson in the grade 11 student text.

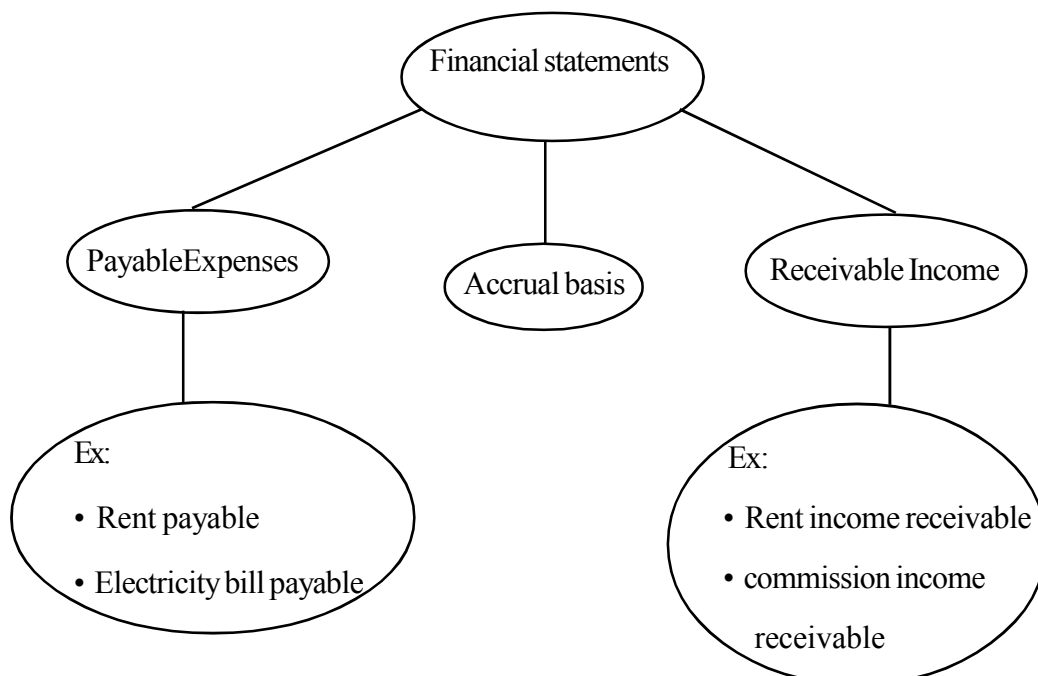
Criteria for Assessment and Evaluation

- Explains aim of preparing profit and loss account
- Posting gross profit or loss to the profit and loss account
- Records expenses and income in the profit and loss account
- Prepares an income statement using given information

- Competency 8** : **Prepares financial statements of a Business**
- Competency Level 8.3** : Adjusts payable expenses and receivable income for the accounting period
- No. of Periods** : 05
- Learning Outcomes** : **At the end of this lesson, students should be able to acquire the following learning outcomes:**
- To explain the accrual basis simply
 - To adjust the expenses payable
 - To adjust the receiveable income

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map



Accrual basis

Whether all income and expenses relevant to a fixed period of time in a particular period of time in a business is received in cash or not, whether paid in cash or not, it relevant to the accounting period, it should be employed in the calculation of the operating result. This is called accrual basis.

Payable Expenses / Accrued Expenses

Expenses relevant for the given accounting period which are not paid at the end of that period is considered payable expenses

Double Entry

Expenses account	Dr	
Expenses Payable account /		Cr
Accrued Expenses Account		

Reason - Debited as expenses increase credited as accrued expenses are a liability

Income Receivable

Income relevant for the given accounting period which are not received at the end of that period is called receivable income

Double Entry

Income Receivable	Dr	
Income Account		Cr

Reason - Debited as, receivable income is an assets, credited as, increase in Income is noted on the credit side of the income account.

Instructions on Activity Planning :

- Pertaining to the competency level presented on the transaction of the house in annex 8.3.1 for the students and Brainstorm the students to calculate the total income and expenditure for the month.
- List the student's responses on the chalk board
- Considering the students answers, calculate total income and expenditure for the month of January, the payable expenses and the receivable income for January should be adjusted.
- Calculate the profit of the house once again.
- Provide transaction list of the Krishna's business annex 8.3.2 for the students and give them adequate time for reading.
- This activity proceeds in 4 steps. Engage the students in this activity in sequential order.
- Engage the students in the activity according to the following instructions.
 - Instruct the students to prepare a table or provide photo copies of the table given in the annex 8.3.3 in answering.

Instructions for the teachers

- After answering the first question get the students to compare their answers with the answer in annex 8.3.4
- Check students' responses and get them to correct answers when correction is required.
- Get the students to answer the questions and compare them step by step

Annex 8.3.1

Transactions of a house in January

- Electricity bill for the month of January is Rs. 12000. But Rs. 1000 due to be paid
- Received only Rs. 4000 as rent on premises rented out at Rs. 5000 per month.

Annex 8.3.2

Krisna's Business

Transactions for the year ended 31.12.2015

- A. Monthly Insurance expences is Rs. 2500/-, but the Business has paid only Rs. 25000/- for the year
- B. Monthly rental expence on the building is Rs. 15000/-, but the Business has paid only Rs. 150000/- for the year
- C. Recived Rs. 100000/- rental income for a land in the year but the monthly rental income is Rs. 10000/-
- D. Recived Rs. 500000/- rental income for a vehicle for the year, but the monthly vehicle rental income is 60000/-

Step 1

Mark "✓" for the correct answer

Transaction	Expenses payable	Income receivable
A		
B		
C		
D		

(Check your answer with the answer given by the teacher)

Step 2

Indicate the value that should be adjusted relevant to the transaction

Transaction	Adjustment with amount
A	
B	
C	
D	

(Check your answer with the answer given by the teacher)

Step 3

Double Entry for the adjusted value.

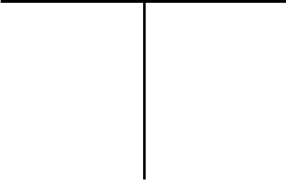
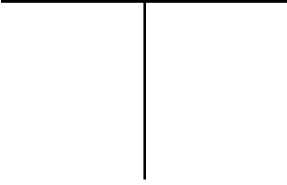
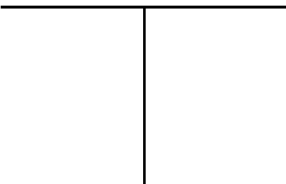
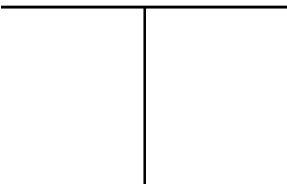
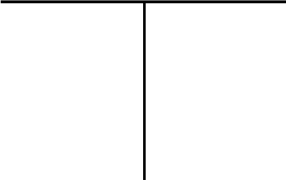

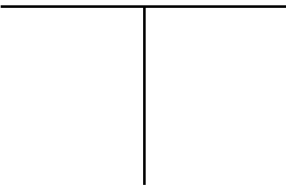
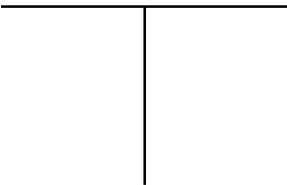
Transaction	Account to be debited	Account to be credited
A		
B		
C		
D		

(Check your answer with the answer given by the teacher)

Step 4

The Ledger Accounts

Post double entered to ledger accounts

Transaction	Ledger accounts	
A		
B		
C		
D		

(Check your answer with the answer given by the teacher)

Table of answers

Step 1

Answer for Question 1

Transaction	Expenses Payable	Income Receivable
A	✓	
B	✓	
C		✓
D		✓

(Compare with your answer)

Step 2

Answer for Question 2

Transaction	Adjusted amount
A	Insurance Payable Rs. 5000
B	Rent Payable Rs. 30000
C	Rent income Receivable Rs. 20000
D	Vehicle Rental income Receivable Rs. 220000

(Compare with your answer)

Step 3

Answer for Question 3

Transaction	Account to be debited Dr	Account to be credited Cr
A	Insurance Account Rs. 5000	Insurance Payable Account Rs. 5000 (Accrued Insurance account)
B	Rent express Account Rs. 30000	Rent Payable Account Rs. 30000
C	Rent Income Receivable Account Rs. 20000	Rent Income Account Rs. 20000
D	Vehicle Income Receivable Account Rs. 220000	Vehicle Income Account 220000

(Compare with your answer)

Step 4

Answer for Question 4

A.

Dr	Insurance Account	Cr	Dr	Insurance Payable Account	Cr
CashBook	25000			Insurance Account	5000
Insurance Payable Account	5000				

B.

Dr	Rent Account	Cr	Dr	Rent Accrued Account	Cr
CashBook	15000			Rent Account	5000
Rent Payable Account	30000				

C.

Dr	Rent Income Account	Cr	Dr	Rent Income Receivable Account	Cr
	CashBook	100000	Rent Income Account	20000	
	Rent Income Receivable Account	20000			

D.

Dr	Vehicle Income Account	Cr	Dr	Vehicle Income Receivable Account	Cr
	CashBook	500000	Vehicle Income Account	220000	
	Vehicle Income Receivable Account	220000			

Quality Inputs:

- Business and Accounting Studies - Grade 11 Class text

Criteria for Assessment and Evaluation :

- To explain accrued basis
- Adjusts transactions relevant to payable expenses
- Adjusts transactions relevant to receivable income

Competency 8 : **Prepares Financial statements of a Business**

Competency Level 8.4 : Adjusts bad debts for the period

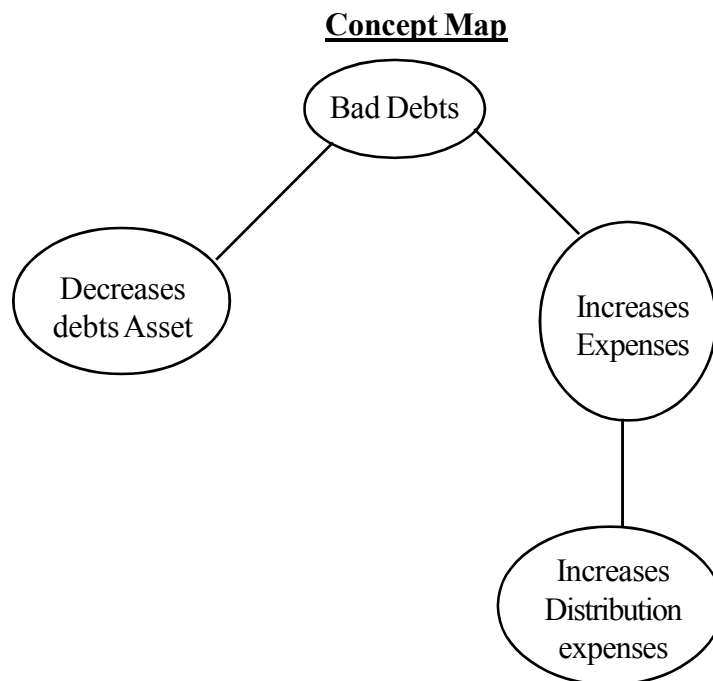
No. of Periods : 03

Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes:**

- Explain bad debts
- Explain how a bad debt is written off
- States the double entry regarding the adjustment of bad debt
- Adjusts bad debts

Instructions related to the Learning-Teaching Process :

Key terms and Concepts



Bad debts

If a business finds that it is impossible to collect a debt, then that debt should be written off as a bad debt. This could happen if the debtor is dead or has gone bankrupt and is thus unable to pay the debt. A bad debt is, therefore an expense on the business that is owed the money. On the other hand Debtors assets decrease.

The double entries are shown below.

Double Entry	Explanation
Bad debts account Dr	To transfer the amount of unpaid debts to the bad debts account. Bad debts is an expense to the business. Increasing expences are debited to the expense account.
Debtors account Cr	To reduce the debtor assest of the debtor who is unable to settle the debt Debtors account is an assets. If assets decrease they are credited to the assets account.

Instructions for the activity plan:

- When you engage in the first lesson of this competency level, provide the following statement for the students and discuss with them.

What is to be done to the amount of money which will not be received owing for **credit sales** for a long period?

- Explain that amount should be considered as bad debt and recorded as an expenses of the business.
- To emphasise the above, engage the students in the following activity providing the case studies in annex 8.4.1

Instructions for the students

Annex 8.4.1

- Draw attention to the case study given to your group out of the following case studies.
 - Case Study 1
 - Case Study 2
 - Case Study 3

- What are the reasons for the occurrence of the problems in your case study.
- What are your suggestions to solve the problem.
- What is its influence on performance and assets of the business
- State the relevant Journal Entries and the Ledger Accounts in order to record the identified problem.
- Present your findings creatively and cooperatively to the class

Case Study 1

Jayawardene, a businessman owner of the “Jayawardena Stores” sells goods on cash and as well as on credit for his friend Rs 20000 is owed from his friends on credit sales of goods.

And also he couldn't collect Rs 4000 from a customer, Sandun who died of a heart attack.

Case Study 2

Businessman Situwardena's sells on cash base and on credit base. The amount of credit sales is Rs 35000 and cash sales is Rs 80000.

A debtor, Deepal went bankrupt due to squandering and Deepal owes Rs. 1000 to the business.

Case Study 3

Dhanawardena is a businessman who sells on cash base and on credit.

The accounts clerk reported that credit sales is Rs 24000 and cash sales is Rs 60000. A debtor, Amal is missing for a long period of time. The accounts Clerk reported that Amal owes Rs 4000 to the business.

Quality Inputs :

- Business & Accounting - Grade 11 class text
- Photo-copies-8.4.1 Annex

Criteria for Assessment and Evaluation :

- Explains bad debt
- Presents three reasons for bad debit to occur
- Makes journal entries of written off bad debt
- Recording bad debts
- States the influence of bad debts on profit and assets of the business

Competency 8 : Prepares Financial Statements of a Business

Competency Level 8.5 : Depreciation of Long Term Assets relative to the accounting period.

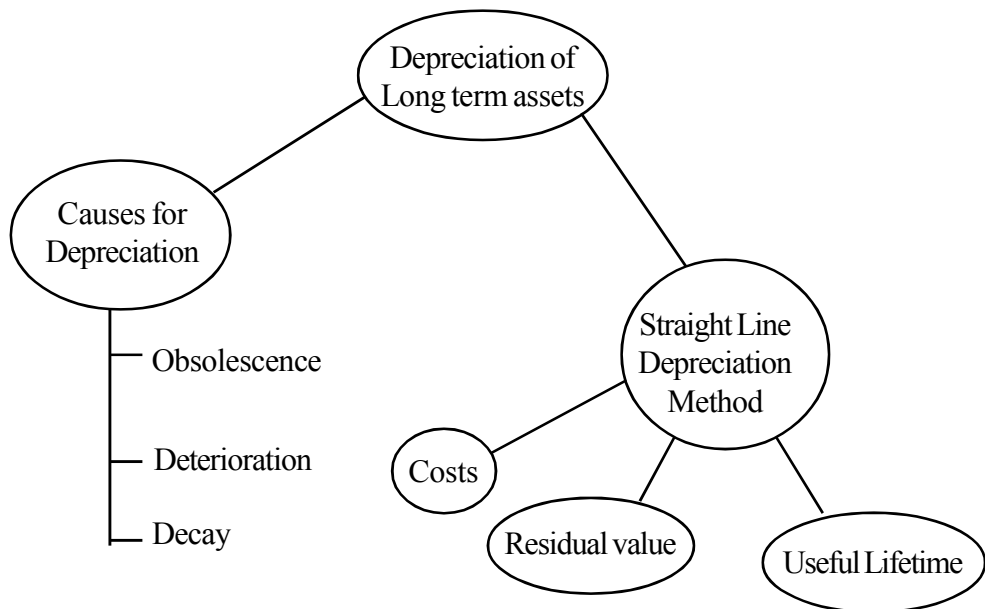
No. of Periods : 05

Learning Outcomes : At the end of this lesson, students should be able to acquire the following learning outcomes:

- State causes for the depreciation of Property, Plant and equipment (PPE).
- Calculate depreciation according to the straight line method
- Account for depreciation based on a provision for depreciation account
- Describe the impact of depreciation expenses on profits and assets

Instructions related to the Learning-Teaching Process :
Key terms and Concept

Concept Map



Depreciation of Property, Plant and Equipment (PPE)

Assets that are employed in a business for long-term use in the absence of any objective of re-sale, are long term assets. Buildings, machinery, motor vehicles, furniture etc are long-term use assets of the business. Depreciation is the systematic provision of depreciable amount on the useful of an asset.

Depreciation is the amount by which the value of an asset reduces due to usage or becoming outdated.

Causes of Depreciation

- Outdated/Obsolescence
- Erosing
- Deterioration
- Decay
- Wear and Tear

Economic factors • Obsolescence

Physical factors • Decay, Deterioration

Calculation of depreciation according to the straight line depreciation method

Amount of depreciation relevant to Accounting period = $\frac{\text{Cost-Residual value}}{\text{Useful Life of an asset}}$

Journal entries for depreciation

Depreciation account	debit
Provision for depreciation account	credit

N.B.

At G.C.E (O/L) a simple discussion of the 3 areas Depreciation of PPE, straight line depreciation method and recording of depreciation only, are expected.

Instructions for Activity Planning:

- Present the expression below to the students when entering this competency level.

What could be the condition of a motor vehicle purchased for Rs. 200000/- 5 years ago?

- List student views on the chalk-board
- Through this, try to realize the causes for depreciation
- State that depreciation has to be accounted and present the journal entries required for the purpose.
- Provide the case study in Annex 8.5.1 in order to confirm the activity related to depreciation and Annex 8.5.2 and get the students involved in the activity.
- After the students have responded, discuss with them about maintaining accounts for that purpose.

Case Study

Annex 8.5.1

Sunimal is the owner of a cement-block manufacturing industry. He purchased a machine for Rs. 30000/- for his production purposes. Useful life of the machine has been estimated as 5 years. Sunimal intends to sell scraps of that machine for Rs. 5000/- , after 05 years.

He purchases a hand tractor for Rs. 80000/- to transport raw material. According to the view of the company, the tractor can be used for 10 years. He intends to sell it for Rs. 10000/- at the end of 10 years. With the growth of his business, he intends to sell this hand tractor and purchase a lorry.

Annex 8.5.2

Instructions for Students

- Out of the topics below, pay attention to the topic provided to your group
 - Cement Block making machine
 - Hand tractor
- Read the case study (Annex 8.5.1)
- Show, according to your view, why the asset in the topic given to you, was purchased.
- What can be said would influence the value of an asset through its use over a long period of time?
- Give reasons for the given answer.
- Give reasons for the depreciation of the value of the PPE.
- Calculate the charge for depreciation relevant to the accounting period
- Post the journal entries, recording the charge for depreciation, in the ledger accounts below

Vehicle Account	
Dr	Cr

Vehicle Depreciation Account	
Dr	Cr

Provision for Vehicle Depreciation Account	
Dr	Cr

Machinery Account	Machinery Depreciation Account
Dr	Cr

Provision for Machinery Depreciation Account	
Dr	Cr

Quality Inputs:

- Business and Accounting studies Grade 11 Text Book
- Photocopies of relevant Annexes.

Assessment and Evaluation Criteria

- Presentation of 03 causes of depreciation of a PPE
- Calculation of the depreciation of an asset according to straight line method
- Recording depreciation relevant to year
- Explains the influence of annual Depreciation of profit and relevant assets

Competency 8 : Prepares financial statements of a Business.

Competency Level 8.6 : Discloses the financial position and profitability of the Business

No. of Periods : 07

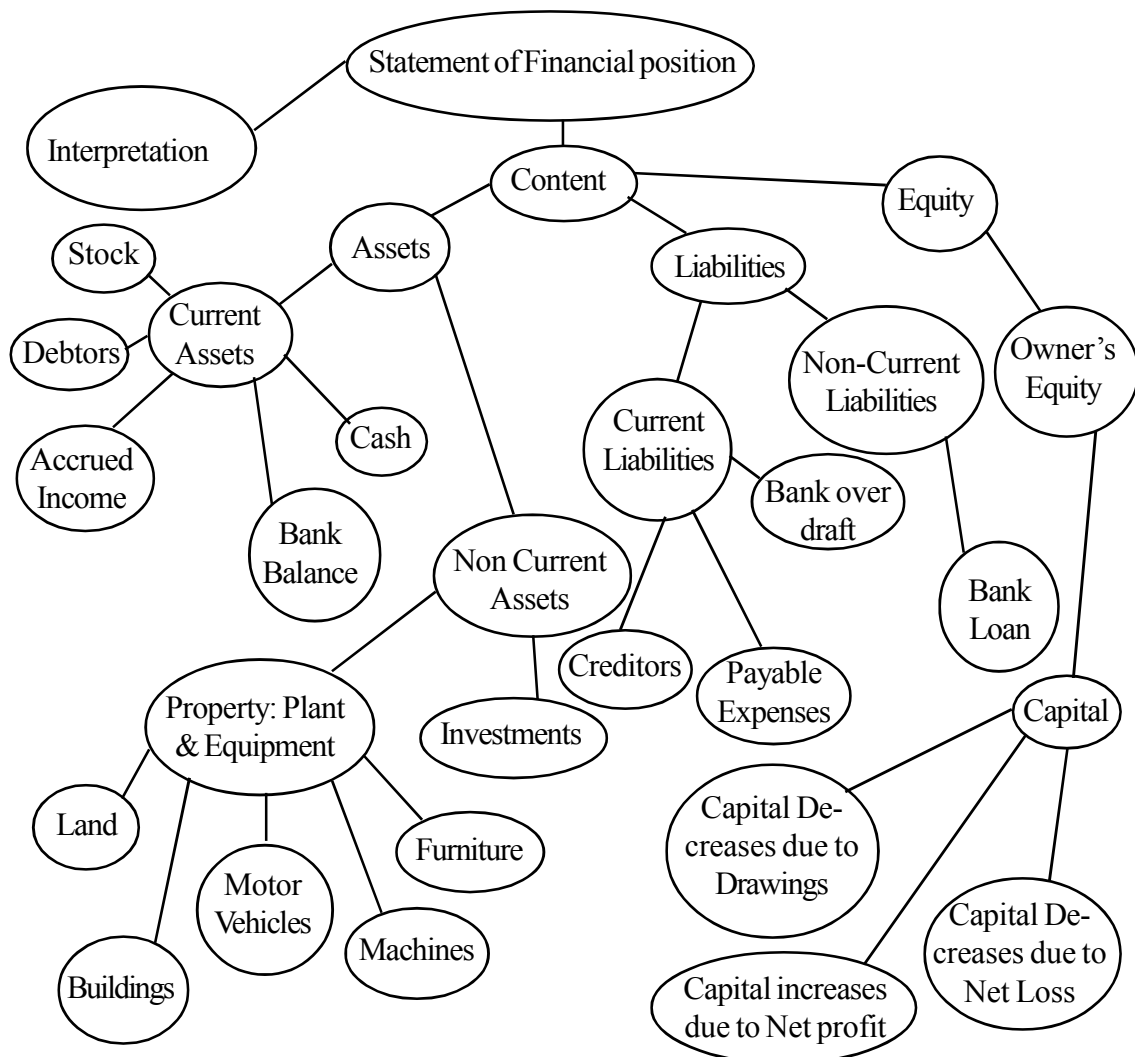
Specific Learning Outcomes : At the end of this lesson, students should be able to acquire the following learning outcomes :

- State the capital in the Statement of Financial Position.
- Classify items of statement of Financial position as current and non-current
- Prepare Statement of Financial Position with adjustments

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Concept Map



Statement of Financial Position

The statement which shows the value of assets, liabilities and equity of a business at particular date is referred as Statement of Financial Position.

The Statement of Financial Position is prepared with the balances of the accounts of assets, liabilities and equity (capital) remaining in the trial balance after preparing the income statement.

The format of a Statement of Financial Position is as follows

XY Business

Statement of Financial Position as at

	Rs	Rs	Non-current Assets	Cost Rs.	Accumulated Depreciations Rs.	Net Value Rs.
Capital		x	Non-Current assets			
+ Net Profit		x	Land	x	-	x
		xx	Building	x	x	x
- Drawings		(x)	Motor vehicles	x	x	x
		xx	Machinery	x	x	x
Non Current liabilities			Furniture	x	x	x
Bank Loan		x		x	x	x
Current Liabilities			Investments			x
Creditors	x		Current Assets			
Payable Expenses	x	xx	Inventory (Stock)		x	
			Debtors		x	
			Accrued income		x	
			Bank Balance		x	
			Cash balance		x	
		xx	Total Assets		x	xx

XY Business

The Statement of Financial Position as of

	Cost	Accumulative Depreciations	Net Value
	Rs.	Rs.	Rs.
Non-current Assets			
Land and building	xxx	xx	xx
Motor vehicles	xxx	x	xx
Machinery	xxx	x	xx
	xxxx	xx	xxx
Investments			xx
Current Assets			
Inventory		x	
Debtors		x	
Receivable income/Accrued income		x	
Bank Balance		x	
Cash in hand		x	xx
Total Assets			xxxxx
Capital and Liabilities			
Capital Account		xx	
Add Net Profit		xx	
		xx	
Less Drawings		(xx)	xx
Non current Liabilities			
Bank Loan			xx
<u>Current Liabilities</u>			
Creditors		xx	
Payable Expenses/Accrued expenses		xx	xx
Total Equity and Liability			xxx

Instructions on Activity Planning :

To engage in the activity related to this competency level, write the following accounting equation on the chalk board and instruct the students how to present it as a statement.

$$\begin{array}{rccccccc} \text{Assets} & & = & \text{Capital} & + & \text{Liabilities} & \\ \text{Rs} & & & \text{Rs} & & \text{Rs} & \\ \text{Buildings} & + & \text{Debt} & + & \text{Cash} & = & 140000 & + & 9000 \\ 91000 & + & 37000 & + & 21000 & & & & \end{array}$$

- Provide the information on Bimal's business in Annex 8.6.1 to the students
- After completing, give time for students to read and understand these transactions provide of in the table in annex 8.6.2
- Provide the instructions and adequate time for the students to answer the first step in that table
- Show the answer for the first step from the answer table in 8.6.3 and guide the students to compare same with their answers.
- Follow the same procedure to get answers for all 6 steps and get the students to compare their answers with the answers provided.

Annex 8.6.1

The assets, liabilities and equity of the business in mushrooms carried out by Bimal as of 31.12.2015 are as follows

	Rs
Land	400,000
Buildings	200,000
Machinery	300,000
Motor Vehicles	400,000
Furniture	150,000
Investments	100,000

Provisions for depreciation

As of 31.12.2015

Buildings	20,000
Machinery	60,000
Motor Vehicles	80,000
Furniture	15,000

Inventory	220,000
Debtors	80,000
Cash at bank	65,000
Cash in hand	34 000
Bank Loan	400 000
Creditors	51,000
Electricity expenses payable	4,000
Rent receivable	6,000

Capital as of 01.01.2015 1,000,000

Net profit for the year ended

31.12.2015 3490,00

Drawings 24,000

Prepare the Statement of Financial Position for Bimal's business as of 31.12.2015 using the above information.

Instructions to students

- Answer the questions step by step on the table provided to you for answering.
- Confirm the correctness of your answer compared to the teacher's answers after answering the first step
- Carry on the activity following the same procedure, step by step.

Tables to be answered

Step 1

Non current Assets	Cost Rs.	Accumulated Depreciation (Rs.)	Net Value (Rs.)
Land	400,000	_____	400,000
Buildings	200,000	20,000	180,000
Machines	-----	60,000	-----
Motor Vehicles	400,000	-----	-----
Furniture	-----	-----	-----
	-----	-----	-----
Investment			-----

Step 2

Current Assets	Rs	Rs
Inventory	220,000	
Debtors	-----	
Rent receivable	-----	
Cash at Bank	-----	
Cash in hand	-----	

Step 3

01.01.2015 Capital	1000000
Add: Net Profit	-----

Less: Drawings	(24000)
31.12.2015 Capital	-----

Step 4

Non Current Liabilities	Rs.	Rs.
Bank Loan		-----

Step 5

Current Liabilities	Rs.	Rs.
Creditors	-----	
Electricity Expenses Payable	-----	

Step 6

Bimal's Business

Statement of Financial Position as of 31.12.2015

	Rs.	Rs.	Non current Assets	Cost Rs.	Accumulated Depreciations	Net Value
01.01.2015			Land	----	-----	-----
Capital		-----	Building	----	-----	-----
+ Net Profit		-----	Machines	----	-----	-----
			Motor Vehicle	----	-----	-----
- Drawings	()		Furniture	----	-----	-----
31.12.2015				----	-----	-----
Capital		-----				
			Investments			-----
<u>Non Current</u>			<u>Current Assets</u>			
<u>Liabilities</u>						
Bank Loan		-----	Inventory		-----	
<u>Current</u>			Debtors		-----	
<u>Liabilities</u>			Rent receivable		-----	
Creditors	-----		Cash at Bank		-----	
Electricity	-----		Cash in Hand		-----	
Expenses		-----				-----
Payable		-----				-----
		-----				-----
		-----				-----

Answers for Step 1

Non Current Assets	Cost Rs.	Accumulated Depreciation Rs.	Net Value Rs.
Land	400,000	—	400,000
Building	200,000	20,000	180,000
Machines	300,000	60,000	240,000
Motor Vehicles	400,000	80,000	320,000
Furniture	150,000	15,000	135,000
	14,500,00	175,000	1,275,000
Investment			100,000

Answers for Step 2

Current Assets	Rs.	Rs.
Inventory	220,000	
Debtors	80,000	
Rent Receivable	6,000	
Cash at Bank	65,000	
Cash in hand	34,000	405,000

Answers for Step 3

	Rs.
01.01.2015 Capital	1,000,000
Add : Net Profit	349,000
	1,349,000
Less : Drawings	(24,000)
31.12.2015 Capital	1,325,000

Answers for Step 4

Non Current Liabilities		Rs.
Bank Loan		400,000

Answers for Step 5

Current Liabilities	Rs.	Rs.
Creditors	51000	55000
Electricity-Payable	4000	

**Bimal's Business
statement of Financial Position as at 31.12.2015**

	(Rs.)	(Rs.)	Non current Assets	Cost (Rs.)	Accumulated Depreciations (Rs.)	Net Value (Rs.)
01.01.2015			Land	400,000	—	400,000
Capital		1000,000	Buildings	200,000	20,000	180,000
+ Net Profit		349,000	Machinery	300,000	60,000	240,000
		1,349,000	Motor Vehicle	400,000	80,000	320,000
- Drawings		(24,000)	Furniture	150,000	15,000	135,000
Capital (31.12.2015)		<u>1,325,000</u>		<u>1,450,000</u>	<u>175,000</u>	<u>1,275,000</u>
Non current Liabilities			Investment			100,000
Bank Loan		400,000				
Current Liabilities			Current Assets			
Creditors Payable	51,000		Inventory		220,000	
Electricity	4,000	55,000	Debtors		80,000	
			Rent Receivables		6,000	
			Cash at bank		65,000	
			Cash in hand		34,000	405,000
		<u>1,780,000</u>				<u>1,780,000</u>

Quality Inputs :

- Grade 11 Business and Accounting Studies text book

Criteria for Assessment and evaluation

- States the capital in the statement of Financial Position .
- Categorizes the items of statement of Financial Position as current and non-current.
- Preparing the Statement of Financial Position based on the information given.

Provide a few exercises to the students including Income Statement and statement of Financial Position.

Competency 8 : Prepares Financial Statements of a Business

Competency Level 8.7 : Prepares the receipts and payments account/cash account of a Non-profit making organization

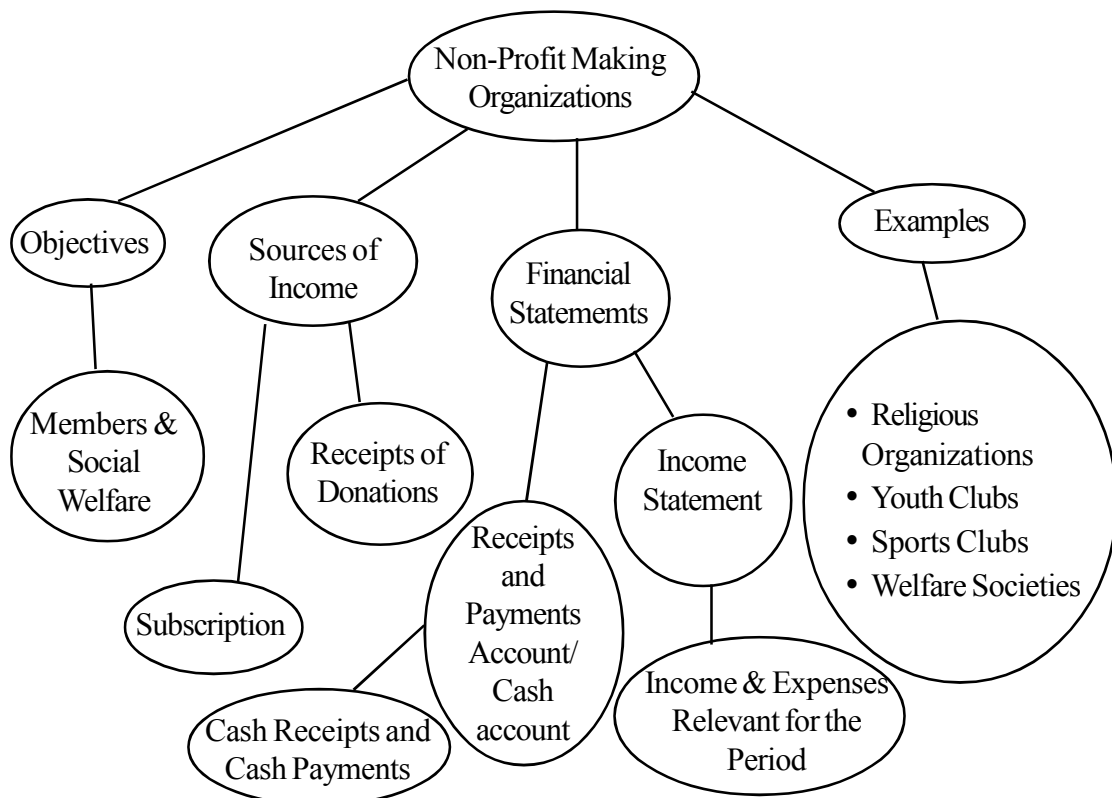
No. of Periods : 05

Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes:**

- Explain a non-profit making organization
- State the objectives of a non profit making organization
- Name the financial statements of a non-profit making organization
- Shows the aims of preparing receipts and payments account/cash account
- Prepare the receipts and payments account/cash account

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map



Non profit making organizations

Charities such as sports clubs, welfare societies, religious organizations, youth clubs and school development societies etc. . . which are being carried out with the main purpose of rendering service to its members in need without aiming at profits are known as Non-profit making organizations.

The Financial Statements of Non-profit making Organizations

Cash Account/Receipts and Payments Account

This is quite similar to the cash book summary which is prepared in a general business firm.

Income Statement / Income & Expenditure Account

This account is prepared based on all the income and expenses relevant to the considered accounting period. By preparing Income Statement the organization can find the surplus or deficit for the relevant accounting period.

Subscriptions

The fee charged from the members annually is called the subscription. This is the main source of income for the Non-profit making Organization.

The format of the Receipts and payments Account/Cash Account

..... Society

Cash account/Receipts and Payments

for the year ended 31.12.20....

Receipts	Amount Rs	Payments	Amount Rs
Opening cash balance b/d	x	Rent	x
Subscriptions	x	Purchases of equipment	x
Donations	x	Payments for Entertainment	x
		Balance c/d	x
	xx		xx

Instructions for Activity Plan

Engage in the lesson by inquiring about the transactions that take place in a student association in school and in a normal business firm inquiring into the relationship between the transactions in a profit making business and a non-profit objective business. Give a simple introduction to the aims, accounts maintained and how cash transactions are recorded.

- Let the students study the details provided in annex 8.7.1 very carefully
- After reading the details given in 8.7.1 provide annex 8.7.2 to the students and ask them to answer same with the help of the details they have already gone through.
- Elaborate on the subject matter based on the findings of the students

Annex 8.7.1

The details of “Ira-handa” sports club for the year ended 31.12.2015 are given below

1. Payments	Rs
Travelling expenses	1,500
Wages of watcher	7,500
Postage	500
Purchased of sport equipment	2,000
Insurance	1,500
Printing cost of lottery tickets	2,000
 <u>Receipts</u>	
Subscription	4,000
Donations	9,000
Proceeds from lottery tickets	5,000

2. Cash in hand Rs 2000 as at 1st January 2015
3. The number of members in the club is 100 and an annual subscription Rs.50/- is charged per member.
4. Wages and insurance are payable per Rs. 500/- each as of 31.12.2015

Write the correct answers in the relevant places in the following account

Ira-handa sports club, Receipts and Payments Account/Cash Account for the year ended 31.12.2015

Receipts	Rs.	Payments	Rs.
Balance b/f	2000	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
		Balance c/d	-----
	_____		_____
	-----		-----
	=====		=====

Quality Inputs :

- Grade 11 Business and Accounting Text book.

Criteria for Assessment and Evaluation:

- Introduces the non-profit making organizations
- Writes four example of Non-Profit making organizations
- Writes the objectives of a non profit Making Organization
- States the need for preparing the Receipt and payment account
- Prepares a receipts and payments account/cash account based on given details

Competency 8 : Prepares Financial Statements of a Business

Competency Level 8.8 : Prepares the Income and Expenditure account Income statement of a non profit making organization.

No. of Periods : 04

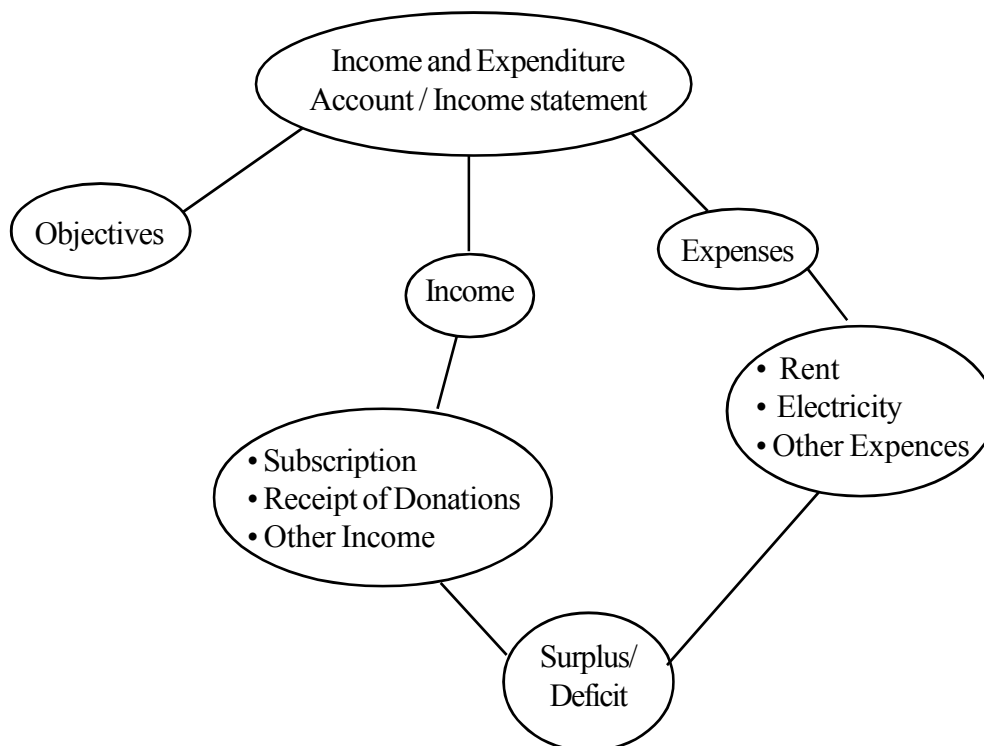
Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes:**

- Explain the Income and expenditure account/Income statement
- State the need of preparing an income and expenditure account/Income statement
- Shows the need for the preparation of a Income and Expense Account/Income statement
- Prepare the Income and Expenditure account/Income statement
- Compute the surplus or deficiency

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Concept Map



Income and Expenditure Account/Income statement

This account is prepared based on all the income and expenditure relevant to the accounting period. The objective of preparing this account is to compute the surplus/deficit for the period. This statement/account is prepared on the accrual basis.

The format of an Income statement.

..... **Business**
Income Statement
For the year ended 31.12.20.....

	Rs.	Rs.
Income		
Subscription	x	
Donations	x	
Other Income	x	
Sales of old news papers	x	xxx
Expenses		
Rent and Rate	x	
Wages	x	
Telephone	x	
Telephone	x	(xxx)
Surplus/Deficit		xxx

Instructions on Planning Activity :

- Instruct the students to prepare the income and expenditure account following the same instructions given in the teaching-learning process in 8.7.1 above

Let them prepare the Cash account and the Income Statement providing several exercises

Quality Inputs : Business and accounting Studies grade 11 class text

Criteria for Assessment and Evaluation:

- Introduces of the income and expenditure account/Income Statement
- States the objectives of preparing the income and expenditure account/Income Statement
- States 6 transactions contained in an income and expenditure account/Income Statement
- Prepares an Income and expenditure account/Income Statement

Competency 8 : Prepares Financial Statements of a Business

Competency Level 8.9 : Prepares a Statement of Manufacturing cost

No. of Periods : 10

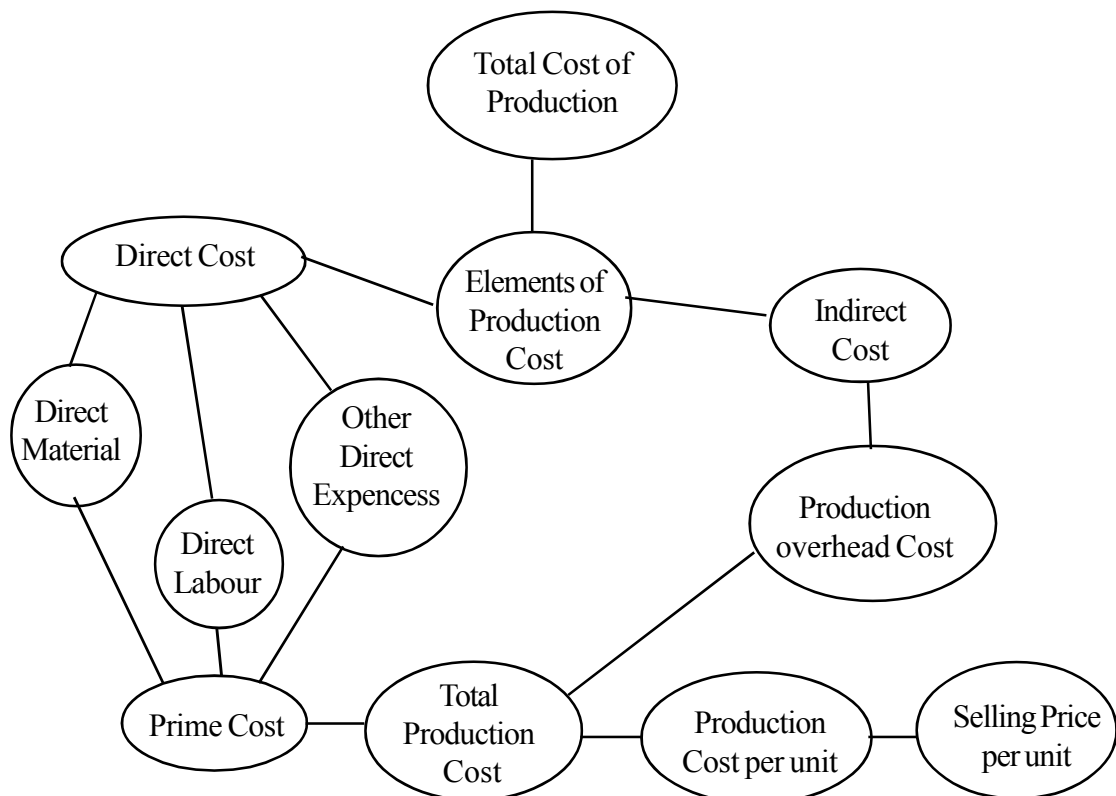
Learning Outcomes : At the end of this lesson, students should be able to acquire the following learning outcomes:

- Explain Production cost
- Name and explains the elements of production cost
- Calculate prime cost of a product
- Calculate production overheads
- Calculate unit cost of product
- Determine the selling price of a unit
- Present how to compute selling price of a unit using a spread sheet or a suitable method

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Concept Map



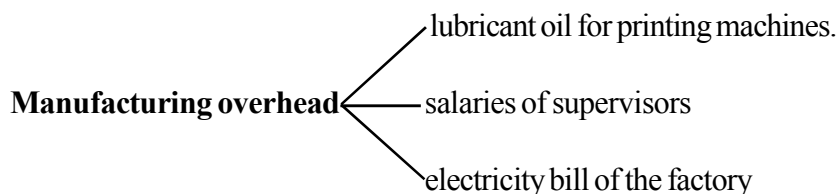
A statement of production cost is prepared with the objective of computing the cost incurred in the production of a good by a business.

- Direct Cost** : Costs directly identifiable in a finished good
- Indirect Cost** : Cost that are not directly identifiable in a finished good.
- Prime Cost** : Sum of all direct costs incurred in the production of a good.
- Direct Material Cost** : Cost of physical resources that are directly identifiable in a finished goods.
- Direct Labour Cost** : Wages paid to those who are directly involved in production of a good.
- Other Direct Cost** : Expenses directly indentifiable in the production of a good other than direct material and direct labour cost.
- Production Overheads Cost** : Expenses that are not directly identifiable in a produced good

Example

- : factory rent
- factory insurance
- depreciation of factory equipment
- factory electricity
- salaries of supervisors
- depreciation of machines

- Example** : Manufacturing cost of printing of a book
- Direct material cost** : Papers and ink
- Direct labour cost** : salaries of the printing machine operator
- Direct other cost** : author's royalty



Total production cost = Prime cost + Production overheads

$$\text{Manufacturing cost of a unit} = \frac{\text{Total production cost}}{\text{Total number of units produced}}$$

Sales price of a unit

The selling price of a unit is determined based on the profit margin of a unit

$\text{Selling price of a unit} = \text{Production cost of a unit} + \text{profit margin of a unit}$
--

Statement of production cost for the

Description	Rs	Rs
Direct material cost	x	
Direct labour cost	x	
Other direct cost	x	
Prime cost		xx
Rent & rates for factory	x	
Supervisors' salary	x	
Depreciation of machines	x	
Manufacturing overhead cost		xx
Total production cost		xxx

Instructions on Planning Activity :

- Engage in the lesson related to this competency level by inquiring about the things utilized to produce goods like the teacher's table/chair/black board/a cupboard/a book/a pen and highlight the direct material, direct labour, other direct cost and the overhead cost of production (indirect expenses).
- Let the students study annex 8.9.1 carefully.
- Distribute Annexure 8.9.1 & 8.9.2, questionnaire and instructions to answer questions in 8.9.1
- Discuss the answers one by one.
- Let the students compare their answers to the question in the 1st step with the answers provided by the teacher in the annex 8.9.3. The constructive contribution of the teachers is required in this regard.
- Accordingly, let the students answer from the 2nd step to the 6th step first and then compare these answers with the teacher's answers in annex 8.9.3. The constructive contribution of the teacher is required in this regard.

Preparation of the cost statement using a spread sheet is as follows.

Step	Activity	Command																														
1.	Opening an Excel worksheet in computer	Start																														
2.	Preparing a cost statement (schedule) in the Excel Worksheet	MS Excel Worksheet																														
	To obtain the sum of the primary Cost and the manufacturing Overhead use the command (Σ) or (sum)	<table border="1"> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Direct material</td> <td>x</td> <td></td> </tr> <tr> <td>Direct labour</td> <td>x</td> <td></td> </tr> <tr> <td>Direct other expenses</td> <td>x</td> <td></td> </tr> <tr> <td>Prime cost</td> <td></td> <td>xx</td> </tr> <tr> <td>Rent & rates of factory</td> <td>x</td> <td></td> </tr> <tr> <td>Supervisers' salary</td> <td>x</td> <td></td> </tr> <tr> <td>Machine depreciations</td> <td>x</td> <td></td> </tr> <tr> <td>Manufacturing Overhead</td> <td></td> <td>xx</td> </tr> <tr> <td>Total Manufacturing cost</td> <td></td> <td>xxx</td> </tr> </table>				Direct material	x		Direct labour	x		Direct other expenses	x		Prime cost		xx	Rent & rates of factory	x		Supervisers' salary	x		Machine depreciations	x		Manufacturing Overhead		xx	Total Manufacturing cost		xxx
Direct material	x																															
Direct labour	x																															
Direct other expenses	x																															
Prime cost		xx																														
Rent & rates of factory	x																															
Supervisers' salary	x																															
Machine depreciations	x																															
Manufacturing Overhead		xx																														
Total Manufacturing cost		xxx																														
3.	Computing the unit cost: Enter (Total cost/No: of units) and give the command	Total Production Cost Number of units produced																														

Annex 8.9.1

Nimal who is a carpenter bought carpentry equipment and tools for Rs. 120000/- for the purpose of opening a carpentry workshop and rented out a building on a monthly rent of Rs. 20000/- . A carpenter to works in his carpentry workshop and a watcher for Rs. 10000/- at monthly salary were also recruited.

Nimal purchased timber (teak wood) of Rs. 90000/- to make almirahs and the carpenter was paid Rs. 50000/- as salary for the 10 almirahs made in January 2015. Another Rs. 10000/- was paid for carving designs on the almirahs. He also incurred Rs. 8000/- to buy sand paper and polish and another Rs. 2000/- to buy nails for carpentry tools.

The electricity expenses incurred to produce the almirahs made in January 2015 was Rs. 6000/- and Rs. 4000/- was incurred repair the carpentry machines. Machines are depreciated by 10% per annum

Study the case above carefully and answer (responses) following questionnaire in accordance with the table in annex 8.9.2. After responding to each step compare your response with the one provided by the teacher.

1. Prepare a costing sheet for the costs incurred on this business
2. Categorize the costs identified above according to the cost elements learned.
3. Compute the prime cost and the production overheads incurred to produce the almirahs in accordance with the cost elements made out.
4. Prepare a costing sheet for January 2015 and compute the total production cost.
5. Compute the production cost of an almirah.
6. If the selling price of an almirah was determined by adding 40% profit margin calculate the selling price of an almirah.

Annex 8.9.2

The table to be answered

Step 1 Costing sheet

	Expense	Cost (Rs.)
1.		
2.		
3.		

Step 2

Rs.

Prime Cost		
Direct material	wood/timber	-----
Direct labour	wages of carpenter	-----
Other direct expenses	carving designs	10,000
Manufacturing overhead		
	-----	-----
	-----	-----
	-----	-----
	-----	-----
	-----	-----
	-----	-----
	-----	-----

Workings

Description of machines = cost of machines X percentage of depreciation

.....

.....

Step 3		
Prime cost		
(..... + +)		Rs.
Production overhead cost		Rs.
(..... + +)		Rs.

Step 4

**Production Cost Sheet
for the month of January 2015**

	Rs.	Rs.
Direct material	
Direct labour	50,000	
Other direct cost	
Prime cost	
.....	-----	
.....	-----	
.....	-----	
.....	-----	
Total production overhead cost	
Total production cost	
	

Step 5

	=	Total production cost
Unit cost of a product		-----
		Total No. of units
	=
Production cost of an almirah	=	Rs.

Step 6

	=	Unit cost + Profit margin of a unit
Selling price of a unit	 +
	=
Selling price of an almirah	=	Rs.

Answer table

Answer for step 1

	Rs.
Equipment & tools	120,000
Timber	90,000
Building rent	20,000
Watchers wage	10,000
Carpenters wage	50,000
Carving designs	10,000
Sand paper and polish	8,000
Nails	2,000
Electricity	6,000
Equipment depreciation	1,000
Machine repairs	4,000

Answers for step 2

Prime Cost		
Direct material cost	wood/timber	90,000
Direct labour cost	wages of carpenter	50,000
Other direct costs	carving designs	10,000
Production overhead cost	sand paper & polish	8,000
	lubricant	2,000
	factory watcher's wage	10,000
	factory rent	20,000
	factory electricity	6,000
	machine repairs	4,000
	machine depreciation	1,000

Working

$$\begin{aligned}\text{Depreciation of Machine} &= \text{cost of machines} \times \text{percentage of depreciation} \\ &= 120,000 \times 10/100 \times 1/12 \\ &= \text{Rs. } 12,000 \times 1/12 \\ &= \text{Rs. } 1,000\end{aligned}$$

Answers for step 3

Prime cost

$$(\text{Rs. } 90,000 + \text{Rs. } 50,000 + \text{Rs. } 10,000) = \text{Rs. } 150,000$$

Production overhead cost

$$(\text{Rs. } 10,000 + \text{Rs. } 10,000 + \text{Rs. } 31,000) = \text{Rs. } 51,000$$

Answers for step 4

Production cost sheet for the Month of January 2015

		Rs.	Rs.
Direct material cost	wood	90,000	
Direct labour cost	carpenter's wage	50,000	
Other direct cost	carving designs	10,000	
Prime cost			150,000
Production overhead cost			
	sand paper & polish	8,000	
	nails	2,000	
	factory watcher's wage	10,000	
	factory rent	20,000	
	factory electricity	6,000	
	Machines repairs	4,000	
	depreciation on machines	1,000	
Production overhead cost		51,000	
Total Production overhead cost			201,000

Answers for the step 5

Unit cost of a product	=	$\frac{\text{Total production cost}}{\text{No. of units produced}}$
	=	Rs. 201,000 / 10
Production cost of an almirah	=	Rs. 20 100

Answers for the step 6

Selling price of a unit	=	cost of a unit + margin of profits of a unit
	=	Rs. 20,100 + (20,100 x 40 / 100)
	=	Rs. 20,100 + 8,040
Selling price of an almirah	=	Rs. 28,140

Quality Inputs:

- Business and Accounting Studies grade 11 Text book.
- Related Annexes

Criteria for Assessment and Evaluation:

- Explains “Production Cost”
- Names & explains cost elements
- Calculates prime cost
- Calculates production overhead
- Calculates production cost of a unit and selling price of a unit
- Presents how to calculating the selling price of a produced unit using a spread sheet or a suitable method.

Competency 9 : **Makes appropriate decisions inquiring into investments.**

Competency Level 9.1 : Inquires about the importance of the investment.

No. of Periods : 05

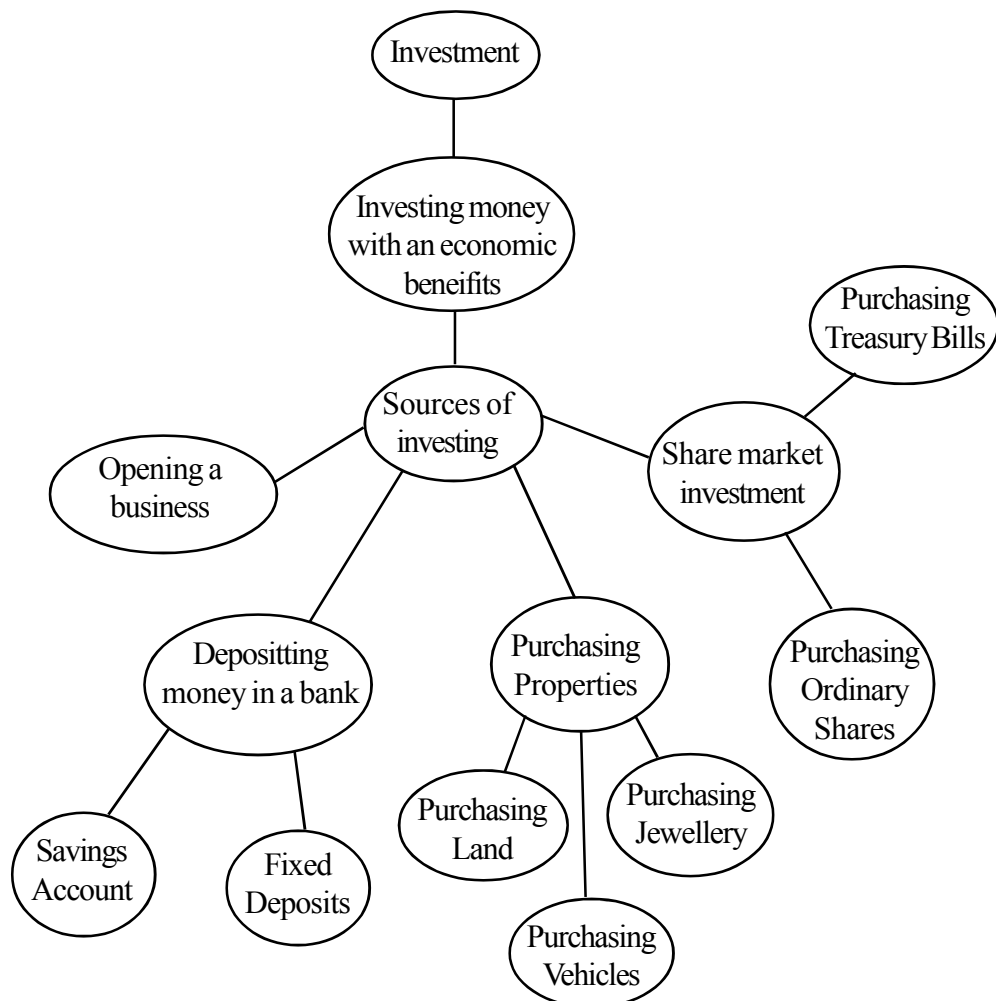
Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes:**

- Explain the importance of investment
- Shows different means of investment
- State the basic factors to be considered in selecting an appropriate investment

Instructions related to the Learning-Teaching Process :

Key terms and Concepts

Concept Map



Investment

Retaining (saving) some amount of money from the earnings with the purpose of having future gain or profit can be referred to as investment.

Different sources of investing

- Depositing in a savings account
- Maintenance of a Fixed Deposit in a bank
- Purchasing properties like land, building and jewellery etc
- Investing in the share market (These subject matters are discussed in activity 9.1.1)

Main factors to be considered in choosing an investment

- Objective
- Risk
- Benefits

Generally expected rewards from each investment

- Interest income
- Security
- Capital gains
- Dividends
- Ability to place as guarantee

Benefits from various investments

- **Savings accounts**
 - Gaining income interest
 - Security for money
 - Acquiring gaining other benefits

Ex: Entitled for lottery draws and some others offers as rewards

- **Fixed deposits**
 - Gaining a higher rate of interest
 - Security for money
 - Ability to get loan facilities submitting as a guarantee

Purchase of Property

- Being an owner of a fixed asset
- Ability to utilize that property
- Possibility of making capital gain
- Ability to get a loan submitting same as a guarantee
- Can rent out and earn income

Instructions on Planning Activity :

Engage in lesson through activity displaying the following statement in an appropriate manner, to be seen by every student

If you won Rs. 1,000,000/- at a lottery draws,.....

- List the responses of the students on the board and ask for reasons
- Briefly explain the term “investment”
- Arrange group work on the following activity for further knowledge about the sources of investing
- Distribute case in 9.1.1 and handout of annex 9.1.2 guidelines to the groups of students and involve them in the activity.
- Let them read the grade 11 text book on this activity
- Make arrangements to have presentations on group work
- Give out an appropriate note so as to improve the knowledge of the students with the facts they learnt and some other relevant facts.

Annex 9.1.1

Case Study

Mr. Mahinda Ranwella retired after 35 year of Government Service. His daughter Nimali, works in a state bank. His son Milinda holds a degree in Business management. He is involved in various business activities.

Mr. Mahinda Ranwella has Rs. 10,00,000 he received as commuted pension and Rs. 20,00,00 of his own savings.

Mr. Ranwella is thinking of investing this money so as to derive a good profit. But he has no conception regarding investments. When discussing this idea with the rest of the family various views were put forward. In this regard,

Nimali says, that, these days, there is a high bank interest it would be advisable to open a Fixed Deposit in a bank. But Milinda states that since gold and property are down in price, it would be good to think along these lines, also/when opening a fixed deposit account.

Hand out of instructions to the students

1. Study the case you received very carefully.
2. Study the text book and explain the term “investment” in brief
3. Name 3 ways of investments come across in this case.
4. Identify the following investments and write two benefits you would gain in each.
 - Deposits in banks
 - Investing in purchase of property
5. Mention two facts to be considered by an individual in investing his money.
6. Name other types of investments in which Mr. Mahinda Ranwella could invest his money.
7. Prepare the facts you have gathered for a presentation to the class.

Quality Inputs:

Business and Accounting Studies grade 11 text

Criteria for Assessment and Evaluation:

- Explain the importance of investment.
- States various ways of investment.
- Disclosing how the most appropriate form of investment, from several types of investments, could be selected.
- States the facts to be considered when choosing an investment.

Competency 9 : **Makes appropriate decisions inquiring into investments**

Competency Level 9.2 : Inquires about the importance of investing in the share market

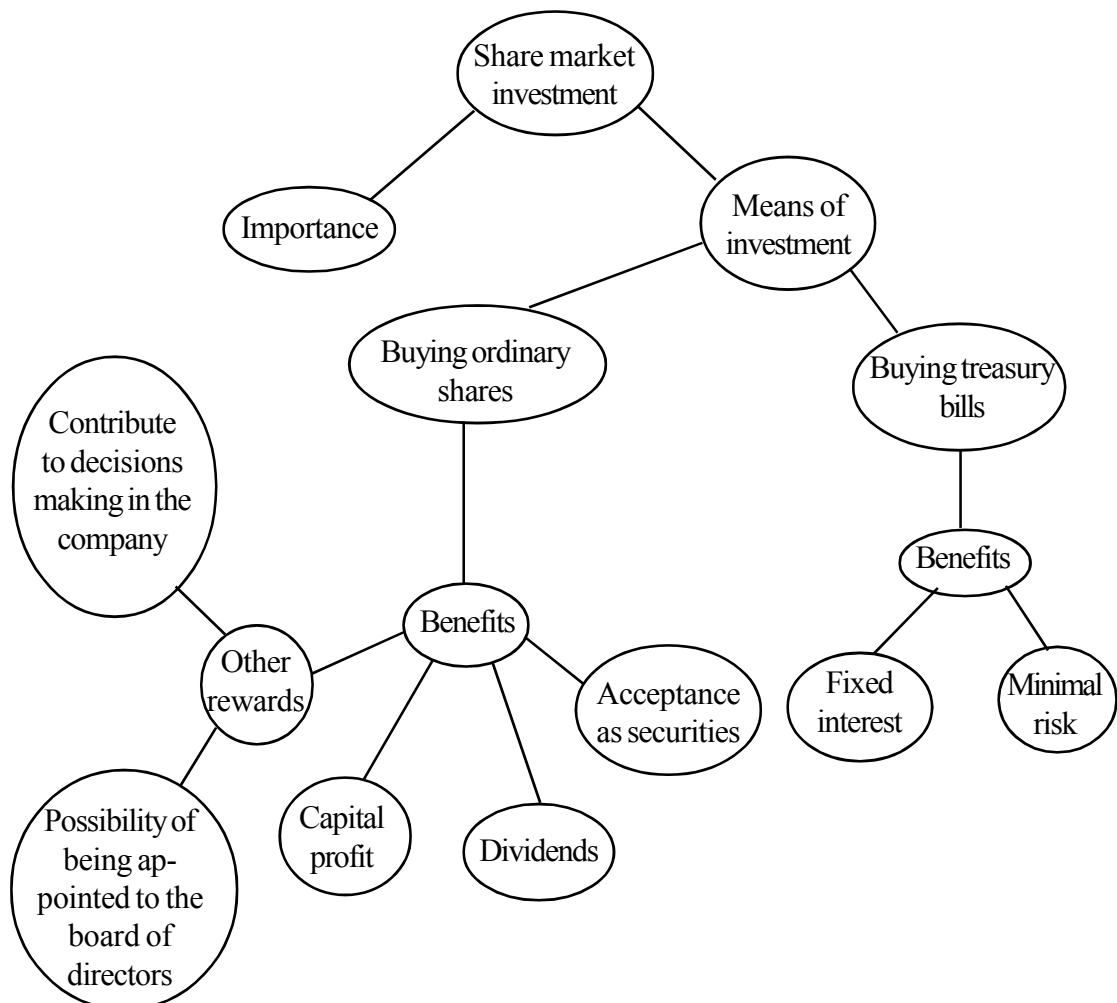
No. of Periods : 05

Learning Outcomes : **At the end of this lesson, students should be able to acquire the following learning outcomes :**

- Show the importance of investing in the share market.
- Show the importance of the purchase of ordinary shares.
- Show the importance of purchasing Treasury bills.

Instructions related to the Learning-Teaching Process :
Key terms and Concepts

Concept Map



Share Market Investment

The Colombo stock exchange has been established in order to implement share transactions in Sri Lanka. Only registered companies are involved in this market. The affairs of the share market are operated by the Colombo Stock Exchange. Further, these affairs are monitored and previewed by Securities and Exchange Commission of Sri Lanka

Buying the Shares

Purchasing the shares of companies is an investment . These affairs are implemented through the share market. Shares can be bought either when a company makes a primary share issue directly to the general public or when an existing share holder of a company is selling his shares in the secondary market. The gains received are is called “dividends” Ordinary shares are significant among various kinds of shares issued by a company

Ordinary Shares

A particular kind of shares issued to the public by a public limited company in order to accumulate the capital requirements is known as “Ordinary Shares”.

Possible benefits from purchasing company ordinary shares

- Voting power
- Receiving dividends
- Receiving capital profits
- Ability to convert shares into cash
- Ability to submit as securities
- Other gains
 - Chance of getting elected to the board of directors
 - Ability to be involved in decision making in the company

Receipt of Dividends

Dividends are determined in terms of available profits of the company and as well as the objectives of the company. Normally dividends are not declared in the absence of profits, nevertheless a higher dividend is payable in the presence of higher profits.

Entitlement to power of the company

A company is managed by a board of directors. The members are elected to the board of directors from among the ordinary share holders. The chance of getting elected to the board of directors is directly gained by the ordinary share holders.

Investing in Treasury Bills

Bills issued by the government in order to meet short terms needs of the government are called Treasury Bills. These can be bought from the Colombo stock Exchange.

Benefits of investing in Treasury Bills

- Ability to gain interest
- Availability of absolute security (Minimal risk)
- Ability of converting into cash

Quality Inputs :

- Business and Accountng Studies grade 11 classText

Criteria for Assessment and Evaluation:

- Explaining the importance of investing in the share market
- Stating the various possible investments in the share market
- Highlighting the importance of investing in shares from among various alternate forms of investment
- Pointing out the importance of investing in Treasury Bills.

