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இலங்கைப் பரீட்சைத் திணைக்களம்
Department of Examinations, Sri Lanka

60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2023 (2024)
கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2023 (2024)
General Certificate of Education (Ord. Level) Examination, 2023 (2024)

ව්‍යාපාර හා ගිණුම්කරණ අධ්‍යයනය I, II
வணிகக் கல்வியும் கணக்கீடும் I, II
Business and Accounting Studies I, II

පැය තුනයි
மூன்று மணித்தியாலம்
Three hours

අමතර කියවීම් කාලය - මිනිත්තු 10 යි
மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள்
Additional Reading Time - 10 minutes

Use additional reading time to go through the question paper, select the questions and decide on the questions that you give priority in answering.

Business and Accounting Studies I

Instructions:

✻ *Answer **all** questions.*

✻ *In each of the questions* **1** *to* **40**, *pick one of the alternatives* (1), (2), (3), (4) *which is **correct or most appropriate**.*

✻ ***Mark a cross*** (X) ***on the number corresponding to your choice in the given answer sheet.***

✻ *Further instructions are given on the back of the answer sheet. Follow them carefully.*

● Answer the questions No. **1** to **5** using the following case.

Damitha and Amitha, studying at Gurualla Vidyalaya, went to Sisil cool spot with their teacher to have fruit juice and fulfil their thirst while doing sports practices. Amal runs the Sisil cool spot in a rented building at Gurualla Trade centre. Amal buys fruits to prepare fruit juice from Haritha farm where fruits are grown only using organic fertilizer.

1. Select the answer that shows a need and a want included in the above case respectively.
(1) Education, Gurualla Trade centre
(2) Gurualla Vidyalaya, Education
(3) Sport practices, Health
(4) Food, Fruit juice

2. An example for capital, a production factor of Sisil cool spot is
(1) the rented building in which Sisil cool spot is run.
(2) the playground which is situated near Sisil cool spot.
(3) Haritha farm, which provides fruits to the Sisil cool spot.
(4) the fresh fruits which are used for fruit juice by Sisil cool spot.

3. What is the type of business organization that Sisil cool spot belongs to?
(1) Sole proprietorship
(2) Partnership
(3) Incorporated companies
(4) State departments

4. An example for the external environment factor of Gurualla Vidyalaya is
(1) Damitha.
(2) Sport teacher.
(3) Amitha.
(4) Amal.

5. Select the correct statement related to the Sisil cool Spot.
(1) Amal's liability related to Sisil cool spot is limited.
(2) Haritha farm which cultivates organic fruits is a strength to Sisil cool spot.
(3) Sisil cool spot is a stakeholder of Haritha farm where fruit is cultivated.
(4) Fruit juice sold at Sisil cool spot belongs to the promotion of marketing mix.

[see page two

6. The following table indicates some business names and types of business organizations.

Business name	Type of business organization
1. Sri Lanka Ports Authority	A - Incorporated Companies
2. Eksath sports society	B - State Corporations
3. Lak Public Limited Company	C - Partnerships
4. Gamunu and Vipula Furniture shop	D - Associations

Select the answer that the above business names are matched correctly with the types of business organizations respectively.

(1) B, D, A, C (2) B, D, C, A (3) D, B, A, C (4) D, B, C, A

7. A business for profit is
(1) Sri Lanka Railways. (2) Sri Lanka Telecom PLC.
(3) Sri Lanka Bureau of Foreign Employment. (4) University Grant Commission.

8. A drawee of a cheque is always
(1) a current account holder. (2) a licensed commercial bank.
(3) a savings account holder. (4) the Central bank of Sri Lanka.

9. Following are two statements related to the current accounts.
A - Current accounts can be opened in licensed commercial banks only.
B - A higher interest rate is given for current accounts than savings accounts.
Select the correct answer related to the above statements.
(1) Only ***A*** is true. (2) Only ***B*** is true.
(3) Both ***A*** and ***B*** are true. (4) Both ***A*** and ***B*** are false.

10. Ceylon Petroleum Corporation of Sri Lanka adjusts the fuel prices every month. What is the element of transportation implied in this statement?
(1) Way (2) Mode
(3) Power (4) Terminal

11. The manager of Araliya company has sent a purchasing order to a supplier via a fax message. Here,
(1) there is a communication process with all elements of communication.
(2) the communication method is the fax message.
(3) the recipient of the message is the manager of Araliya company.
(4) the communication medium is electronic verbal.

12. Select the answer that indicates the principles of insurance affected to life insurance.
(1) Insurable interest and utmost good faith
(2) Insurable interest and indemnity
(3) Utmost good faith and indemnity
(4) Insurable interest and contribution

- Answer the questions No. **13** and **14** using the following case.

Kumari used to buy vegetables for her weekly consumption from Rama, who grows organic vegetables in his farm and sells them door-to-door.

13. Rama and Kumari included in the above case are respectively
(1) retailer and consumer. (2) consumer and retailer.
(3) wholesaler and retailer. (4) wholesaler and consumer.

14. The variable of the marketing mix which door-to-door selling belongs to is
(1) product. (2) price.
(3) place. (4) promotion.

[see page three

15. What is the function of the management process that ringing the bell to separate periods in the school belongs to?
(1) Planning (2) Organizing
(3) Leading (4) Controlling

16. Samarasinghe invests his retirement gratuity in companies listed in the Colombo Stock Exchange. The financial benefits that Samarasinghe can receive are
(1) interest income and dividends. (2) interest income and capital gains.
(3) dividends and capital gains. (4) dividends and wages.

17. According to the double entry principle, an account recorded as increases debit decreases credit is
(1) debtors account. (2) creditors account.
(3) discounts received account. (4) capital account.

18. In a business engaged in buying and selling computers, the computers considered as non current assets are the computers which are
(1) in the stores for sale.
(2) in the shop for sale.
(3) used in office.
(4) obtained for the owner's use.

- Answer the questions No. **19** to **21** using the following case.

Following are some transactions occurred in Rohana's business during the month of January 2024.

A - Purchasing a stock of goods on credit Rs. 25 000
B - Purchasing of furniture in cash Rs. 75 000
C - Selling a stock of goods on credit Rs. 40 000 which cost Rs. 25 000
D - Paying a creditor Rs. 15 000

19. The transactions of Rohana's business that affect to assets are
(1) ***A*** and ***B*** only. (2) ***B*** and ***C*** only.
(3) ***A***, ***B*** and ***C*** only. (4) all ***A***, ***B***, ***C*** and ***D***.

20. The equity of this business as at 31.01.2024 has been increased by
(1) Rs. 15 000. (2) Rs. 25 000. (3) Rs. 40 000. (4) Rs. 65 000.

21. Total liability of Rohana's business as at 31.01.2024 was Rs. 90 000. Before the above transactions the amount of total liability of the business as at 01.01.2024 is
(1) Rs. 55 000. (2) Rs. 65 000. (3) Rs. 80 000. (4) Rs. 105 000.

22. What is the transaction that both assets and liabilities in a business decrease?
(1) Obtaining Rs. 5 000 by the owner for personal use
(2) Paying Rs. 15 000 to creditors
(3) Paying Rs. 13 000 electricity bill
(4) Purchasing a stock of goods Rs. 45 000 on credit

[see page four

- Answer question No. **23** and **24** using the following source document.

Invoice Raj Traders No. 25, Kurunegala				
Manager Vijaya Telephone Company No. 200 Wariapola				No. 1820 Date 25.02.2024
Serial No.	Description	Quantity	Unit price (Rs.)	Amount (Rs.)
01	Mobile phones Less 10% trade discount	20	15 000	300 000 (30 000) 270 000
If payment is made before 25.03.2024, discount is 5% .				*Sahan Wickramasinghe* Sales Manager

23. The prime entry book of Raj's business, where the information of the above source document is recorded is

(1) purchases journal. (2) sales journal.
(3) general journal. (4) cash book.

24. What is the double entry to record the transaction in the above source document in the books of Vijaya Telephone Company?

(1)	Purchases account Raj's account	Dr. Rs. 270 000 Cr. Rs. 270 000
(2)	Vijaya Telephone Company account Sales account	Dr. Rs. 270 000 Cr. Rs. 270 000
(3)	Vijaya Telephone Company account Sales account	Dr. Rs. 300 000 Cr. Rs. 300 000
(4)	Purchases account Raj's account	Dr. Rs. 300 000 Cr. Rs. 300 000

25. A transaction recorded in general journal of a furniture trading business is

(1) purchasing a stock of furniture Rs. 185 000 in cash.
(2) purchasing a stock of furniture Rs. 175 000 on credit.
(3) purchasing a stock of furniture Rs. 125 000 on credit for business use.
(4) purchasing a stock of furniture Rs. 75 000 in cash for business use.

26. A petty cashier of a business received Rs. 7 500 on 01.04.2024 for reimbursement of petty cash imprest. The total of the petty cash expense columns of petty cash book was Rs. 8 500 and the balance of the petty cash book was Rs. 1 500 as at 30.04.2024. The balance of the petty cash book as at 31.03.2024 is

(1) Rs. 1 500. (2) Rs. 2 500. (3) Rs. 8 500. (4) Rs. 10 000.

27. A cheque Rs. 20 000 received to the business from debtor Venura on 15.04.2024 was deposited in the bank 20.04.2024. Select the correct double entry related to the bank deposit of the cheque.

(1)	Cash account Bank account	Dr. Rs. 20 000 Cr. Rs. 20 000	(2)	Bank account Venura's account	Dr. Rs. 20 000 Cr. Rs. 20 000
(3)	Bank account Cash account	Dr. Rs. 20 000 Cr. Rs. 20 000	(4)	Cash account Venura's account	Dr. Rs. 20 000 Cr. Rs. 20 000

[see page five

28. Select the answer that includes only the items used for adjusting the balance of bank account in a business.
(1) Debtor remittances, payments on standing orders
(2) Debtor remittances, cheques deposited but not realized
(3) Cheques deposited but not realized, cheques issued but not presented to the bank
(4) Cheques issued but not presented to the bank, payments on standing orders

29. What is the transaction caused to decrease the bank statement balance than the balance in the bank account of the business?
(1) Cheques issued but not presented to the bank Rs. 10 000
(2) Cheques deposited but not realized Rs. 12 000
(3) Dividends income received directly to the bank Rs. 8 000
(4) Debtor remittances Rs. 5 000

30. In the year 2023, the total income of Rantharu Sports Society was Rs. 230 000 and the total expenses was Rs. 180 000. Accordingly for the year 2023, Rantharu Sport Society earned a
(1) surplus Rs. 230 000 (2) deficit Rs. 180 000
(3) surplus Rs. 50 000 (4) deficit Rs. 50 000

31. The annual membership fee for Sumaga children's Society is Rs. 200. Total members are 50 and 10 members have not paid membership fees for the year 2023. The membership fee included in the receipt and payment account of the society prepared for the year 2023 is
(1) Rs. 8 000. (2) Rs. 10 000. (3) Rs. 96 000. (4) Rs. 120 000.

32. Select the answer that shows the elements of total production cost.
(1) Direct material cost, direct labour cost, direct other expenses, prime cost
(2) Direct material cost, direct labour cost, direct other expenses, production overhead cost
(3) Indirect material cost, indirect labour cost, indirect other expenses, production overhead cost
(4) Direct material cost, direct labour cost, direct other expenses, production cost

- Answer question No. **33** and **34** using the following information.

Following are expenses related to the printing 500 children's books.

	Rs.
Paper and ink	150 000
Royalty per book printed	100
Wages for a machine operator	35 000
(There are two machine operators)	
Glue, thread and other materials	5 000
Supervisor's salary	25 000
Monthly electricity bill for printing section	20 000

33. The total value of indirect other expenses related to children's book production is
(1) Rs. 20 000. (2) Rs. 25 000. (3) Rs. 50 000. (4) Rs. 100 000.

34. Production cost of a children's book is
(1) Rs. 470.20. (2) Rs. 540.20. (3) Rs. 570.00. (4) Rs. 640.00.

[see page six

- Answer the questions No. **35** to **40** using the following information.

Saman started a service providing business on 01.01.2023 by investing Rs. 500 000 and purchased office equipments Rs. 320 000 from it. Some information relevant to the year ended 31.12.2023 are given below.

			Rs.
Income receipts :			
	Service income	-	230 000
	Commission income	-	75 000
Expenses payments :			
	Employee salaries	-	120 000
	Advertisement expenses	-	40 000
	Loan interest	-	2 000
	Stationery expenses	-	10 000
	Electricity expenses	-	15 000
Assets of the business as at 31.12.2023 :			
	Office equipments (at cost)	-	320 000
	Cash balance	-	50 000
Liabilities of the business as at 31.12.2023 :			
	Bank overdraft	-	10 000
	10% Bank loan	-	50 000

Additional information:

1. There is no any stocks as at 31.12.2023
2. Employees salaries Rs. 20 000 for the month of December 2023, has not been paid as at 31.12.2023.
3. Commission income Rs. 15 000 relevant to the year 2023, should be received as at 31.12.2023.
4. Office equipments should be depreciated at 10% annually.

35. Employees salaries included in the Income statement prepared for the year ended 31.12.2023 is
(1) Rs. 20 000. (2) Rs. 100 000. (3) Rs. 120 000. (4) Rs. 140 000.

36. The total of establishment and administration expenses included in the Income statement prepared for the year ended 31.12.2023 is
(1) Rs. 145 000. (2) Rs. 165 000. (3) Rs. 177 000. (4) Rs. 197 000.

37. The total of current liabilities of Saman's business as at 31.12.2023 is
(1) Rs. 3 000. (2) Rs. 20 000. (3) Rs. 33 000. (4) Rs. 83 000.

38. The total assets of Saman's business as at 31.12.2023 is
(1) Rs. 338 000. (2) Rs. 353 000. (3) Rs. 370 000. (4) Rs. 385 000.

39. The net profit of Saman's business for the year ended 31.12.2023 is
(1) Rs. 63 000. (2) Rs. 78 000. (3) Rs. 95 000. (4) Rs. 133 000.

40. Total equity of Saman's business as at 31.12.2023 is
(1) Rs. 563 000. (2) Rs. 578 000. (3) Rs. 595 000. (4) Rs. 633 000.

* *

[see page seven

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இலங்கைப் பரீட்சைத் திணைக்களம்
Department of Examinations, Sri Lanka

60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2023 (2024)
கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2023 (2024)
General Certificate of Education (Ord. Level) Examination, 2023 (2024)

ව්‍යාපාර හා ගිණුම්කරණ අධ්‍යයනය I, II
வணிகக் கல்வியும் கணக்கீடும் I, II
Business and Accounting Studies I, II

Business and Accounting Studies II

Instructions :

* *Including question* **No. 1** *answer* ***five*** *questions selecting* ***two*** *questions from each of the parts* **I** *and* **II**.
* *As instructed, answer* ***five*** *questions only. Any extra questions answered, if not struck off by the candidate himself/herself, will be crossed out by the examiner, without being marked.*

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

Amila who hails from a traditional medicinal family is an Ayurvedic doctor in Girankula village. He started a business named as 'Ayura' on 01.01.2024 by investing Rs. 800 000 in cash to produce and sell Ayurvedic medicine products for eye diseases in the Rs. 500 000 worth building given by his father. On the same day he purchased machines and equipment for Rs. 400 000. Some raw materials required to produce 'Ayura' products are bought from Girankula village. To protect the quality, raw materials are used for the production of medicine after drying them in sunlight. Following are the transactions occurred during the month ended 31.01.2024.

	Rs.
Purchases raw materials	350 000
Telephone expenses	5 000
Wages - Production employees	45 000
Sales employees	60 000
Other production expenses	30 000
Advertisement expenses	15 000
Distribution vehicle charges	150 000
Sales on credit	900 000

Additional information:

- There is no any raw materials and finished goods as at 31.01.2024.
- Machines and equipments should be depreciated at 6% annually on straight line basis.
- Monthly electricity bill Rs.10 000 was not paid as at 31.01.2024.

The orders taken from local customers via telephone, fax messages and emails are distributed by the business. A web page is being designed for online orders of foreign customers and it has been decided to obtain a direct online payment gateway to the business.

(i) (a) What is the basic human need fulfiled by the 'Ayura' business?
(b) What is the type of business organization that 'Ayura' business belongs according to the objective?

(ii) (a) Write an example each for a strength and an opportunity of 'Ayura' business.
(b) Write **two** methods of communication for electronic written communication medium included in the above case.

[see page eight

(iii) Name the production factor that each of the following items of 'Ayura' business belongs.
(a) Production employees
(b) Building of the business
(c) Sunlight used for drying raw materials
(d) Amila's business organizing ability

(iv) (a) Write an example for each planning and organizing which are the functions of management included in the above case.
(b) What is the variable of marketing mix that getting orders by online method belongs?

(v) Write the basic accounting equation with amounts in 'Ayura' business as at 01.01.2024.

(vi) For recording sales Rs. 900 000,
(a) what is the source document?
(b) what is the prime book?

(vii) (a) What is the amount of depreciation of machines and equipment included in the profit or loss account prepared for the month ended 31.01.2024?
(b) Write the double entry for recording the amount of depreciation in above (vii) (a).

(viii) (a) Write **two** expenses with amounts included in the prime cost of 'Ayura' products.
(b) Write **two** selling and distribution expenses with amounts in 'Ayura' business.

(ix) Calculate the profit or loss of 'Ayura' business for the month ended 31.01.2024.

(x) (a) What is the total amount of non current assets of 'Ayura' business as at 31.01.2024?
(b) What is the equity of 'Ayura' business as at 31.01.2024?

(02 × 10 = 20 marks)

Part I - Business Studies

(Answer **two** questions only.)

2. (i) Write **two** characteristics of a Sole proprietorship business. (02 *marks*)

(ii) State whether the following statements are **true** or **false**.
(a) According to the ownership, business organizations are classified as private and public sectors.
(b) By studying internal environmental factors, business opportunities and strengths are identified.
(c) The premises of business building always belongs to the production factor, land.
(d) The owner of a business is entitled to unlimited liability irrespective of the type of business organization. (02 *marks*)

(iii) Following are two types of businesses.
A – National Hospital Colombo
B – Sumaga Driving School
(a) What are the human needs fulfiled by the above ***A*** and ***B***?
(b) Categorize the above ***A*** and ***B*** businesses according to the nature of the product. (02 *marks*)

(iv) Aravinda who owns a large scale supper market network, has decided to use Artificial Intelligence and Robotics to fix the discounts by identifying customers' needs.
(a) What is the type of business organization that super market in the above case belongs?
(b) Write a technological environmental factor included in the above case. (02 *marks*)

(Total 08 marks)

3. (i) Write **two** differences between property insurance and life insurance. (02 *marks*)

(ii) State whether the following statements are **true** or **false**.
(a) To obtain bank overdraft facilities, having a savings account in a commercial bank is required.
(b) An email is an internal as well as external communication method in a business.
(c) The principle of indemnity is not relevant to life insurance.
(d) Jaffna railway station is an example for the element of transportation, terminal. (02 *marks*)

[see page nine

(iii) Amara who runs a garment factory has issued a cheque Rs. 100 000 to Sarath for the raw materials purchased. While Amara maintains his current account in People's Bank, Sarath in Bank of Ceylon.

(a) Name the drawee and the drawer of the cheque included in the above case.

(b) Write **two** actions that Sarath can do related to the cheque received from Amara.

(02 *marks*)

(iv) A customer gave a telephoe call to Deepal, the manager of bag production business ordering 50 bags. Having accepted the order, Deepal confirmed to supply the bags within two days.

Write examples for each element of communication, in the communication process included in the above case.

(02 *marks*)

(Total 08 marks)

4. (i) What is a 'target market'? (02 *marks*)

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

(a) High risk implies in investments expected with high return.

(b) Discounts offered by a business belong to the variable of price in the marketing mix.

(c) The first function in the management process is organizing.

(d) Treasury bills are issued to fulfil long term capital requirements of the government.

(02 *marks*)

(iii) Following are the statements related to a proposed warm protected water bottle introduced by a marketing manager.

A – The height of the bottle is 15 cm and the colour is green.

B – The initial introduction is occured near schools.

C – Price includes 10% profit margin on cost.

D – Advertisement is done via television.

Write variables of marketing mix related to each statements *A*, *B*, *C* and *D*. (02 *marks*)

(iv) Ruvini intends to invest her savings in the following investments.

A – Listed companies in the Colombo Stock Exchange

B – A fixed deposit in a government bank

C – A savings deposit in a government bank

D – To buy jewellery

(a) If Ruvini expects to get capital gains, what is the investment you recommend?

(b) If Ruvini expects to get a fixed monthly interest what is the investment you recommend?

(02 *marks*)

(Total 08 marks)

Part II - Accounting

(Answer **two** questions only.)

5. (i) What is 'Accounting'? (02 *marks*)

(ii) State the type of account each of the following accounts belongs.

(a) Debtors account

(b) Drawings account

(c) Sales account

(d) Bank loan account (02 *marks*)

[see page ten

(iii) (a) Sahan started a business by investing Rs. 100 000 on 01.01.2024. Write the accounting equation of Sahan's business after this transaction.

(b) The accounting equation of Sahan's business mentioned in above (iii) (a) changed as given below after one transaction.

Assets	=	**Equity**	+	**Liabilities**
Rs. 200 000		Rs. 100 000		Rs. 100 000

Cash in asset increased by Rs. 100 000 through this transaction. Write the transaction occurred.

(c) Some transactions occurred in Pubudu's business are given below.

1. **Purchasing a stock of goods Rs. 10 000 on credit**
2. Receiving from a debtor Rs. 20 000
3. Selling a stock of goods Rs. 50 000 on credit which cost Rs. 35 000

Indicate how the above transactions impact on the accounting equation of Pubudu's business. (To answer, use a format similar to one given below. The impact of the first transaction has been given.)

Transaction No.	Assets	Equity	Liabilities
1	**Increase**	**–**	**Increase**
2			
3			

(04 *marks*)

(iv) The balance of cash book in Suran's business as at 01.03.2024 was Rs. 15 800. The information relevant to the cash transactions in the month of March 2024 is given below.

Date	Receipt No.	Voucher No.	Description
05.03.2024	15	-	Selling goods in cash Rs. 35 000
10.03.2024	-	24	Purchasing furniture Rs. 60 000
17.03.2024	16	-	Receiving from a debtor Rs. 45 000
29.03.2024	-	25	Paying electricity bill Rs. 15 000

Required:

Preparing the cash book of Suran's business and indicating the cash balance as at 31.03.2024.

(04 *marks*)

(Total 12 marks)

6. (i) Following are two reasons to differ closing balances of bank account of the business and the bank statement.

1. Cheques issued but not presented to the bank
2. Cheques deposited but not realized

State whether because of each of the above reasons increase or decrease the balance of bank account of the business.

(02 *marks*)

(ii) Write an example for the type of cost, relevant to each of the following product.

No	Product	Type of cost	Example
1	Bread	Direct material cost	....
2	School uniform	Direct labour cost	....

(02 *marks*)

[see page eleven

(iii) Following are the information of Nimanthi's floor mats sewing business for the month of April 2024.

	Rs.
Purchasing of cut pieces cloth	60 000
Purchasing a sewing machine on credit (This is depreciated at 10% annually)	120 000
Purchasing thread, needles and other material	2 000
Paying wages to floor mats sewer	40 000
Paying wages to cleaner of sewing place	10 000
Paying electricity bill of the month of April	5 000
Paying monthly rent of the business	8 000

- The cost of production per floor mat is Rs. 126.

Required :

(a) Production cost statement for the month of April 2024

(b) Number of floor mats produced during the month of April 2024 (04 *marks*)

(iv) Following is the bank reconciliation statement prepared by a trainee accounts clerk in a business as at 31.03.2024.

Bank reconciliation statement

		Rs.	Rs.
Bank account balance as at 31.03.2024			33 000
Add:	Direct remittances of debtors	13 000	
	Cheques deposited but not realized	24 000	37 000
			70 000
Less:	Bank loan installment	5 000	
	Charges of cheque books	1 000	
	Cheques issued but not presented	15 000	(21 000)
Balance as bank statement			49 000

Required :

(a) Adjusting bank account balance as at 31.03.2024

(b) Preparing the correct bank Reconciliation statement as at 31.03.2024 (04 *marks*)

(Total 12 marks)

7. (i) Write **two** items that are recorded as credit in Receipt and Payment account but **not** included in Income and Expenditure account in a not for profit organization. (02 *marks*)

(ii) The following are some information extracted from accounts books prepared for the year ended 31.12.2023 in Dilena Tharu Sports Club.

Receipts during the year	**Payments during the year**
Membership fees Rs. 30 000	Maintaining the pavilion Rs. 12 000
Donations Rs. 10 000	Electricity charges Rs. 8 000

Additional information :

- Membership fees receivable Rs. 2 000 as at 31.12.2023
- Electricity charges to be paid Rs. 6 000 as at 31.12.2023

Required :

Writing **four** items with amounts that should be included in the Income and Expenditure account prepared for the year ended 31.12.2023 in Dilena Tharu Sports Club. (02 *marks*)

[see page twelve

(iii) Following is the trial balance of Duminda's retail trading business as at 31.12.2023.

	Debit (Rs.)	Credit (Rs.)
Purchases	380 000	
Sales		550 000
Stocks as at 01.01.2023	80 000	
Carried inwards	10 000	
Debtors	190 000	
Creditors		244 000
10% Bank loan		100 000
Paid bank loan interest	6 000	
Distributing vehicles (at cost)	400 000	
Provision for depreciation of distributing vehicles (as at 01.01.2023)		40 000
Furniture and equipment (at cost)	120 000	
Electricity charges	60 000	
Advertisement expenses	44 000	
Cash balance	44 000	
Capital		400 000
	334 000	1 334 000

Additional information :

- Stock at 31.12.2023 is Rs. 88 000.
- Distributing vehicles by 5% and furniture and equipment by 10% are depreciated annually on straight line method.

Required:

(a) The statement of Profit or Loss of Duminda's business for the year ended 31.12.2023 (04 *marks*)

(b) The statement of Financial Position of Duminda's business as at 31.12.2023 (04 *marks*)

(Total 12 marks)

* * *

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Department of Examinations – Sri Lanka

G.C.E. (O/L) Examination – 2023 (2024)

60 - Business and Accounting Studies

Marking Scheme

This document has been prepared for the use of Marking Examiners. Some changes would be made according to the views presented at the Chief Examiner's Meeting.

Amendments are to be included.

Department of Examinations - Sri Lanka
National Evaluation and Testing Service

G.C.E. (O/L) Examination - 2023 (2024)

60 - Business and Accounting Studies

Total marks

Paper I	-	01 x 40 marks	**40 marks**
Paper II	-	Question number 01 is compulsory	**20 marks**

Part I - Business Studies

Question no. 02 - 08 marks
Question no. 03 - 08 marks
Question no. 04 - 08 marks

For any 02 Questions
2 x 8 = 16 marks

Part II - Accounting

Question no. 05 - 12 marks
Question no. 06 - 12 marks
Question no. 07 - 12 marks

For any 02 Questions
2 x 12 = 24 marks

Total Marks 60

Calculating final marks

Total Marks for Paper I	=	**40**
Total Marks for Paper II	=	**60**
Final Marks	=	**100**

G.C.E.(O/L) EXAMINATION - 2023 (2024)
Common Techniques of Marking Answer Scripts.

It is compulsory to adhere to the following standard method in marking answer scripts and entering mark sheets.

1. Each Assistant Examiner should use red colour ball-point pen for marking answer scripts.
2. A purple colour ball-point pen should be used by Chief Examiners.
3. Code number of the Assistant Examiner should be noted down on front page of each answer script. Enter marks in **clear numerals.**
4. Write off incorrectly written numerals with a clear single line and authenticate the alterations with Examiner's initial.
5. Enter the marks of each subsection of a question as a rational number in the given space of Δ and the final marks of each question should be entered as a total rational number in the given space of □ by denoting respective question number as well. Use the column assigned for the Examiners to write marks.
6. Evaluation Mark Finalizer should use blue or black colour pen to verify the accuracy of the marks.

Example: **Question No. 03**

(i) .... √ $\frac{4}{5}$

(ii) .... √ $\frac{3}{5}$

(iii) .... √ $\frac{3}{5}$

03 (i) $\frac{4}{5}$ + (ii) $\frac{3}{5}$ + (iii) $\frac{3}{5}$ = $\boxed{\frac{10}{15}}$
(ii)

MCQ answer scripts: (Template)

1.
   i. Mark the correct options on the template according to the Marking Scheme.
   ii. Cut off the marked windows with a blade.
   iii. Cut off the cages for Index Number and the number of correct options so as to be able to keep the template correctly on the answer script.
   iv. Cut off a blank space to the right of each options column to mark the answers.
   v. Cut off the cages for the subject number and the subject to be clearly visible.
   vi. **Submit the prepared template to the Chief Examiner for approval.**

2. Then, check the answer scripts carefully. If there are more than one or no answers marked to a certain question write off the options with a line. Sometimes candidates may have erased an option marked previously and selected another option. In such occasions, if the erasure is not clear write off those options too.

3. Place the template on the answer script correctly. Mark the right answers with a '√' and the wrong answers with a 'X' against the options column. Write down the number of correct answers inside the cage given under each column. Then, add those numbers and write the number of correct answers in the relevant cage.

Structured essay type and essay type answer scripts:

1. Cross off any pages left blank by candidates. **Underline wrong or unsuitable answers and write cross mark. Point-out areas by a check mark, where marks can be offered.**
2. Use the right margin of the overland paper to write down the marks.
3. Write down the marks given for each question against the question number in the relevant cage on the front page in **two digits.** Selection of questions should be in accordance with the instructions given in the question paper. Mark all answers and transfer the marks to the front page, and write off answers with lower marks if extra questions have been answered against instructions.
4. Add the total marks carefully and write in the relevant cage on the front page. Turn pages of answer script and add all the marks given for all answers again. Check whether that total tallies with the total marks written on the front page.

Preparation Of Mark Sheets.

Except for the subjects with a single question paper, final marks of two papers will not be calculated within the evaluation board. Therefore add separate mark sheets for each of the question paper. Enter paper I marks in "Total Marks" column of the mark sheet and write them in words as well. Enter paper II Marks in the " Total Marks" Column and include the relevant details. For the subject 43 Art, Paper I, II and III Marks should be entered numerically in the separate mark sheets and **should also be written in words.**

For subjects 21 Sinhala language and literature and 22 Tamil Language and literature, paper I marks once entered numerically should be written in words. Use separate marks sheets for the papers II and III and enter the total marks in the "Total marks column". Write the relevant detailed marks against each of the total mark.

N.B.:-

I. **Final marks for paper I, paper II or paper III should always be rounded up to the nearest whole number and they should never be kept as decimal or half values.**

II. **Each page of the mark sheet should be compulsorily verified by the Assistant Examiner who entered marks to the mark sheet, Assistant Examiner who checked the mark sheet, the Verifying Examiner of the evaluation marks and Chief Examiner by placing respective code number and the signature.**

***

60 - Business & Accounting Studies

Marking Scheme
Final Marks

- Paper I 40
- Paper II

  - Question No. 01 20
  - Part I question (02 x 08) 16
  - Part II question (02 x 12) 24

  Total Marks **100**

Question No

01.

i.	02 marks
ii.	02 marks
iii.	02 marks
iv.	02 marks
v.	02 marks
vi.	02 marks
vii.	02 marks
viii.	02 marks
ix.	02 marks
x.	02 marks

Total 20 marks

Part I - Business Studies

02.	(i)	02 marks
	(ii)	02 marks
	(iii)	02 marks
	(iv)	02 marks

Total 08 marks

03.	(i)	02 marks
	(ii)	02 marks
	(iii)	02 marks
	(iv)	02 marks

Total 08 marks

04.	(i)	02 marks
	(ii)	02 marks
	(iii)	02 marks
	(iv)	02 marks

Total 08 marks

Part II - Accounting

05.	(i)	02 marks
	(ii)	02 marks
	(iii)	04 marks
	(iv)	04 marks

Total 12 marks

06.	(i)	02 marks
	(ii)	02 marks
	(iii)	04 marks
	(iv)	04 marks

Total 12 marks

07.	(i)	02 marks
	(ii)	02 marks
	(iii)	08 marks

Total 12 marks

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Department of Examinations - Sri Lanka

G.C.E. (O/L) Examination - 2023 (2024)

SUBJECT NO 60 (E) **SUBJECT** Business and Accounting Studies

Answer - Paper I

Question Number	Number of Answer	Question Number	Number of Answer	Question Number	Number of Answer	Question Number	Number of Answer
01.	4	11.	2	21.	3	31.	1
02.	4	12.	1	22.	2	32.	2
03.	1	13.	1	23.	2	33.	1
04.	4	14.	3	24.	1	34.	4
05.	3	15.	3	25.	3	35.	4
06.	1	16.	3	26.	2	36.	4
07.	2	17.	1	27.	3	37.	3
08.	2	18.	3	28.	1	38.	2
09.	1	19.	4	29.	2	39.	2
10.	3	20.	1	30.	3	40.	2

Special Instructions } 01 mark for each answer

Total marks **01 × 40 = 40**

Enter the marks in last column of the Multiple Answer Script as in the following example

Number of Correct Answers $\frac{25}{40}$ **Total Marks Paper I** $\frac{25}{40}$

G.C.E.(O/L) EXAMINATION - 2023 (2024)

60 - Business & Accounting Studies – II

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

Amila who hails from a traditional medicinal family is an Ayurvedic doctor in Girankula village. He started a business named as 'Ayura' on 01.01.2024 by investing Rs.800 000 in cash to produce and sell Ayurvedic medicine products for eye diseases in the Rs.500 000 worth building given by his father. On the same day he purchased machines and equipment for Rs.400 000. Some raw materials required to produce 'Ayura' products are bought from Girankula village. To protect the quality, raw materials are used for the production of medicine after drying them in sunlight. Following are the transactions occurred during the month ended 31.01.2024.

	Rs.
Purchases raw materials	350 000
Telephone expenses	5 000
Wages - Production employees	45 000
Sales employees	60 000
Other production expenses	30 000
Advertisement expenses	15 000
Distribution vehicle charges	150 000
Sales on credit	900 000

Additional information:

- There is no any raw materials and finished goods as at 31.01.2024.
- Machines and equipments should be depreciated at 6% annually on straight line basis.
- Monthly electricity bill Rs.10 000 was not paid as at 31.01.2024.

The orders taken from local customers via telephone, fax messages and emails are distributed by the business. A web page is being designed for online orders of foreign customers and it has been decided to obtain a direct online payment gateway to the business.

(i) (a) What is the basic human need fulfiled by the 'Ayura' business?

(b) What is the type of business organization that 'Ayura' business belongs according to the objective?

(ii) (a) Write an example each for a strength and an opportunity of 'Ayura' business.

(b) Write two methods of communication for electronic written communication medium included in the above case.

1. **(i)** (a) Health **(01 mark)**

(b) • For profit Business/ Organization
• Sole proprietorship <u>for profit</u>

(01 mark)

(ii) (a) **Strength**
• Amila hails from a traditional medicinal family
• Amila is an Ayurvadic Doctor
• Amila has an adequate financial strength
• Having a building received from his father **(½ marks)**

Opportunity
• Availability of raw materials from Girankula Village
• Having the local customers
• Having foreign customers
• Having good sunlight in Girankula village
• Having technological infrastructure in Girankula village

(½ marks)

(b)
• Fax messages
• E-mails
• Web page

(½ x 2 = 01 mark)

(iii) (a) Labour
(b) Capital
(c) Land
(d) Entrepreneurship

(½ x 4 = 02 marks)

(iv) (a) Planning :

• Deciding to obtain a direct online payment gateway to the business

(½ marks)

Organizing:

• Purchasing of machines and equipment
• Purchasing of raw materials
• Recruiting employees
• Investing capital to the business
• Employing a building to the business

(½ marks)

(b) Place / Distribution

(01 mark)

(v) Assets (Rs.) = Equity (Rs.) + Liabilities (Rs.)

1 300 000 = 1 300 000 + - **(02 marks)**

Or

Assets (Rs.) = Equity (Rs.)

1 300 000 = 1 300 000

Or

	Assets (Rs.)	=	Equity (Rs.)	+	Liabilities (Rs.)	
•	+ 500 000 (Building)	=	+500 000	+	-	**(½ marks)**
•	+ 800 000 (Cash)	=	+800 000	+	-	**(½ marks)**
•	- 400 000 (Cash)	=		+	-	**(½ marks)**
•	+ 400 000 (Machines and equipment)	=		+	-	
	1 300 000	=	1 300 000		-	

(vi) (a) Sales invoice **(01 mark)**

(b) Sales journal **(01 mark)**

(vii) (a) Rs 2 000

workings

$$\underbrace{400\,000 \times \frac{6}{100} \times \frac{1}{12}}_{\textbf{(½ marks)}}$$

(b) Machines and equipment depreciation a/c Dr. Rs. 2000

Accumulated depreciation / Provisions for depreciation machines and equipment depreciation a/c Cr. Rs. 2000

(01 mark)

(viii) (a) Purchasing raw materials Rs. 350 000

Production employees salary Rs. 45 000 **(½x2 = 01 mark)**

(b) Sales employee salary Rs. 60 000

Advertisement expenses Rs. 15 000

Distribution vehicle charges Rs. 150 000 **(½x2 = 01 mark)**

(ix) Net Profit Rs. 233 000 **(02 marks)**

Workings

Income:		Rs.	Rs.
Sales			900 000 ½
Less Expenses:			
Purchasing raw materials	Rs.	350 000*	
Telephone expenses	Rs.	5 000*	
Wages:			
Production employees	Rs.	45 000*	
Sales employee	Rs.	60 000*	
Other Production expenses	Rs.	30 000*	
Advertisement expenses	Rs.	15 000*	
Distribution vehicle charges	Rs.	150 000*	
Depreciation of Machinery ½	Rs.	2 000	
Electricity bill	Rs.	10 000 ½	
Net Profit	Rs.		(667 000)
			233 000

(½ marks for any four * marks)

(x) (a) Rs. 898 000 **(01 mark)**

or

Building	Rs. 500 000	**(½ marks)**
Machines & equipment	Rs. 398 000	**(½ marks)**

(b) Rs. 1 533 000 **(01 mark)**

or

Capital	Rs. 1 300 000
+Profit ½	Rs. 233 000
	Rs. 1 533 000

01	i	ii	iii	iv	v	vi	vii	viii	ix	x	**20**
	02	02	02	02	02	02	02	02	02	02	**20**

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

2. (i) Write two characteristics of a Sole proprietorship business. (02 *marks*)

(ii) State whether the following statements are true or false.

(a) According to the ownership, business organizations are classified as private and public sectors.

(b) By studying internal environmental factors, business opportunities and strengths are identified.

(c) The premises of business building always belongs to the production factor, land.

(d) The owner of a business is entitled to unlimited liability irrespective of the type of business organization. (02 *marks*)

(iii) Following are two types of businesses.

A – National Hospital Colombo

B – Sumaga Driving School

(a) What are the human needs fulfiled by the above *A* and *B*?

(b) Categorize the above *A* and *B* businesses according to the nature of the product. (02 *marks*)

(iv) Aravinda who owns a large scale supper market network, has decided to use Artificial Intelligence and Robotics to fix the discounts by identifying customers' needs.

(a) What is the type of business organization that super market in the above case belongs?

(b) Write a technological environmental factor included in the above case. (02 *marks*)

(Total 08 marks)

2.

(i)

- Capital is provided by a single person who is the owner
- Profit or losses to be born alone
- Unlimited liability of the owner
- No legal personality
- No continued existence
- Not mandatory to register
- Ability to take decision alone
- Controlling is done by the owner
- Owner has the opportunity to discontinue the business at any time he requires
- Minimum legal requirements for the establishment

(01x2 = 02 marks)

(ii) a) True
b) False
c) False
d) False

(½x 4 = 02 marks)

(iii) a) A - Health

B - Education **(½x 2 = 01 mark)**

b) A - Service providing businesses

B - Service providing businesses **(½x 2 = 01 mark)**

(iv) a) Sole proprietorship businesses / for profit businesses / privet sector businesses / Large scale businesses

(01 mark)

b) • Use of artificial intelligence

• Use of Robotics

(01 mark)

02	i	ii				iii		iv		08/08
		a	b	c	d	a	b	a	b	
	02	½	½	½	½	01	01	01	01	

3. (i) Write two differences between property insurance and life insurance. **(02 *marks*)**

(ii) State whether the following statements are true or false.

(a) To obtain bank overdraft facilities, having a savings account in a commercial bank is required.

(b) An email is an internal as well as external communication method in a business.

(c) The principle of indemnity is not relevant to life insurance.

(d) Jaffna railway station is an example for the element of transportation, terminal. **(02 *marks*)**

(iii) Amara who runs a garment factory has issued a cheque Rs.100 000 to Sarath for the raw materials purchased. While Amara maintains his current account in People's Bank, Sarath in Bank of Ceylon.

(a) Name the drawee and the drawer of the cheque included in the above case.

(b) Write two actions that Sarath can do related to the cheque received from Amara.

(02 *marks*)

(iv) A customer gave a telephoe call to Deepal, the manager of bag production business ordering 50 bags. Having accepted the order, Deepal confirmed to supply the bags within two days.

Write examples for each element of communication, in the communication process included in the above case.

(02 *marks*)

(*Total 08 marks*)

3.

(i)

Life Insurance	Property Insurance
• The value of the policy depends on the risk of the life and the insured's ability to pay	• The value of the policy depends on the monetary value of the property
• Principle of indemnity does not apply	• Principle of indemnity does apply
• Benefits such as bonus interests will be applicable	• Not entitle for such additional benefits
• Long term	• Short term
• The risk is certain	• The risk is uncertain
• Not transferable	• Transferable

01 mark for one different

(01 x2 = 02 Marks)

(ii) (a) Fales
(b) True
(c) True
(d) True

(½x 4 = 02 marks)

(iii) (a) Drawee - People's Bank
Drawer - Amara

(½x 2 = 01 mark)

(b)

- Sarath can deposit the cheque in a bank.
- The cheque can be transferred to another person.
- He can encash the cheque from a counter of people's bank.

(½x 2 = 01 mark)

(iv) **Element** — **Example**

Element		Example
Sender	-	A customer
Message	-	Ordering 50 bags
Mode/Medium	-	Electronic verbal/electronic/verbal
Receiver	-	Deepal/The Manager
Reaction/Response	-	Accepting the order
Feedback	-	Confirming the order to supply within two days

(½x 4 = 02 marks)

03	i	ii				iii		iv	$\frac{08}{08}$
		a	b	c	d	a	b		
	02	½	½	½	½	01	01	02	

4. (i) What is a 'target market'? *(02 marks)*

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

(a) High risk implies in investments expected with high return.

(b) Discounts offered by a business belong to the variable of price in the marketing mix.

(c) The first function in the management process is organizing.

(d) Treasury bills are issued to fulfil long term capital requirements of the government. *(02 marks)*

(iii) Following are the statements related to a proposed warm protected water bottle introduced by a marketing manager.

A – The height of the bottle is 15 cm and the colour is green.

B – The initial introduction is occured near schools.

C – Price includes 10% profit margin on cost.

D – Advertisement is done via television.

Write variables of marketing mix related to each statements *A*, *B*, *C* and *D*. *(02 marks)*

(iv) Ruvini intends to invest her savings in the following investments.

A – Listed companies in the Colombo Stock Exchange

B – A fixed deposit in a government bank

C – A savings deposit in a government bank

D – To buy jewellery

(a) If Ruvini expects to get capital gains, what is the investment you recommend?

(b) If Ruvini expects to get a fixed monthly interest what is the investment you recommend?

(02 marks)
(Total 08 marks)

4.

(i) The share of the market consisting of consumers that a business can satisfy in a more attractive and profitable way is the target market. **(02 marks)**

(ii) (a) True
(b) True
(c) False
(d) False

(½x 4 = 02 marks)

(iii) *A* Product
B Place / Promotion
C Price
D Promotion

(½x 4 = 02 marks)

(iv)(a) *A* / Listed companies in the Colombo stock exchange
D / To buy jewellery

(01x1 = 01 mark)

(b) *B* - A fixed deposit in a government bank

(01 mark)

04	i	ii				iii	iv		**08**
		a	b	c	d	02	a	b	
	02	½	½	½	½		01	01	**08**

Part II - Accounting
(Answer two questions only.)

5. (i) What is 'Accounting'? (02 *marks*)

(ii) State the type of account each of the following accounts belongs.
(a) Debtors account
(b) Drawings account
(c) Sales account
(d) Bank loan account (02 *marks*)

(iii) (a) Sahan started a business by investing Rs. 100 000 on 01.01.2024. Write the accounting equation of Sahan's business after this transaction.

(b) The accounting equation of Sahan's business mentioned in above (iii) (a) changed as given below after one transaction.

Assets	=	Equity	+	Liabilities
Rs. 200 000		Rs. 100 000		Rs. 100 000

Cash in asset increased by Rs. 100 000 through this transaction. Write the transaction occurred.

(c) Some transactions occurred in Pubudu's business are given below.
1. **Purchasing a stock of goods Rs. 10 000 on credit**
2. Receiving from a debtor Rs. 20 000
3. Selling a stock of goods Rs. 50 000 on credit which cost Rs. 35 000

Indicate how the above transactions impact on the accounting equation of Pubudu's business. (To answer, use a format similar to one given below. The impact of the first transaction has been given.)

Transaction No.	Assets	Equity	Liabilities
1	Increase	–	Increase
2			
3			

(04 *marks*)

(iv) The balance of cash book in Suran's business as at 01.03.2024 was Rs. 15 800. The information relevant to the cash transactions in the month of March 2024 is given below.

Date	Receipt No.	Voucher No.	Description
05.03.2024	15	-	Selling goods in cash Rs. 35 000
10.03.2024	-	24	Purchasing furniture Rs. 60 000
17.03.2024	16	-	Receiving from a debtor Rs. 45 000
29.03.2024	-	25	Paying electricity bill Rs. 15 000

Required:

Preparing the cash book of Suran's business and indicating the cash balance as at 31.03.2024.
(04 marks)
(Total 12 marks)

5.

(i) Accounting is a process of providing information to stakeholders/ interested parties of a business for their decision making

(02 marks)

(ii) (a) Assets Account
(b) Equity Account
(c) Income Account
(d) Liability Account

(½x 4 = 02 marks)

(iii) (a) Assets = Equity

Rs.+100 000 Rs. +100 000 **(01 mark)**

(b) Obtaining a loan Rs. 100 000 **(01 mark)**

(c)

Transaction No.	Assets	Equity	Liability	
02	Increase Decrease	-	-	01
03	Increase Decrease	Increase	-	01

(02 marks)

(iv) **Cash Book** ½

Date	Recipt No.	Description	L/F	Amount Rs.	Date	Voucher No.	Description	L/F	Amount Rs.
2024					2024				
01.03		Balance b/f		15 800 ½	10.03	24	Furniture a/c		60 000 ½
05.03	15	Sales a/c		35 000 ½	29.03	25	Electricity Bill a/c		15 000 ½
17.03	16	Debtors a/c		45 000 ½	31.03		Balance c/d		20800 01
				95 800					95 800
01.04		Balance b/f		20 800					

(04 marks)

05	i	ii				iii			iv	12/12
		a	b	c	d	a	b	c		
	02	½	½	½	½	01	01	02	04	

6. (i) Following are two reasons to differ closing balances of bank account of the business and the bank statement.

1. Cheques issued but not presented to the bank
2. Cheques deposited but not realized

State whether because of each of the above reasons increase or decrease the balance of bank account of the business. (02 *marks*)

(ii) Write an example for the type of cost, relevant to each of the following product.

No	Product	Type of cost	Example
1	Bread	Direct material cost	....
2	School uniform	Direct labour cost	....

(02 *marks*)

(iii) Following are the information of Nimanthi's floor mats sewing business for the month of April 2024.

	Rs.
Purchasing of cut pieces cloth	60 000
Purchasing a sewing machine on credit (This is depreciated at 10% annually)	120 000
Purchasing thread, needles and other material	2 000
Paying wages to floor mats sewer	40 000
Paying wages to cleaner of sewing place	10 000
Paying electricity bill of the month of April	5 000
Paying monthly rent of the business	8 000

- The cost of production per floor mat is Rs. 126.

Required :

(a) Production cost statement for the month of April 2024

(b) Number of floor mats produced during the month of April 2024 (04 *marks*)

(iv) Following is the bank reconciliation statement prepared by a trainee accounts clerk in a business as at 31.03.2024.

Bank reconciliation statement

		Rs.	Rs.
Bank account balance as at 31.03.2024			33 000
Add:	Direct remittances of debtors	13 000	
	Cheques deposited but not realized	24 000	37 000
			70 000
Less:	Bank loan installment	5 000	
	Charges of cheque books	1 000	
	Cheques issued but not presented	15 000	(21 000)
Balance as bank statement			49 000

Required :

(a) Adjusting bank account balance as at 31.03.2024

(b) Preparing the correct bank Reconciliation statement as at 31.03.2024 *(04 marks)*

(Total 12 marks)

6.

(i) 1. Decrease
2. Increase **(01x2 = 02 marks)**

(ii) 1. Flour
2. Sewers Salary **(01 x 2 = 02 marks)**

(iii) (a)

Nimanthi's Business
Statement of production cost for the month of April 2024

Cost item	Rs.	Rs.
Prime cost		
Direct materials - Purchasing cut pieces cloth	60 000	½
Direct labour - Floor mat sewer wages	40 000	½
		100 000
Production overhead cost		
Indirect materials - Thread needle and other	2 000*	
materials	10 000*	
Indirect Labour - Cleaners wages		
Indirect other expenses - Electricity bill	5 000*	
Monthly rent	8 000*	
Depreciation of machines	1 000 ½	
		26 000
Total production cost ½		126 000 ½

(½ marks for any three * marks)
(03 marks)

(b) Number of floor mats produced = Rs. 1 000 **(01 mark)**

working or

$\left.\frac{126\,000}{126}\right\}$ (½)

(iv) (a)

Bank Account
as at 31st march 2024

Date	Description	L/F	Value Rs.	Date	Description	L/F	Value Rs.
31.03.24	Balance b/f		33 000 (½)		Bank loan installment		5 000 (½)
	Direct remittances (Debtors)		13 000 (½)		Cheque book charges		1 000 (½)
				24.03.31	Balance c/d		40 000
			46 000				46 000
01.04.24	Balance b/f		40 000				

(02 marks)

(b)

Bank reconciliation Statement for the month of March 2024

	Rs.	Rs.
Adjusted bank balance		(½) 40 000
(+) Cheques issued but not presented to the bank	15 000	15 000 (½)
		55 000
(-) Cheques deposited but not realized	24 000	(24 000) (½)
Bank balance as per bank statement as at 31.03.2024		31 000 (½)

(02 marks)

06	(i)		(ii)		(iii)		(iv)		**12/12**
	1	2	1	2	a	b	a	b	
	01	01	01	01	03	01	02	02	

7. (i) Write two items that are recorded as credit in Receipt and Payment account but not included in Income and Expenditure account in a not for profit organization. **(02 *marks*)**

(ii) The following are some information extracted from accounts books prepared for the year ended 31.12.2023 in Dilena Tharu Sports Club.

Receipts during the year	Payments during the year
Membership fees Rs. 30 000	Maintaining the pavilion Rs. 12 000
Donations Rs. 10 000	Electricity charges Rs. 8 000

Additional information :

- Membership fees receivable Rs. 2 000 as at 31.12.2023
- Electricity charges to be paid Rs. 6 000 as at 31.12.2023

Required :

Writing **four** items with amounts that should be included in the Income and Expenditure account prepared for the year ended 31.12.2023 in Dilena Tharu Sports Club. **(02 *marks*)**

(iii) Following is the trial balance of Duminda's retail trading business as at 31.12.2023.

	Debit (Rs.)	Credit (Rs.)
Purchases	380 000	
Sales		550 000
Stocks as at 01.01.2023	80 000	
Carried inwards	10 000	
Debtors	190 000	
Creditors		244 000
10% Bank loan		100 000
Paid bank loan interest	6 000	
Distributing vehicles (at cost)	400 000	
Provision for depreciation of distributing vehicles (as at 01.01.2023)		40 000
Furniture and equipment (at cost)	120 000	
Electricity charges	60 000	
Advertisement expenses	44 000	
Cash balance	44 000	
Capital		400 000
	334 000	1 334 000

Additional information :

- Stock at 31.12.2023 is Rs. 88 000.
- Distributing vehicles by 5% and furniture and equipment by 10% are depreciated annually on straight line method.

Required:

(a) The statement of Profit or Loss of Duminda's business for the year ended 31.12.2023 **(04 *marks*)**

(b) The statement of Financial Position of Duminda's business as at 31.12.2023 **(04 *marks*)**

(Total 12 marks)

7.

(i)

- Purchasing non-current assets
- Paying creditors
- Paying bank loan without interest
- Financing in an investment
- Opening a fixed deposit **(01 x 2 = 02 marks)**

(ii)

- Membership fee Rs. 32 000
- Donations Rs. 10 000
- Electricity charges Rs. 14 000
- Maintaining the Pavilion Rs. 12 000

(½ x 4 = 02 marks)

(iii) (a)

Duminda's business
Profit or Loss Statement
for the year ended 31.12.2023 ½

	Rs.	Rs.		Rs.	Rs.
Stock as at 01/01/2023		80 000	Sales		550 000
(+) Purchases	380 000				
Carriage inward	10 000	390 000			
Cost of goods to be sold		470 000			
(-) Stock as at 31/12/23		(88 000) ½			
Cost of Sales		382 000 ½			
Gross Profit c/d		168 000 ½			
		550 000			550 000
			Gross Profit b/f		168 000
Distribution expenses					
Depreciation of distribution Vehicles	20 000 ½				
Advertisement expenses	44 000	64 000			
Administration Expenses					
Depreciation of furniture and equipments	12 000 ½				
Electricity Charges	60 000	72 000			
Financial expenses					
Bank loan Interest		10 000 ½			
Net Profit transferred to c/a		**22 000** ½			
		168 000			168 000

(04 Marks)

(b)

Duminda's business
The statement of financial position as at 31.12.2023 ½

	Rs.	Rs.		Cost Rs	Acc. Dep. Rs.	Carrying amount Rs.
Capital		400 000	**Non Current Assets**			
+ Net Profit		½ 22 000	Distribution			
		422 000	Vehicle	400 000	60 000 ½	340 000
			Furniture and Equipments	120 000	12 000 ½	108 000
Non Current Liabilities				520 000	72 000	448 000
10% Bank loan		100 000 ½				
Current Liabilities			**Current Assets**			
Creditors	244 000					
Accrued Bank loan interest	4 000 ½		Stock 31/12/23		88 000 ½	
		248 000	Debtors		190 000	
			Cash		44 000	
						322 000
		770 000				770 000

(04 Marks)

Alternative Answer

(iii) (a)

Duminda's business
Profit or loss statement for the year ended 31.12.2023 ½

	Rs.	Rs.	Rs.
Sales			550 000
Less: Cost of Sales			
Stock as at 01.01.2023		80 000	
(+) Purchases		380 000	
Carriage inwards		10 000	
Cost of goods to be sold		470 000	
(-) Stock as at 31.12.2023		(88 000) ½	
Cost of Sales			(382 000) ½
Gross Profit			168 000 ½
Less Expenses			
Distribution Expenses			
Depreciation of distribution Vehicles	20 000 ½		
Advertisement Expenses	44 000	64 000	
Administration Expenses			
Depreciation of Furniture and Equipment	12 000 ½		
Electricity Charges	60 000 ½	72 000	
Financial Expenses			
Bank loan interest	10 000 ½	10 000	
			(146 000)
Net Profit transferred to capital a/c			22 000 ½

(04 marks)

(b)

Duminda's business
The Statement of financial position
as at 31.12.2023 ½

½

	Cost Rs.	Acc. Dep. Rs.	Carrying Amount Rs.
Non Current Assets			
Distribution Vehicles	400 000	60 000 ½	340 000
Furniture and Equipments	120 000	12 000 ½	108 000
	520 000	72 000	448 000
Current Assets			
Stock as at 31.12.2023		88 000 ½	
Debtors		190 000	
Cash		44 000	322 000
Total Assets			770 000
Capital as at 01.01.2023		400 000	
(+) Net Profit		½ 22 000	422 000
Non Current Liabilities			
10% Bank loan			100 000 ½
Current Liabilities			
Creditors		244 000	
Accrued Bank loan interest		4 000 ½	248 000
Total Equity and Liabilities			770 000

(04 Marks)

7	(i)	(ii)	(iii) a	(iii) b	**12/12**
	02	02	04	04	

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