

புரளி கிரேடு/பழைய பாடத்திட்டம்/Old Syllabus

OLD
இலங்கைப் பரீட்சைத் திணைக்களம்
Department of Examinations, Sri Lanka
60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2017 දෙසැම්බර්
 கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2017 டிசெம்பர்
 General Certificate of Education (Ord. Level) Examination, December 2017

வியாபார நா ிஜ்ஞிகரண அபவசயதவ	I, II
வணிகக் கல்வியும் கணக்கீடும்	I, II
Business and Accounting Studies	I, II

பேரூர்
மூன்று மணித்தியாலம்
Three hours

Business and Accounting Studies I

Note :

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

- Answer the questions No. 1 to 4 paying attention to the following case.

Shakthi, who is conducting a business as 'Shakthi Constructions' which build residences, received the best constructor award of the year 2016. Shakthi uses bricks only produced by himself for his constructions.

- What is the basic human need satisfied by the business of 'Shakthi Constructions' in this case?
(1) Food (2) Clothing (3) Housing (4) Education
- To what type of business organization does the business of 'Shakthi Constructions' in this case belong?
(1) Sole proprietorship (2) Partnerships
(3) Incorporated companies (4) Societies
- The bricks production business of Shakthi is
(1) a primary production business. (2) a secondary production business.
(3) a tertiary production business. (4) a service production business.
- Select the correct statement about the business of 'Shakthi Constructions' in this case.
(1) Registration the name of this business is not compulsory.
(2) The cost of bricks in this business is a direct production cost.
(3) This business has a legal entity.
(4) The liability of Shakthi related to this business is limited.
- Select the answer which shows a economic environmental factor.
(1) Bank interest rate
(2) Celebration of world children day
(3) Celebration of Sinhala and Tamil new year festival
(4) Company act
- Completion of a Master Degree on Business Management by the owner of a business is
(1) a strength to his business. (2) a weakness to his business.
(3) an opportunity to his business. (4) a threat to his business.
- Which of the following is **not** an attribute of a limited company?
(1) Having a limited liability
(2) Having a legal entity
(3) Not having a going concern
(4) Separation of ownership from the control

[see page two

8. Following is a Magnetic Ink Character Recognition of a cheque.



The numbers related to the letters A and C above indicate, in correct order,

- (1) Account Number and Bank Branch Code. (2) Bank Code and Account Number.
(3) Cheque Number and Bank Branch Code. (4) Cheque Number and Bank Code.

● Answer the questions No. 09 to 11 using the following information.

Following are the estimated expenses of a business for the month of January 2018 which is expected to produce and sell identical school bags.

* Indirect material cost	Rs. 5 000
* Indirect labour cost	Rs. 8 000
* Indirect other expenses	Rs. 7 000
* Total production cost	Rs. 48 000

The number of school bags expected to be produced during the month of January is 80. The expected selling price of a school bag is Rs. 800.

9. How much is the estimated primary cost for the month of January?

- (1) Rs.20 000 (2) Rs.28 000 (3) Rs.48 000 (4) Rs.68 000

10. How much is the estimated cost of a school bag?

- (1) Rs.250 (2) Rs.350 (3) Rs.600 (4) Rs.850

11. How much is the expected profit from a school bag?

- (1) Rs.50 (2) Rs.200 (3) Rs.350 (4) Rs.450

12. When a crossed cheque received in Sepala's name was presented to be deposited in his current account in people's bank Galle, the bank officer informed that it **cannot** be deposited.

What is the crossing indicated in the cheque?

- (1) (2) (3) (4)

● Answer the questions No. 13 and 14 using the following information.

Sandun insured his motor vehicle which is valued at Rs.1 000 000 on the same amount. In an accident Rs.400 000 worth damage occurred to the motor vehicle. Sandun claimed Rs.1 000 000 compensation for the damage from the insurance company.

13. How much is the compensation Sandun received from the insurance company?

- (1) Rs.400 000 (2) Rs.600 000 (3) Rs.1 000 000 (4) Rs.1 400 000

14. What is the term used in insurance for Sandun in the above case?

- (1) Insurer (2) Insured (3) First party (4) Third party

15. An e-mail is an

- (1) Internal, Electronic, Verbal Communication method.
(2) External, Electronic, Verbal Communication method.
(3) External, Electronic, Sign Communication method.
(4) External, Electronic, Written Communication method.

16. Principal of a school sent a letter to the parents to inform a special meeting.

Select the answer which shows the sender, the mode and the receiver in the above communication process respectively.

- (1) The principal, Written, Parents (2) The principal, Letter, Parents
(3) Parents, Written, The principal (4) Parents, Letter, The principal

[see page three]

17. While the colombo port is^①..... of the element of transportation, the Neveska Lady Ship which arrived in the colombo port is^②..... of the element of transportation.

Select the answer that shows the suitable terms to ① and ② in the above statement in correct order.

- (1) the mode, the terminal (2) the terminal, the mode
(3) the terminal, the power (4) the way, the mode
18. A return **not** received from investing in ordinary shares is
(1) dividend income. (2) interest income.
(3) voting right. (4) capital gains.
19. From the following source of investments select the one with the lowest risk.
(1) Treasury bills (2) Savings deposits
(3) Fixed deposits (4) Ordinary shares
20. The deposit account which does **not** received an interest is
(1) Fixed deposits. (2) Savings deposits.
(3) Demand deposits. (4) Certificate of deposits.
21. Following is a transaction occurred in a business.
* Purchasing a stock of goods of Rs. 50 000 in cash
Because of this transaction in the business
(1) only the assets change.
(2) only the liabilities change.
(3) only the assets and liabilities change.
(4) assets, liabilities and equity all change.
22. Out of the following transactions, which does **not** affect the equity?
(1) Paying Rs.400 rate in cash
(2) Receiving Rs.500 additional income in cash
(3) Paying Rs.5000 to creditors by the owner from his own money
(4) Paying Rs.2000 accrued electricity expenses in cash
- Answer the questions No. 23 and 24 using the following information.
* Thisara business purchased a stock of goods at a cost of Rs. 20 000 on credit. Then 10% trade discount was deducted. Further 10% cash discount was received when paying money.
23. What is the net impact on assets when the above transactions of Thisara business was recorded in the accounting equation?
(1) Decreasing by Rs.1 800 (2) Increasing by Rs.1 800
(3) Decreasing by Rs.18 000 (4) Increasing by Rs.20 000
24. What is the correct double entry related to the cash payment of Thisara business?
(1) Creditors a/c Dr. Rs. 18 000 (2) Creditors a/c Dr. Rs. 20 000
Cash a/c Cr. Rs. 18 000 Cash a/c Cr. Rs. 20 000
(3) Creditors a/c Dr. Rs. 18 000 (4) Creditors a/c Dr. Rs. 20 000
Cash a/c Cr. Rs. 16 200 Cash a/c Cr. Rs. 18 000
Discount received a/c Cr. Rs. 1 800 Discount received a/c Cr. Rs. 2 000
25. While the sales account in the ledger of a business is^①..... account and drawings account is^②..... account.
Select the answer that shows the suitable terms to ① and ② in the above statement in correct order.
(1) an income, an equity (2) an income, an expense
(3) a liability, an equity (4) an equity, an expense
26. Out of the following, select the transaction that should be recorded in the General Journal.
(1) Obtaining Rs.2000 in cash by the owner for personal use
(2) Written off of Rs.2000 from the debtors as bad debts
(3) Purchasing a machine for Rs.100 000 in cash for the use of business
(4) Purchasing a stock of good of Rs.10 000 to the business on credit

- Answer the questions No. 27 and 28 using the following information.

* The bank balance in the cash account as at 30th September 2017 was Rs.14 100. The balance of the bank statement was differed on that day due to following reasons.

A - Cheques deposited but not realized were Rs.8 000

B - Direct remittances received to bank from debtors were Rs.2 500

C - Insurance payment on standing orders was Rs.3 500

27. From the above, which caused the increase in the bank balance in the cash account more than the balance in the bank statement?

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

28. The adjusted bank balance in the cash book as at 30th September 2017 is

(1) Rs.5 100. (2) Rs.10 600. (3) Rs.13 100. (4) Rs.16 600.

29. The amount of petty cash imprest of Sarana's business was Rs.3 000. The petty cash expenses during the month of September 2017 was Rs.2 800. On 1st October Rs.3 300 has been reimbursed. Select the correct statement with regard to the petty cash of Sarana's business.

(1) The value of the petty cash imprest for the month of October was Rs.3 500.

(2) The balance amount with the petty cashier as at 30th September is Rs.500.

(3) The petty cash expense for the month of September was Rs.3 300.

(4) Increase of the petty cash imprest from October was Rs.300.

30. On 01.01.2015 a machine was purchased for Rs.600 000. The effective lifetime of the machine was 5 years. At the end of the life time the scrap value of the machine was Rs.100 000. How much the accumulated depreciation on the balance sheet as at 31.12.2016?

(1) Rs.100 000 (2) Rs.120 000 (3) Rs.200 000 (4) Rs.240 000

31. Insuring the building of the business on 01.07.2016 Rs.18 000 has been paid on the same day as annual insurance fee.

Select the correct statement related to the above transaction.

(1) Insurance fee indicated in the profit and loss account for the year ended 31.12.2016 is Rs.18 000.

(2) Accrued insurance fee as at 31.12.2016 is Rs.9 000.

(3) Current liabilities as at 31.12.2016 is Rs.9 000.

(4) Prepaid insurance fee as at 31.12.2016 is Rs.9 000.

- Answer the questions No. 32 and 33 using the following information.

* The double entry which records the discounts allowed to a debtor of Rs.1 200 of a business is as follows.

Discounts allowed a/c

Dr. Rs.2 100

Debtors a/c

Cr. Rs.2 100

32. Because of the above entry,

(1) the total of the debit and credit columns of the trial balance are not equal.

(2) the debit balance of Rs. 900 occurs in suspense account.

(3) discounts allowed Rs.900 has been recorded in relevant accounts in excess.

(4) discounts allowed Rs.900 has been recorded in incorrect sides of the relevant accounts in excess.

33. The double entry to rectify the above error is

(1) Debtors a/c

Dr. Rs. 900

(2) Discounts allowed a/c

Dr. Rs. 900

Discounts allowed a/c

Cr. Rs. 900

Debtors a/c

Cr. Rs. 900

(3) Discounts allowed a/c

Dr. Rs. 1 200

(4) Debtors a/c

Dr. Rs. 2 100

Debtors a/c

Cr. Rs. 1 200

Discounts allowed a/c

Cr. Rs. 2 100

34. The number of members in Supiri Sports Association as at 01.01.2016 were 200. The monthly membership fee per member is Rs. 50. For the year 2016, 30 members have not paid their membership fee.

Select the **incorrect** statement with regard to the above sports association.

(1) The membership fee income indicated in the income and expenditure account for the year 2016 was Rs.120 000.

(2) The membership fee indicated in the receipts and payments account for the year 2016 was Rs.102 000.

(3) Monthly membership fee income is Rs.10 000.

(4) The membership fee to be received for the year 2016 is Rs.1 500.

[see page five]

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

Following are the financial statements prepared for the year ended 31.12.2016 by a trainee accounts clerk of Sumudu's business which was started on 01.01.2016 by employing Rs.330 000.

Trading and Profit and Loss Account

	Rs.	Rs.
Income		
Sales	250 000	
Discounts received	3 000	
		253 000
Expenses		
Purchases	160 000	
Carriage inwards	5 000	
Advertising Expenses	10 000	
Rent	12 000	
Bank loan interest	6 000	
Electricity charges	2 500	
Discounts allowed	1 000	
		(196 500)
Net Profit		56 500

Balance Sheet

	Rs.
Assets	
Motor vehicle	300 000
Furniture	100 000
Debtors	30 000
Cash balance	45 000
	475 000
Equity and Liabilities	
Capital	330 000
Net Profit	56 500
Bank Loan	50 000
Creditors	36 000
Accrued bank loan interest	2 500
	475 000

35. The cost of sales of the business for the year ended 31.12.2016 is
 (1) Rs. 160 000. (2) Rs. 165 000. (3) Rs. 196 500. (4) Rs. 253 000.
36. The gross profit of the business for the year ended 31.12.2016 is
 (1) Rs. 85 000. (2) Rs. 88 000. (3) Rs. 90 000. (4) Rs. 93 000.
37. The total of establishment and administration expenses of the business indicated in the trading and profit and loss account for the year ended 31.12.2016 is
 (1) Rs. 11 000. (2) Rs. 12 000. (3) Rs. 14 500. (4) Rs. 31 500.
38. Select the answer which shows a current asset and a current liability of this business as at 31.12.2016 respectively.
 (1) Debtors, Accrued loan interest (2) Cash balance, Bank loan
 (3) Furniture, Creditors (4) Creditors, Cash balance
39. The increase of the equity of this business from 01.01.2016 to 31.12.2016 is
 (1) Rs. 45 000. (2) Rs. 56 500. (3) Rs. 330 000. (4) Rs. 386 500.
40. Select the answer which shows the total assets and total liabilities of this business as at 31.12.2016 respectively.
 (1) Rs. 475 000 and Rs. 475 000 (2) Rs. 386 500 and Rs. 88 500
 (3) Rs. 88 500 and Rs. 475 000 (4) Rs. 475 000 and Rs. 88 500

* *

[see page six]

புரட்சி கிரேடுகள்/பழைய பாடத்திட்டம்/Old Syllabus

இலங்கைப் பரீட்சைத் திணைக்களம் Department of Examinations, Sri Lanka இலங்கைப் பரීட்சைத் திணைக்களம்	OLD	60 E I, II
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 கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2017 டிசெம்பர்
 General Certificate of Education (Ord. Level) Examination, December 2017

வியாபார 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).

Kolitha, a planter and land owner, who holds an agricultural degree runs a banana farm using organic fertilizers. He sells his products in weekly fair and supplies fruits to the fruits sellers in the area as well.

Bhanuka who is an environmentalist is conducting a business as 'Banana Leaf' which produces, lunch boxes by processing banana leaves and banana trunks which are the waste materials of Kolitha's banana farm. Bhanuka sells his products to the canteens and to the office employees.

The assets and liabilities of 'Banana Leaf' business as at 01st of August 2017 as follows.

• Cash	Rs. 8 000
• Debtors	Rs. 5 000
• Creditors	Rs. 3 000
• Production equipment	Rs. 40 000
• Bank loan.....	Rs. 20 000

Following transactions occurred in the 'Banana Leaf' business during the month of August, 2017.

• Purchases of banana leaves and trunks - In cash	Rs. 8 000
- On credit	Rs. 12 000
• Sales of lunch boxes - In cash (units 1000)	Rs. 20 000
- On credit (units 2000)	Rs. 40 000
• Cash received from debtors	Rs. 35 000
• Cash payment to creditors	Rs. 10 000

• Following expenses had been paid for producing lunch boxes during the month of August.

* Electricity charges	Rs. 3 000
* Factory rent.....	Rs. 4 000
* Transportation cost.....	Rs. 3 600
* Helper's salary.....	Rs. 5 000

- production equipment are depreciated at 12% annually on the opening balance of the month of August.
- No remaining stock as at 31st August 2017.

Due to the ban imposed from 1st of September 2017 by the government on polythene usage there is an increasing demand for the products of 'Banana Leaf'.

- (a) What is the type of business organization that 'Banana Leaf' business belongs to ?
 (b) Write a strength that can be seen in the business of Kolitha.
- Both Kolitha and Bhanuka are involved in indirect production.
 (a) Do you agree with the above statement?
 (b) State reasons for your answer.
- 'The registration of the business name of 'Banana Leaf' is compulsory.
 (a) Do you agree with the above statement?
 (b) State reasons for your answer.

- (iv) (a) Into which business environment does the imposing a ban by the government on polythene usage belong to?
 - (b) Write a direct expense and an indirect expense in 'Banana Leaf' business.
 - (v) Write an example each for primary production business and secondary production business included in this case.
 - (vi) (a) How much is the equity of 'Banana Leaf' business as at 01st of August 2017?
 - (b) Name **two** prime entry books maintained by the 'Banana Leaf' business.
 - (vii) (a) Write the journal entry relevant to recording the depreciation of production equipment for the month of August 2017.
 - (b) How much is the net value of production equipment as at 31st August 2017?
 - (viii) Calculate the cash balance of the 'Banana Leaf' business as at 31st August 2017 by preparing the cash account for the month of August 2017.
 - (ix) Write:
 - (a) a current asset and
 - (b) a current liability
 with values as at 31st August 2017 of the 'Banana Leaf' business.
 - (x) State the basic accounting equation of 'Banana Leaf' business with values as at 31st August 2017.
- (02 × 10 = 20 marks)

Part I - Business Studies

(Answer **two** questions only.)

2. (i) What is a human want? (02 marks)
- (ii) (a) Write **two** external environmental factors of a business.
- (b) Currently there is a trend of increasing the aged population. What is the external environmental factor that can be deducted from this statement? (02 marks)
- (iii) State whether the following statements are **true** or **false**.
 - (a) Things that man should necessarily fulfil in order to exist are human needs.
 - (b) Production basically classified as primary, secondary and tertiary.
 - (c) A person produces what he needs by himself, it is called as indirect production.
 - (d) The liability of shareholders of a limited company is limited to the capital invested by them.(02 marks)
- (iv) There is a high demand for the curd supplied by National Livestock Development Board (NLDB) that are sold in Samagi canteen conducted by the employees of Sri Lanka Telecom PLC.
Write an example each for A, B, C and D below from the above case.
 - A - Service providing businesses
 - B - Public sector businesses
 - C - Societies
 - D - Not for Profit Organizations(02 marks)
- (v) Sunimal conducts a business to sell shoes that are produced by using processed leather.
 - (a) What is the human need satisfied by the Sunimal's business?
 - (b) The shoe production business of Sunimal belongs to primary production.
 Do you agree with this statement? State reasons for your answer.

(02 marks)

(Total 10 marks)
3. (i) What is a cheque? (02 marks)
- (ii) (a) Write **two** principles of insurance.
- (b) Explain the difference between Insurance and Assurance. (02 marks)
- (iii) State whether the following statements are **true** or **false**.
 - (a) A bank which lends money on jewellery can insure the pawned jewellery.
 - (b) The feedback is not essential to complete the communication process.
 - (c) The permission given by the bank to withdraw money exceeding the balance in the savings account is the bank overdraft facility.
 - (d) In insurance, the party which accepts the risk is called the insured.(02 marks)
- (iv) (a) "Business activities become efficient by expanding the Colombo port."
Name the element of transportation which is directly related to the above statement.
- (b) Sumathipala purchases potatoes in large scale from Ramachandran who is a potato farmer in Jaffna, and sells them to Piyal who is a trader in weekly fair.
Show the distribution process relevant to the above case by using a diagram. (02 marks)

- (v) Tharanga Perera who conducts a textile business, issued a cheque on 01.10.2017 for Rs. 8 500 to Gamini Silva for purchasing a stock of textile.

A format of a cheque is given below.

Drawee's Name Type of Business Address Telephone No. Bank Name Branch Name Account No. Date of Issue Signature of Drawee	BOC Bank of Ceylon HANSHASANA	Date D M Y Y Y Y 0 1 1 0 2 0 1 7
	Pay to the order of Payable in full Payable in part Payable by cash Payable by cheque Payable by bank transfer Payable by other means	Payable in full Payable in part Payable by cash Payable by cheque Payable by bank transfer Payable by other means
015129 70100550 0002121980		

- (a) Selecting from the above case write the information that should be written on (A), (B), (C) and (D) in the above format of the cheque.

- (b) State the drawer and drawee in the above cheque separately.

(02 marks)

(Total 10 marks)

4. (i) What is meant by a portfolio?

(02 marks)

- (ii) (a) Write **two** financial sources.

- (b) Write **two** benefits of investing in treasury bills.

(02 marks)

- (iii) State whether the following statements are **true** or **false**.

- (a) One of the main objectives of the Securities and Exchange Commission Sri Lanka is to maintain the share market in fair and orderly manner.

- (b) When the risk of an investment increases expected return also increases.

- (c) According the type of the business organization, the sources of finance also change.

- (d) Return is the main factor that should be considered when selecting a source of financing.

(02 marks)

- (iv) Nisala has invested Rs. 100 000 in a ordinary shares each at Rs. 50. After six months, he sells all shares for Rs. 120 000. During the period of investment he received Rs. 3 per share as dividends.

- (a) What is the term used for the return that received by buying shares for Rs. 100 000 and selling them for Rs. 120 000?

- (b) How much the total dividends income received by Nisala?

(02 marks)

- (v) Bandara, who does not like to take high risks and expects to retire next month, is considering following two investments to invest his employee provident fund (EPF).

1. Investing in senior citizen's fixed deposits account at 15% annual interest rate.

2. Investing in ordinary shares in stock market at 25% annual expected returns.

- (a) Out of the above investments, which one would you recommend for Bandara to invest?

- (b) State the reasons for selecting the above investment.

(02 marks)

(Total 10 marks)

Part II - Accounting

(Answer two questions only.)

5. (i) Write the double entry for the following transactions.
 (a) Withdrawing Rs. 2000 for the personal use by the owner
 (b) Purchasing a motor vehicle for Rs. 500 000 on credit from Auto Traders for the use of business
 (02 marks)
- (ii) Following shows the balances of assets, liabilities and equity of a business as at 01.01.2017 and how the transactions that took place during the first week of January were recorded on the accounting equation.

		Assets (Rs.)	=	Equity (Rs.)	+	Liabilities (Rs.)
01.01.2017	Balance	200 000	=	150 000		50 000
	(1)	+ 25 000 (Cash)	=	-		+ 25 000 (Bank loan)
	(2)	- 10 000 (Stock)	=	+ 5 000 (Profit)		-
		+ 15 000 (Debtors)				
	(3)	- 7 000 (Cash)	=	- 7 000 (Rent)		-
	(4)	- 6 000 (Cash)	=	-		- 6 000 (Creditors)

Required:

- (a) Writing each of the above transaction with values
 (b) Stating separately increase or decrease of total assets and total equity during the week
 (04 marks)
- (iii) Following are the Purchase Journal and Sales Journal prepared by a business for the month of May 2017.

Purchase Journal

Date	In: No.	Supplier	Total Amount (Rs.)	L/F
5/10	005	Nalaka	4 800	
5/18	1008	Wasana	15 000	

Sales Journal

Date	In: No.	Purchaser	Total Amount (Rs.)	L/F
5/12	326	Madara	6 200	
5/26	327	Wimal	3 000	

Required:

- (a) Completing the above Purchase Journal and Sales Journal as at 31st May 2017
 (b) Recording the transactions in the above Purchase Journal and Sales Journal into Ledger Accounts
 (04 marks)
 (Total 10 marks)

6. (i) Following are certain errors occurred in accounting.
 A - Credit sales of Rs. 4500 has been recorded in the sales journal as Rs. 5400.
 B - Paid rate Rs. 1200 has been recorded only in cash account.
 C - The balance of the electricity expenses account Rs. 8 000 has not been extracted to the trial balance.
 D - Purchase invoice of Rs. 6000 has been completely omitted from the books.
 E - Paid insurance Rs. 2500 has been debited to rate account.
 F - Discounts allowed Rs. 1300 has been recorded as Rs. 3 100 in relevant debtors account.

Required:

Write separately,

- (a) Errors that do not affect the agreement of the trial balance
 (b) Errors that affect the agreement of the trial balance
 (c) Writing the journal entries to rectify the error A and B in the above
 (04 marks)

- (ii) The bank account prepared by a business and bank statement received from the bank for the month of September 2017 are as follows.

Bank Account

Date	R.N	Description	L/F	Amount (Rs.)	Date	V.N	Description	L/F	Amount (Rs.)
9/01		Balance		18 500	9/07		Creditors 667615		3 000
9/10		Cheque deposit 562518		9 000	9/10		Rent 667616		4 000
9/22		Cheque deposit 336215		16 000	9/28		Purchases 667617		20 000
					9/30		Balance c/d		16 500
				43 500					43 500

Bank Statement

Date	Description	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
9/01	Balance			18 500
9/08	667615	3 000		15 500
9/11	Cheque deposit 562518		9 000	24 500
9/12	667616	4 000		20 500
9/25	Direct remittances		8 000	28 500
9/30	Standing order (Insurance)	5 000		23 500

Required:

- (a) Adjusting the balance in the bank account as at 30.09.2017
 (b) Bank reconciliation statement as at 30.09.2017

(06 marks)
 (Total 10 marks)

7. Trial balance of Ranga's trading business as at 31.12.2016 is as follows.

	Debit (Rs.)	Credit (Rs.)
Capital		200 000
Distribution vehicles (at cost)	250 000	
Distribution vehicles - provision for depreciation (as at 01.01.2016)		30 000
Stock (as at 01.01.2016)	35 000	
12% Bank loan		50 000
Insurance charges	12 000	
Sales		220 000
Purchases	170 000	
Debtors	30 000	
Creditors		40 000
Discounts received		4 000
Discounts allowed	2 500	
Bank loan interest	4 000	
Bad debts	1 000	
Electricity charges	1 500	
Rate	2 000	
Administrative expenses	6 000	
Cash balance	30 000	
	<u>544 000</u>	<u>544 000</u>

Additional Information:

- * Stock as at 31.12.2016 is Rs. 28 000.
 * Distribution vehicle should be depreciated annually at 10% on straight line method.
 * Prepaid insurance as at 31.12.2016 is Rs. 2 000.

Required:

- (i) Trading and Profit and Loss Account for the year ended 31.12.2016 (05 marks)
 (ii) Balance Sheet as at 31.12.2016 (05 marks)

(Total 10 marks)