

නව නිර්දේශය/புதிய பாடத்திட்டம் / New Syllabus

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கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2016 டிசெம்பர்
General Certificate of Education (Ord. Level) Examination, December 2016

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வணிகக் கல்வியும் கணக்கீடும் **I, II**
Business and Accounting Studies I, II

පැය තුනයි
மூன்று மணித்தியாலம்
Three hours

Business and Accounting Studies I**Note :**

- Answer *all* questions.
- In each of the questions 1 to 40, pick one of the alternatives (1), (2), (3), (4) which you consider as *correct or most appropriate*.
- Mark a cross (X) on the number corresponding to your choice in the answer sheet provided.
- Further instructions are given on the back of the answer sheet. Follow them carefully.

- Answer the questions No. 1 to 5 paying attention to the following case.

Dilini, a diploma holder of sewing children's clothes started a business to sew and sell children's clothes as 'Dilu Tex' with Dilan, a designer, employing capital equally and purchasing a building close to a preschool.

- What is the basic human need satisfied by the business of 'Dilu Tex' in this case?
(1) Food (2) Clothing (3) Housing (4) Security
- An opportunity of the business of 'Dilu Tex' in the above case is
(1) the business situated close by a preschool.
(2) Dilini being a diploma holder of sewing children's clothes.
(3) getting Dilan to join the business.
(4) employing capital equally by Dilini and Dilan.
- To what type of business organization does the business of 'Dilu Tex' in this case belong?
(1) Sole proprietorship (2) Partnerships
(3) Incorporated companies (4) Associations
- What is the factor of production that the building purchased by the business of 'Dilu Tex' belongs to?
(1) Land (2) Labour (3) Capital (4) Entrepreneurship
- Select the correct statement about the business of 'Dilu Tex' in this case.
(1) This is a business that produce goods.
(2) This is a business that produce services.
(3) Registration the name of this business is not compulsory.
(4) This business has a legal entity.

[see page two]

6. While the^①..... of the business are interested in the safety of the investment, the^②..... are interested in obtaining a reasonable salary.
Select the answer that shows the suitable terms to ① and ② in above statement in correct order.
(1) competitors, employees (2) owners, suppliers
(3) employees, owners (4) owners, employees
7. Following are a few events occurred in the business environment.
A - Declaring a day to celebrate disabled soldiers
B - Increasing the bank interest rate
C - Increasing the price levels of consumer goods
The answer that includes only the economic environmental factors out of the above events is,
(1) A and B. (2) A and C.
(3) B and C. (4) A, B, and C all.
8. Following are some services provided by banks. Out of them, a service provided only to a current account holder is
(1) operating standing orders.
(2) granting bank overdraft facilities.
(3) maintaining fixed deposits.
(4) providing electronic cash related services.
9. Kapila who is a current account holder of people's bank has issued a cheque to Sapumal who is a current account holder of Bank of Ceylon.
Select the answer which shows the drawer and the payee of the cheque in this case in correct order.
(1) Kapila, People's bank (2) Sapumal, Kapila
(3) Bank of Ceylon, Sapumal (4) Kapila, Sapumal
10. The motor vehicle of Dissanayake which was insured in Sri Lanka Insurance Corporation met with an accident while being driven by Bandara who is the driver of Dissanayake.
Select the answer that shows the first party and the second party of the insurance in this case in correct order.
(1) Dissanayake, Sri Lanka Insurance Corporation
(2) Sri Lanka Insurance Corporation, Dissanayake
(3) Bandara, Sri Lanka Insurance Corporation
(4) Sri Lanka Insurance Corporation, Bandara
11. Out of the following, select the correct statement with regard to the 'feedback' of communication process.
(1) Feedback is the response received by the receiver from the sender via an oral or non oral media.
(2) Feedback is the response received by the sender from the receiver via an oral or non oral media.
(3) Feedback is not compulsory to complete the communication process.
(4) Feedback is the way the sender acts regarding the message.
12. Select the answer which shows examples for the elements of transportation of a vessel which transport goods.
(1) Ports, Airways, Diesel (2) Diesel, Ports, Main roads
(3) Waterways, Airport, Diesel (4) Diesel, Waterways, Ports
13. Following are a few occasions in which a trade took place.
A - Purchasing 200 kg of rice by Sunil for giving a free food stall (Dansala)
B - Selling bakery products to canteens by Danapala who is a bakery owner
C - Selling 5 000 bricks by a bricks producer to Sujatha who is building her own house
Out of the above trades, those belonging to retail trade are
(1) A and B. (2) A and C. (3) B and C. (4) A, B, and C all.

[see page three]

14. Members have been appointed to committees by the principal to conduct the annual sports meet successfully. Into which management function does it belong to?

- (1) Planning (2) Organizing (3) Leading (4) Controlling

15. A free toy is given by a toy selling business for any purchase on birthday of a child below five years. What is the variable in marketing mix that is used in this case to fulfil the objectives of marketing?

- (1) Product (2) Price (3) Place (4) Promotion

16. Out of following, what is the lowest risk source of investment?

- (1) Investing in a fixed deposit (2) Purchasing properties
(3) Purchasing treasury bills (4) Purchasing ordinary shares

17. The influence of a transaction to the accounting equation is as follows.

$$\begin{array}{rcl} \text{Assets (Rs.)} & = & \text{Owner's equity (Rs.)} + \text{Liabilities (Rs.)} \\ - 15\,000 & = & \phantom{\text{Owner's equity (Rs.)}} - 15\,000 \end{array}$$

The transaction recorded in the above accounting equation is

- (1) purchasing on credit Rs. 15 000 stock of goods from Sunimal.
(2) paying Rs. 15 000 in cash to Piyal who is a creditor.
(3) paying Rs. 15 000 rent in cash.
(4) obtaining Rs. 15 000 by the owner for personal use.

18. Out of the following, the transaction which influenced to reduce the equity is

- (1) employing Rs. 10 000 additional capital by the owner.
(2) receiving Rs. 6 000 income to the business in cash.
(3) paying cash to a creditor subject to 10% discount.
(4) paying insurance charges of Rs. 2 500 in cash.

19. Following is a double entry to record a transaction.

$$\begin{array}{rcl} \text{Cash Account} & & \text{Dr. Rs. 5 000} \\ \text{Debtors Account} & & \text{Cr. Rs. 5 000} \end{array}$$

The transaction occurred is

- (1) selling a stock of goods worth Rs. 5 000 on credit.
(2) receiving Rs. 5 000 cash from a debtor.
(3) selling a stock of goods Rs. 5 000 in cash.
(4) writing off the bad debts of Rs. 5 000 from the debtors.

20. Types of accounts and a few ledger accounts are given in column X and Y respectively.

X	Y
1. Assets accounts	A - Salary account
2. Liabilities accounts	B - Sales account
3. Income accounts	C - Debtors account
4. Expenditure accounts	D - Accrued electricity expenses account

When the above types of accounts in column X are matched with the ledger accounts in column Y in correct order the answer is

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

21. The account which indicates the principle of double entry, 'increasing credit, decreasing debit' is
 (1) discounts allowed account. (2) cash account.
 (3) purchases account. (4) capital account.
22. Select the answer which shows the relevant source document and the prime book in correct order to record the paying of Rs. 3 000 insurance charges in cash.
 (1) Paying Voucher, Petty Cash Book (2) Cash Book, Paying Voucher
 (3) Paying Voucher, Cash Book (4) Journal Voucher, Cash Book
23. Debit balance of the bank account of the business as at 31.03.2016 was Rs. 15 600 while the balance of the bank statement was Rs. 15 100. The transaction that caused this difference is
 (1) insurance premium paid by bank on standing orders is Rs. 500.
 (2) issued cheques but not presented to the bank is Rs. 500.
 (3) direct remittances received to the bank is Rs. 500.
 (4) direct dividends received to the bank is Rs. 500.
24. Hondahitha stores, sold 10 packets of toffee each at Rs. 200 on credit and the trade discounts deducted was 10%. Due to this transaction in this business,
 (1) discounts allowed increase by Rs. 200.
 (2) sales income increases by Rs. 2 000.
 (3) value of the debtors increases by Rs. 2 000.
 (4) value of the debtors increases by Rs. 1 800.
25. Value of the petty cash imprest of Amara's business is Rs. 2 000. Cash that remained with the petty cashier as at 31.01.2016 was Rs. 100. From 01.02.2016 onwards it is decided to increase the petty cash imprest of the business up to Rs. 3 000. What is the correct double entry to record the reimbursement of petty cash imprest on 01.02.2016?
 (1) Cash book Dr. Rs. 1 900 (2) Petty cash book Dr. Rs. 2 900
 Petty cash book Cr. Rs. 1 900 Cash book Cr. Rs. 2 900
 (3) Petty cash book Dr. Rs. 1 900 (4) Cash book Dr. Rs. 2 900
 Cash book Cr. Rs. 1 900 Petty cash book Cr. Rs. 2 900
26. Following are two transactions recorded in prime books of a textile business.
 A - Purchasing of furniture from Moratu Furniture Traders on credit is Rs. 50 000
 B - Sales of Rs. 30 000 stock of textiles to Kapila on credit
 Select the answer that shows the source documents used to record the above A and B transactions in Prime books in correct order.
 (1) Purchases Invoice, Sales Invoice (2) Purchases Invoice, Paying Voucher
 (3) Journal Voucher, Sales Invoice (4) Journal Voucher, Purchases Invoice
27. The prime entry book that is relevant to record a payment of a creditor of a business by a cheque is
 (1) Cash Account. (2) Paying Voucher.
 (3) Bank Account. (4) General Journal.
28. Following is a journal entry relevant to rectifying an accounting error.
 Office equipment account Dr. Rs. 40 000
 Office expenses account Cr. Rs. 40 000
 The error occurred in accounting of the business is
 (1) debiting office expenses of Rs. 40 000 into office equipment account.
 (2) office equipment purchases for cash of Rs. 40 000 has been omitted from the books completely.
 (3) office expenses payments of Rs. 40 000 has not been recorded completely.
 (4) debiting office equipment purchases of Rs. 40 000 into office expenses account.

29. Select the correct answer for the blank below.

Annual membership fee received	+	Annual membership fee not yet received	=
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- (1) Annual membership fee of a member (2) Annual surplus
(3) Accumulated fund (4) Annual membership fee income

30. Following are several items of expenses in regard to a sports club.

- A - Maintenance expenses of the sports ground
B - Expenses for pavilion construction
C - Allowances of coach

Out of the above, the expenses included in the income statement of the sports club are

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

● Use the following information to answer questions No. 31 and 32.

Following are several items of cost in regard to a press.

- | | |
|---------------------|-----------------------------|
| * Cost of paper | * Insurance expenses |
| * Royalty of author | * Wages of machine operator |
| * Wages of watcher | * Electricity expenses |

31. A direct other expense in the above press is

- (1) cost of paper. (2) wages of machine operator.
(3) royalty of author. (4) wages of watcher.

32. Select the answer which includes only the items relevant to calculate the production overhead cost of the above press.

- (1) Wages of watcher, Insurance expenses, Electricity expenses
(2) Cost of paper, Royalty of author, Wages of machine operator
(3) Cost of paper, Wages of machine operator, Wages of watcher
(4) Royalty of author, Insurance expenses, Electricity expenses

33. Sandamalee's business rent a building on 01.01.2015 for a monthly rent of Rs. 5 000. For the year ended 31.12.2015 Rs. 50 000 had been paid as building rent. In this business as at 31.12.2015,

- (1) the balance of the paid building rent account is Rs. 10 000.
(2) accrued building rent in the statement of financial position is Rs. 10 000.
(3) accrued building rent in the statement of financial position is Rs. 60 000.
(4) the balance of the building rent account is Rs. 5 000.

34. Following are the information regard to a motor vehicle purchased by a business.

- | | |
|----------------------|-------------|
| * Purchasing price | Rs. 600 000 |
| * Scrap value | Rs. 50 000 |
| * Effective lifetime | 5 years |

If the business depreciate motor vehicles on straight line method, how much is the depreciable value of the motor vehicle?

- (1) Rs. 110 000 (2) Rs. 550 000
(3) Rs. 600 000 (4) Rs. 650 000

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

Following are a few balances extracted from Sadaham's business as at 31.12.2015.

	Rs.
Stock (as at 01.01.2015)	30 000
Sales	200 000
Purchases	140 000
Carriage inwards	8 000
Buildings (at cost).....	400 000
Buildings - Provision for depreciation (as at 01.01.2015).....	100 000
Debtors	25 000
Bank overdraft	18 000
Creditors	30 000
Electricity charges	9 000
Advertising expenses.....	6 000
Cash balance	12 000
Discounts allowed	1 500

Additional Information:


- * Buildings should be depreciated at 5% per annum on straight line basis.
- * Stock as at 31.12.2015 is Rs. 40 000.

35. The cost of sales of the business for the year ended 31.12.2015 is
 (1) Rs. 130 000. (2) Rs. 138 000. (3) Rs. 170 000. (4) Rs. 178 000.
36. The Gross profit of the business for the year ended 31.12.2015 is
 (1) Rs. 22 000. (2) Rs. 30 000. (3) Rs. 62 000. (4) Rs. 70 000.
37. Select the answer which shows a distribution expense and an administration expense of this business in correct order.
 (1) Advertising expenses, Discounts allowed (2) Depreciation of buildings, Electricity charges
 (3) Advertising expenses, Electricity charges (4) Electricity charges, Discounts allowed
38. How much is the net value of the buildings of this business as at 31.12.2015?
 (1) Rs. 280 000 (2) Rs. 300 000 (3) Rs. 380 000 (4) Rs. 400 000
39. What is the amount of current liabilities of this business as at 31.12.2015?
 (1) Rs. 18 000 (2) Rs. 30 000 (3) Rs. 43 000 (4) Rs. 48 000
40. The value of the total assets of this business as at 31.12.2015 is
 (1) Rs. 77 000. (2) Rs. 280 000. (3) Rs. 357 000. (4) Rs. 477 000.

* *

[see page seven]

නව නිර්දේශය/புதிய பாடத்திட்டம் / New Syllabus




இலங்கைப் பரீட்சைக் கழகம் இலங்கைப் பரீட்சைக் கழகம் இலங்கைப் பரීட்சைக் கழகம் இலங்கைப் பரීட்சைக் கழகம் இலங்கைப் பரීட்சைக் கழகம்
 Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2016 දෙසැම්බර්
 கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2016 டிசெம்பர்
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ව්‍යාපාර හා ගිණුම්කරණ අධ්‍යයනය I, II
 வணிகக் கல்வியும் கணக்கீடும் I, II
Business and Accounting Studies I, II

Business and Accounting Studies II

NB: Answer five questions only as instructed. Any extra questions answered if not struck off by the candidate himself, will be crossed out by the examiner, without being marked.

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

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

Malathee started a business as 'Malee Fresh Flowers' to sell fresh flowers on 01.01.2016 in a rented building close to a temple by employing Rs. 40 000 and by borrowing Rs. 25 000 from Samanmalee who is her friend. On the same day Rs. 20 000 worth baskets were purchased in cash to put flowers for selling. Selling the flowers to a large number of pilgrims who come daily to the temple and supplying flowers to small flower shops in the area are done by this business.

Following information are given for the month of January 2016.

* Purchases of flowers in cash	Rs. 120 000
* Purchases of office equipment in cash.....	Rs. 18 000
* Sales of flowers in cash	Rs. 170 000
* Paid monthly loan interest	Rs. 250
* Paid building rent	Rs. 4 000
* Paid expenses for flower transport	Rs. 5 000
* Accrued electricity charges	Rs. 1 000
* Paid other expenses	Rs. 8 000

No stock of flowers remains as at 31.01.2016. Office equipment and baskets are depreciated annually at 12% on straight line basis.

On 01.02.2016 Samanmalee has informed that she is willing to join to this business and that her loan to be considered as her capital. Accepting that request, Malathee decided to continue this business with Samanmalee as 'Samanalee Fresh Flowers'. Further, on the same day a helper has been recruited to the business.

- (i) (a) What is the type of business organization that 'Malee Fresh Flowers' business belongs to ?
(b) Write an opportunity that can be seen in the business of 'Malee Fresh Flowers'.
- (ii) Samanmalee states that the business name of 'Samanalee Fresh Flowers' should be registered.
(a) Do you agree with the above statement?
(b) State a reason for your answer.
- (iii) (a) Write an **advantage** and a **disadvantage** of the 'Samanalee Fresh Flowers' business, in compared to the 'Malee Fresh Flowers' business.
(b) Into which management function does the recruiting a helper to the 'Samanalee Fresh Flowers' business belong to ?

[see page eight

- (iv) 'Samanalee Fresh Flowers' business involves retail business as well as wholesale business. Write an example each for retail business and wholesale business included in this case.
- (v) Write the accounting equation of 'Malee Fresh Flowers' business as at 01.01.2016 with values.
- (vi) Write the double entry relevant to record the purchases of office equipment of Rs. 18 000 in cash.
- (vii) (a) Write **two** prime entry books should be maintained by 'Malee Fresh Flowers' business.
(b) How much the depreciation of office equipment for the month of January 2016?
- (viii) Calculate the cash in hand of business as at 31.01.2016.
- (ix) Calculate the profit or loss of 'Malee Fresh Flowers' business for the month ended 31.01.2016.
- (x) (a) How much is the equity of 'Malee Fresh Flowers' business as at 31.01.2016?
(b) Write **two** non-current assets in statement of Financial position of 'Malee Fresh Flowers' business as at 31.01.2016.

(02 × 10 = 20 marks)

Part I - Business Studies(Answer **two** questions only.)

2. (i) (a) What is a human want?
(b) Write **two** attributes of a human want? (02 marks)
- (ii) State whether the following statements are **true** or **false**.
(a) The person who purchases goods and services for final consumption is the consumer.
(b) According to the objective, businesses are classified mainly as public sector businesses and private sector businesses.
(c) Owners of a business are an internal environmental factor, while customers are an external environmental factor.
(d) Human needs are different, while wants are limited. (02 marks)
- (iii) Suranga sells beautiful seashells designs to tourists that are prepared by using collected seashells from seashore, glue and different paints with the support of a helper.
(a) Write **two** factors of production of the business mentioned in this case.
(b) Write an example from the case for each factor of production you wrote in the above (iii) (a). (02 marks)
- (iv) Rupa, who is living near the Dunhinda waterfall, purchases cornkernels (Badairingu) from farmers and sells boiled cornkernels to local and foreign tourists with a help of an employee.
(a) Write **two** parties in internal environment of Rupa's business included in this case.
(b) Mention a party included in the above case that evince an interest on Rupa's business and write a reason for that party to evince an interest on the business. (02 marks)
- (Total 08 marks)
3. (i) (a) What is the trade?
(b) Write **two** auxiliary services which provide assistance to a business. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
(a) In insurance, the party who received the insurance cover is termed as insured while the party who provide the insurance cover is termed as the insurer.
(b) Transmitting messages, information and ideas among the different people in an organization using different modes is external communication.
(c) Purchasing required foods by a student from the school canteen is wholesale business.
(d) Drawee of a cheque is always a commercial bank. (02 marks)
- (iii) An insurance company has informed through a letter to the owner of a business that they are paying Rs. 200 000 of compensate for the damage occurred by a sudden fire in the storage of the business. Write the **sender**, **message**, **mode** and **receiver** separately, related to the communication process of the above case. (02 marks)

[see page nine]

- (iv) Sapumal comes to school daily by train.
 (a) Write an example for each transportation element related to the transportation method that Sapumal uses to come to school.
 (b) Name the government institution which provides the railway transportation service in Sri Lanka.

(02 marks)

(Total 08 marks)

4. (i) (a) What is a Treasury bill?
 (b) Write **two** factors considered in selecting a source of investment. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
 (a) Dividends are the return received to the partners for the employed capital in a partnership.
 (b) Investing money in a bank current account is a source of investment which receives a high interest income.
 (c) Planning is the process of determining the objectives of a business and deciding on suitable ways and means of achieving them.
 (d) Target market is the segment of consumers that can be satisfied attractively as well as effectively by a business. (02 marks)

- (iii) A company has decided to produce a nutritious biscuit and has purchased a high-tech machine for it. At every steps in the production process the quality controller tests the quality of the products, while production manager provides required instructions to him.
 State the **four** functions of management process and give examples for each function from the above case using a table similar to one given below.

Management function	Example given in the case
1.	
2.	
3.	
4.	

(02 marks)

- (iv) A business which produces shoes has published a notice stating that a new shoe produced using a special type of leather is being introduced at Colombo town hall on 01.01.2017 and 50% trade discount is given for purchases on that day.
 (a) Write **two** variables in marketing mix which have been used by the above business to achieve their marketing objectives.
 (b) Write an example included in this case for each variable in marketing mix that you wrote in the above (iv) (a). (02 marks)

(Total 08 marks)

Part II - Accounting

(Answer **two** questions only.)

5. (i) (a) What is an accounting?
 (b) Write **two** factors that influence to change the owner's equity of a business. (02 marks)
- (ii) Following credit sales details were provided by Ravi's textiles business for the month of September 2016.

Date	Invoice No.	Purchaser	Quantity	Other Information
10.09.2016	102	Rama	10 T-shirts each at Rs. 200	Trade discount 10%
22.09.2016	103	Sitha	100 handkerchieves each at Rs. 50	Trade discount 5%

Required:

The sales Journal of Ravi's business for the month of September 2016

(02 marks)

[see page ten]

(iii) Tharindu has started a business to sell school equipment on 01.01.2016. Few transactions occurred on that day are given below.

1. Employing cash to business by Tharindu is Rs. 50 000
2. Purchases of furniture of Rs. 20 000 in cash
3. Paying monthly rent to the building is Rs. 5 000
4. Obtaining a bank loan of Rs. 25 000
5. Purchases of school equipment of Rs. 10 000 on credit

Required:

(a) State how each transaction influences the accounting equation. (Follow a format similar to the one given below to give the answers. First transaction has done for you).

Transaction	Assets	=	Liabilities	+	Owner's equity
1	cash +50 000	=			capital +50 000
2					
3					
4					
5					

(b) State the value of following each item of Tharindu's business as at 01.01.2016.

1. Non-current assets
 2. Current assets
 3. Total liabilities
 4. Equity
- (04 marks)

(iv) Following is the petty cash book prepared in Romesh's business for the month of January 2016.

Petty Cash Book

Receipts Rs.	F. N	Date	Description	V. N	Payments Rs.	Analysis Columns			Ledger Account Rs.	L. F
						Travelling Rs.	Postage Rs.	Stationery Rs.		
100		1/1	Balance							
1 400		1/1	Cash							
		1/3	Trishaw charges	1	120	120				
		1/5	Stamp charges	2	60		60			
		1/6	Purchases of pens	3	210			210		
		1/8	Travelling expenses	4	150	150				
		1/12	Payments to Jayanthi	5	200				200	
		1/15	Purchases of carbon papers	6	180			180		
		1/20	Registration fee	7	160		160			
		1/26	Hiring charges for vehicles	8	200	200				
					1 280	470	220	390	200	
		1/31	Balance b/d		220					
1 500					1 500					
220		2/1	Balance b/f							

Required:

- (a) Petty cash imprest of this business
- (b) Amount of the petty cash reimbursed on 01.02.2016
- (c) Recording above petty cash payments in the petty cash book to the ledger accounts

(04 marks)
(Total 12 marks)

[see page eleven]

	<p>6. (i) (a) What is a bank overdraft? (b) Write the double entry relevant when deposit money in the current account of the business.</p>																																											
	<p>(ii) Some information of a business which produces a same type flower vases for the month of May 2016 are as follows.</p>	<p>(02 marks)</p>																																										
	<p>* Units of production 100 * Direct expenses Rs. 30 000 * Transport expenses of flower vases Rs. 5 000 * Production cost per unit Rs. 400 * Selling price is determined by retaining a 25% profit margin on cost</p> <p>Required: (a) Production overhead cost for the month of May 2016 (b) The selling price per unit</p>	<p>(02 marks)</p>																																										
	<p>(iii) The balance of the bank account of Janith business as at 30.09.2016 was Rs. 18 000. But the balance of the bank statement received for the month of September 2016 did not match with the balance of the bank account. Later following were revealed as the reasons for the difference.</p> <p>* Payments on standing orders that were not recorded in the bank account was Rs. 6 000. * Cheques deposited in September but not realized during the month were Rs. 3 000. * Cheques issued in September but not presented to the bank for encashment during the month were Rs. 4 800.</p> <p>Required: (a) Adjusting the balance of the bank account of the business as at 30.09.2016 (b) Preparing the bank reconciliation statement as at 30.09.2016</p>	<p>(04 marks)</p>																																										
	<p>(iv) Given below is the trial balance of the Mohan's business as at 31.03.2016.</p>																																											
	<table border="0"> <tr> <td></td> <td style="text-align: right;">Debit (Rs.)</td> <td style="text-align: right;">Credit (Rs.)</td> </tr> <tr> <td>Capital</td> <td></td> <td style="text-align: right;">100 000</td> </tr> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">54 000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">32 000</td> <td></td> </tr> <tr> <td>Creditors</td> <td></td> <td style="text-align: right;">26 000</td> </tr> <tr> <td>Furniture and Equipment</td> <td style="text-align: right;">60 000</td> <td></td> </tr> <tr> <td>Bank loan</td> <td></td> <td style="text-align: right;">10 000</td> </tr> <tr> <td>Electricity charges</td> <td style="text-align: right;">8 000</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">30 000</td> <td></td> </tr> <tr> <td>Salaries and wages</td> <td style="text-align: right;">20 000</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">6 000</td> <td></td> </tr> <tr> <td>Cash balance</td> <td style="text-align: right;">25 000</td> <td></td> </tr> <tr> <td>Suspense account</td> <td style="text-align: right;">9 000</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>190 000</u></td> <td style="text-align: right; border-top: 1px solid black;"><u>190 000</u></td> </tr> </table>		Debit (Rs.)	Credit (Rs.)	Capital		100 000	Sales		54 000	Debtors	32 000		Creditors		26 000	Furniture and Equipment	60 000		Bank loan		10 000	Electricity charges	8 000		Purchases	30 000		Salaries and wages	20 000		Carriage inwards	6 000		Cash balance	25 000		Suspense account	9 000			<u>190 000</u>	<u>190 000</u>	
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	<p>Following errors were revealed in accounting after preparing the above trial balance.</p> <p>1. Paid building rent, Rs. 2 000 has been recorded in debit side of electricity charges account. 2. The balance of sales account Rs. 45 000 has been recorded in the trial balance as Rs. 54 000.</p>																																											
	<p>Required: (a) Journal entries to rectify the above errors (b) The suspense account after rectifying above errors</p>	<p>(04 marks) (Total 12 marks)</p>																																										
<p>142 3. මහා/බකඩුණ මහසෙන් ම.ව. 4.2.180, මරලදිවියමලාව, බකඩුණ, 071 8242816 5.637212 125V</p>	<p>1. එල්.එම්.අමීන් නවරත්න බණ්ඩාර 2. නියෝජ්‍ය ප්‍රධාන ලේකම් 3. මහා/අත්තනකඩුව මඩ අත්තනකඩුව 4. අංක 6 මෙමනො.508, පොලොන්නරුව 072 8403220 5.711341153V</p>	<p>148</p>																																										

Department of Examinations, Sri Lanka.

[see page twelve

7. (i) (a) What is an asset?
 (b) Write **two** elements included in the statement of financial position. (02 marks)
- (ii) The number of members in Lakmini Sports Association are 120. The annual membership fee per member is Rs. 600. Following are the receipts and payments information of that sports association for the year 2015.

Membership fee received	Rs. 72 000
Maintenance expenses of the sports ground ...	Rs. 12 000
Purchases of sports equipment	Rs. 20 000
Donation received	Rs. 5 000
Electricity charges	Rs. 12 000
Expenses for refreshments	Rs. 6 500
Purchases of a Loudspeaker set	Rs. 20 000
Water bill	Rs. 4 500
Sports training expenses	Rs. 15 000

Required:

The income statement of Lakmini sports association for the year ended 31.12.2015 (02 marks)

- (iii) Trial balance of Ravi's trading business as at 31.12.2015 is as follows.

	Debit (Rs.)	Credit (Rs.)
Capital		500 000
Stock (as at 01.01.2015).....	10 000	
Purchases	280 000	
Sales		350 000
Debtors	30 000	
Creditors		13 000
15% bank loan.....		50 000
Land and building (at cost)	400 000	
Machinery (at cost).....	150 000	
Bank loan interest	3 000	
Administrative salary	14 000	
Discounts allowed	3 200	
Discounts received		5 000
Rate	8 000	
Advertising	12 500	
Cash in hand	7 300	
	<u>918 000</u>	<u>918 000</u>

Additional Information:

- * Cost of stock as at 31.12.2015 is Rs. 30 000.
- * Machinery should be depreciated annually at 10% on straight line method.
- * Rs. 3 000 of debtors should be written off as bad debts.

Required:

- (a) The statement of Profit and Loss for the year ended 31.12.2015 (04 marks)
 (b) The statement of Financial Position as at 31.12.2015 (04 marks)
 (Total 12 marks)

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