

OL/2024(2025)/60-E-I, II

සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
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 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
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60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2024(2025)
 கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2024(2025)
 General Certificate of Education (Ord. Level) Examination, 2024(2025)

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 to 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.

'Ecovegi' is a model farm in Kaduruhenā village where 50 farmers grow vegetables and fruits. The farmers have a problem to transport their products in fresh to Dambulla Dedicated Economic Centre on time because of the long distance. As a solution for this, Sanka, the owner of 'Sandali vegetables' business in Dambulla Dedicated Economic Centre started the 'Sahana Services Association' with the farmers of 'Ecovegi' farm to provide transport facilities to them.

- What is the human need satisfied by 'Sahana Services Association'?
 (1) Food (2) Health
 (3) Transportation (4) Safety
- 'Sandali vegetables' business is
 (1) a sole proprietorship. (2) a partnership.
 (3) an association. (4) a not for profit business.
- Select the correct answer that indicates a production factor and an example for it in 'Sandali vegetables' business.
 (1) Land - Dambulla Dedicated Economic Centre
 (2) Labour - Sanka
 (3) Capital - Stocks of vegetables and fruits
 (4) Entrepreneurship - Farmers of 'Ecovegi' farm
- An internal environmental factor of 'Sandali vegetables' business is
 (1) Sanka. (2) Farmers.
 (3) 'Ecovegi' farm. (4) Dambulla Dedicated Economic Centre.
- Select the correct statement according to the above case.
 (1) 'Sandali vegetables' business is a for profit business.
 (2) 'Sahana Services Association' has a legal entity.
 (3) Sanka is not a stakeholder of 'Ecovegi' farm.
 (4) Dambulla Dedicated Economic Centre is a private sector business.

[see page two]

- Answer the questions No. 6 and 7 using the following information.

'Moretec' business which sells electronic items has faced a problem as a new shop was opened near by offering similar products at a low price. Therefore the owner of 'Moretec' business, introduced a personal selling program.

6. What is the external environmental factor affected to the 'Moretec' business?
 - (1) Suppliers
 - (2) Competitors
 - (3) Managers
 - (4) Employees
7. An example for promotion, variable of marketing mix in 'Mortec' business is
 - (1) selling electronic items.
 - (2) pricing electronic items at low price.
 - (3) establishing a new shop.
 - (4) introducing a personal selling programme.
8. According to the ownership, the type of business organization that Sri Lanka Ports Authority belongs to
 - (1) private companies.
 - (2) state companies.
 - (3) state corporations.
 - (4) state departments.
9. What is the economic environmental factor affected to a business?
 - (1) Raw materials are purchased from a new supplier.
 - (2) Tax rates are increased by Sri Lankan Government.
 - (3) A new accounting software is introduced by Tec Lanka Institute.
 - (4) A business registration method is introduced for small and medium entrepreneurs.
10. A ① account is required for transacting by cheques, and ② cheque cannot be withdrawn at the bank counter.
 Select the answer that shows the correct terms to ① and ② in the above statement respectively.
 - (1) savings, an endorsed
 - (2) current, an endorsed
 - (3) savings, a crossed
 - (4) current, a crossed
11. Sugath gets in Sisu Sariya bus at Gampaha bus stand and goes to school.
 Select the answer that indicates the transportation elements for Gampaha bus stand and Sisu Sariya bus in the above case respectively.
 - (1) mode, terminal
 - (2) power, terminal
 - (3) power, mode
 - (4) terminal, mode
12. Select the incident related to the principle of insurable interest.
 - (1) Amara who is conducting a pawning business insured pawned items.
 - (2) Kumari provided her complete medical history to obtain an insurance policy.
 - (3) Sarath received compensation only for the damage caused to his car.
 - (4) Vimal's insurance policy was rejected due to not revealing some information.
13. The production manager has sent an order to supplier, Kamal, informing that raw materials are needed soon.
 The communication elements included in the above statement are
 - (1) message, response and feedback.
 - (2) sender, receiver and message.
 - (3) medium, receiver and feedback.
 - (4) sender, receiver and response.
14. Some activities done by the organizing committee of school house meet are as follows.
 - A - Engaging the students for sports training activities daily
 - B - Appointing house captains and games captains
 - C - Deciding to conduct the annual sports meet at the end of March
 - D - Allocating funds needed for prizes and trophies from school development society's fund
 Out of the above activities, organizing and leading in management process indicate respectively from
 - (1) B and A.
 - (2) B and D.
 - (3) D and B.
 - (4) D and C.

[see page three]

15. Select the statement that includes the variables, price and place in the marketing mix.
- (1) KG T shirt has earned a high profit margin of 30% through online sales.
 - (2) Shakthi homes published a newspaper advertisement to promote their new house models.
 - (3) An institute presented a new software for hotel reservation at an international conference.
 - (4) Kumara distributed free samples of canned fish produced by him.
16. Select the financial return received by investing in equity shares of a listed company in the Colombo Stock Exchange and fixed deposits of a bank respectively.
- (1) Capital gains and Dividends
 - (2) Interest income and Capital gains
 - (3) Interest income and Dividends
 - (4) Capital gains and Interest income
17. The first step in the accounting process is
- (1) recording transactions in ledger accounts.
 - (2) recording transactions in prime entry books.
 - (3) collecting source documents related to the transactions.
 - (4) identifying the ledger accounts related to the transactions.
18. What is the transaction which generates a non current liability in a business?
- (1) Paying Rs.15 000 to a creditor.
 - (2) Purchasing furniture of Rs.200 000 in cash for the office.
 - (3) Obtaining a long term bank loan of Rs.500 000.
 - (4) Purchasing goods of Rs.50 000 on credit for selling.
19. The source document and the prime entry book used to record the purchasing equipments of Rs.250 000 on credit for the use of business are
- (1) purchase invoice and purchases journal.
 - (2) payment voucher and cash book.
 - (3) journal voucher and general journal.
 - (4) purchase invoice and general journal.

- Answer the questions No. 20 to 23 using the following information.

The accounting equation of Raveen's business as at 01.01.2025 was as follows.

Assets	=	Equity	+	Liabilities
Rs. 200 000		Rs.120 000		Rs. 80 000

The following transactions occurred in Raveen's business during the first week of January 2025.

- A - Purchasing goods of Rs. 50 000 on credit
 B - Obtaining a bank loan of Rs. 100 000
 C - Purchasing furniture of Rs. 150 000 in cash for office use
 D - Paying Raveen's life insurance premium of Rs. 10 000 from the money of business
20. The transaction which does **not** change the values of accounting equation of Raveen's business as at 01.01.2025 is
- (1) A.
 - (2) B.
 - (3) C.
 - (4) D.
21. After these transactions, equity of Raveen's business is
- (1) Rs.220 000.
 - (2) Rs.210 000.
 - (3) Rs. 120 000.
 - (4) Rs.110 000.
22. Through these transactions, assets of Raveen's business increases by
- (1) Rs.140 000.
 - (2) Rs.150 000.
 - (3) Rs.290 000.
 - (4) Rs.340 000.
23. What are the transactions affected to the liabilities of Raveen's business among these transactions?
- (1) A and B
 - (2) A and D
 - (3) B and C
 - (4) C and D

24. The balance of Petty cash book in a business was Rs. 250 as at 31.12.2024. As the petty cash imprest was increased by Rs. 2 000 since 01.01.2025, Rs. 4 750 was received for reimbursement on that day. The petty cash expenses for the month of December 2024 is
- (1) Rs. 5 000. (2) Rs. 4 750. (3) Rs. 3 000. (4) Rs. 2 750.
25. The balance of the bank account in a business as at 31.12.2024 was Rs. 15 200. The balance of the bank statement was Rs. 18 000 on that day. There is only one reason for this difference. What is that reason?
- (1) A debtor deposited Rs. 2 800 directly in the bank account of the business.
(2) A cheque deposited in the bank, but not realized during the month of December is Rs. 2 800.
(3) The insurance premium paid by the bank on a standing order is Rs. 2 800.
(4) The bank fee charged by the bank is Rs. 2 800.
26. Select the transaction included in the both bank account of business and bank statement.
- (1) Cheques issued but not presented to the bank Rs. 100 000
(2) Cheques deposited but not realized Rs. 25 000
(3) Cheque issued by the business and paid by the bank Rs. 5 000
(4) Receiving a cheque of Rs. 25 000 for cash sales to the business
27. Suraj received 10% discount when he purchased goods on 05.01.2025 of Rs. 10 000 on credit. It was mentioned in the invoice that if cash is paid within one month, 5% discount is given. Suraj paid the money on 25.01.2025. The amount credited to discount received account on that day is
- (1) Rs. 450. (2) Rs. 500. (3) Rs. 1 000. (4) Rs. 1 450.
28. The total of debit column of trial balance prepared on 31.12.2024 increased by Rs. 12 000. The transaction affected for this is that
- (1) the balance of Rs. 6 000 in salary account has been recorded twice in trial balance.
(2) the total of sales account has been decreased by Rs. 12 000.
(3) the total of purchases account has been decreased by Rs. 12 000.
(4) the balance of building account Rs. 12 000 has been entered in the credit column of trial balance.
29. What is the accounting error that does **not** affect to the agreement of the trial balance?
- (1) Purchasing furniture of Rs. 10 000 has been debited to the purchases account.
(2) Paying Rs. 10 000 to creditors has been recorded only in the cash account.
(3) Cash purchase of Rs. 10 000 has been recorded in the credit side of the purchases account.
(4) The balance of land account Rs. 100 000 has not been extracted to the trial balance.
- Answer the questions No. 30 and 31 using the following information.
- The number of members of a welfare society is 120. Membership fee received during the year, for the year ended 31.12.2024 is Rs. 120 000. Membership fee receivable is Rs. 24 000 as at 31.12.2024.
30. The monthly membership fee of a member is
- (1) Rs. 100. (2) Rs. 120. (3) Rs. 1 000. (4) Rs. 1 200.
31. The membership fee in income statement for the year ended 31.12.2024 and the statement of financial position on that day are respectively
- (1) Rs. 24 000 and Rs. 120 000. (2) Rs. 120 000 and Rs. 24 000.
(3) Rs. 144 000 and Rs. 120 000. (4) Rs. 144 000 and Rs. 24 000.

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

Cost information related 500 pairs of shoes production of shoe manufacturing business are given below.

	Rs.
A - Purchase of leather	75 000
B - Purchase of thread, glue, needles and other materials	2 000
C - Shoe sewing charges	35 000
D - Purchase of shoe soles	10 000
E - Depreciation of shoe sewing machine	3 000
F - Purchasing a new shoe sewing machine	40 000
G - Shoe designing fee	6 000

32. The direct material cost of a pair of shoes is

(1) Rs. 150. (2) Rs. 154. (3) Rs. 170. (4) Rs. 174.

33. The items in production overhead cost are

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

- Answer the questions No. 34 to 40 using the following information.

Samson started a business by employing Rs.100 000, in a rented building on 01.01.2024. The information in this business for the year ended 31.12.2024 is as follows.

	Rs.
Assets as at 31.12.2024 :	
Bank balance	- 44 000
Debtors	- 86 000
Cash balance	- 125 000
Machines and equipment	- 250 000
Distribution lorry employed by owner (cost as at 01.01.2024)	- 800 000
Liabilities as at 31.12.2024 :	
10% bank loan (obtained on 01.01.2024)	- 100 000
Creditors	- 42 500
Income :	
Sales in cash -	- 350 000
Sales on credit	- 370 000
Other income receipts	- 80 000
Expenses :	
Building rent paid	- 30 000
Electricity paid	- 60 000
Purchases in cash	- 340 000
Purchases on credit	- 100 000
Loan interest paid	- 7 500

Additional Information:

- Distribution lorry should be depreciated annually at 10% on straight line basis.
- There was no any stocks as at 31.12.2024.
- Rs. 6 000 should be written off as bad debts from the debtors.

34. The capital employed by Samson to the business on 01.01.2024 is
(1) Rs. 100 000. (2) Rs. 200 000. (3) Rs. 800 000. (4) Rs. 900 000.
35. Cost of sales of Samson's business for the year ended 31.12.2024 is
(1) Rs. 340 000. (2) Rs. 380 000. (3) Rs. 440 000. (4) Rs. 720 000.
36. Gross profit of Samson's business for the year ended 31.12.2024 is
(1) Rs. 280 000. (2) Rs. 340 000. (3) Rs. 360 000. (4) Rs. 380 000.
37. The amount of bank loan interest in income statement for the year ended 31.12.2024 is
(1) Rs. 2 500. (2) Rs. 7 500. (3) Rs. 10 000. (4) Rs. 17 500.
38. The correct item in financial position statement in this business as at 31.12.2024 is
(1) accrued bank loan interest Rs. 10 000.
(2) debtors balance Rs. 86 000.
(3) net value of distribution lorry Rs. 720 000.
(4) bank loan Rs. 90 000.
39. The total of sales and distribution expenses in income statement for the year ended 31.12.2024 is
(1) Rs. 6 000. (2) Rs. 80 000. (3) Rs. 86 000. (4) Rs. 96 000.
40. The net profit of Samson's business for the year ended 31.12.2024 is
(1) Rs. 94 000. (2) Rs. 174 000. (3) Rs. 274 000. (4) Rs. 360 000.

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60 E I, II

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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**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).

Kalhara who is a Diploma holder of handicrafts lives in Nilwella village which is a tourism paradise. Kalhara modernized the handicraft business run by his father and started a new business named 'Kalhara handicrafts' on 01.01.2025. Handicrafts of Rs.250 000 prepared for sale and machine and equipment valued Rs.100 000 in Kalhara's father's business were given to Kalhara by his father on that day. Kalhara obtained a bank loan of Rs.200 000 at 12% interest per annum and invested his own modern equipment of Rs.150 000 on the same day.

Transactions occurred during the month ended 31.01.2025 are given below.

	Rs.
Raw materials purchase on credit	180 000
Paying carriage inwards	10 000
Paying to creditors	50 000
Paying employee wages	80 000
Paying distribution vehicle charges	30 000
Sales in cash	400 000
Sales on credit	200 000

Kalhara sells his products to the local and foreign tourists at his showroom. Further he distributes his products to the tourist resorts in the area to sell the tourists. Kalhara has decided to open 'Kalhara handicrafts' showrooms in other tourists cities in Sri Lanka next year.

Additional information:

- The electricity bill of Rs.8 000 for the month of January 2025 has not been paid yet.
 - Non current assets are depreciated at 12% per annum on straight line basis.
- (i) (a) What is the type of business organization that 'Kalhara handicrafts' business belongs according to the ownership?
 (b) Write a strength and an opportunity of 'Kalhara handicrafts' business.
- (ii) Write an example for each of a retail trade and a wholesale trade of 'Kalhara handicrafts' business.
- (iii) (a) What is the target market of 'Kalhara handicrafts' business?
 (b) Write the management function for each of the followings done by 'Kalhara handicrafts' business.
1. Obtaining a bank loan for the business
 2. Deciding to open showrooms in other cities

- (iv) Write a reason for that each of the following stakeholders is interested in 'Kalhara handicrafts' business.
1. Foreign tourists
 2. Kalhara
- (v) Write the basic accounting equation of 'Kalhara handicrafts' business as at 01.01.2025.
- (vi) Write the double entry to record employing Kalhara's modern equipment of Rs.150 000 to the business on 01.01.2025.
- (vii) (a) Name **two** prime entry books that 'Kalhara handicrafts' business should maintain.
 (b) Write each transaction mentioned in the above case that is recorded in each prime entry book named in above (vii) (a).
- (viii) Write **two** current liabilities with values in 'Kalhara handicrafts' business as at 31.01.2025.
- (ix) Calculate the carrying amount of non current assets of 'Kalhara handicrafts' business as at 31.01.2025.
- (x) Calculate the cash balance of 'Kalhara handicrafts' business as at 31.01.2025.

(02 × 10 = 20 marks)

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

2. (i) Write **two** characteristics of a state department. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- (a) Needs vary from person to person.
 - (b) Only the employee's physical effort is considered as the labour, a factor of production.
 - (c) A retailer acts as an intermediary between whole seller and consumer.
 - (d) Cooperative societies work for the welfare of their members. (02 marks)
- (iii) Saman runs 'Shine bakery' business by investing his savings. As the demand increased in the competitive market, Ravi who has business experiences was recruited to his business to maintain the business activities effectively.
- (a) Write **two** strengths of 'Shine bakery' business.
 - (b) Write **two** stakeholders of 'Shine bakery' business mentioned in this case. (02 marks)
- (iv) Following are the business places where Gihan transacted.
- A – Naveen book sellers
 - B – Smart textile traders
 - C – Mihiri Bakers
- (a) Mention a need satisfied by Gihan from the above each business separately.
 - (b) Name a commodity manufacturing business and a service providing business from the above businesses. (02 marks)
- (Total 08 marks)
3. (i) Write **two** advantages of maintaining a current account to a business. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- (a) Only crossed cheques can be deposited in a current account.
 - (b) Any risk can be insured.
 - (c) Business communication is important only to large scale businesses.
 - (d) The cost of transportation is a significant factor to determine the selling price of a good. (02 marks)
- (iii) Nimal started a business using a part of funds he had deposited in National Savings Bank. When purchasing raw materials for the business from Sunil, he issued a cheque from his account in Bank of Ceylon.
- (a) Name drawer and drawee of the cheque mentioned in the above case.
 - (b) State **two** investments, Nimal has. (02 marks)

- (iv) Consider the following incidents.

Incident A

Sarath's house was damaged by flood. He sent a SMS informing about this damage from his mobile phone to the insurance company. He got the full compensation through his natural disaster policy.

Incident B

When getting the life insurance policy, Sanjaya had not disclosed his medical history correctly. Later he was sick and hospitalized, he gave a call to the insurance company asking for compensation. But the insurance company rejected to pay the compensation.

- (a) State the principle of insurance affected to pay or not to pay the compensation in the above each incident A and B.
- (b) Name the medium of communication used in the above each incident A and B.

(02 marks)

(Total 08 marks)

4. (i) State **two** returns of investment in lands. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- (a) The marketing mix is relevant only to physical products.
- (b) Savings accounts offer higher returns than the other all investments.
- (c) Planning is the first function in the management process.
- (d) Decision making includes in every management function. (02 marks)
- (iii) Jeevan, the owner of 'Green Wave' Herbal Products has decided to purchase a new machine to boost the production. He recruited a production supervisor to observe the effectiveness of production too.
- (a) State **two** management functions in the above case.
- (b) Write an example for each management function mentioned above (iii) (a) using the case. (02 marks)
- (iv) Nuwan has invested his savings in a fixed deposit, land and listed companies on the Colombo Stock Market.
- (a) What is the investment with the highest risk from the above investments?
- (b) Write a financial return gained by Nuwan from each of the above investments respectively. (02 marks)
- (Total 08 marks)

Part II - Accounting

(Answer **two** questions only.)

5. (i) Write **two** characteristics of an asset. (02 marks)
- (ii) Write **two** advantages of Computerized Accounting. (02 marks)
- (iii) (a) The following are two transactions affected to the accounting equation of a business.

Assets (Rs.)	=	Equity (Rs.)	+	Liabilities (Rs.)
(1) - 15 000 (cash)				- 15 000 (creditors)
(2) - 25 000 (stocks)		+ 5 000 (profit)		
+ 30 000 (cash)				

Required :

Writing the above **two** transactions

(b) Some information of Sagara's business in 2024 is given below.

	Rs.
Capital (as at 01.01.2024)	500 000
Income of the year	360 000
Expenses of the year	210 000
The amount invested by Sagara during the year	100 000

Required :

Calculating the equity of the owner as at 31.12.2024

(04 marks)

(iv) The bank balance of Nisala's business was Rs. 20 250 as at 01.01.2025. Some transactions occurred during the month of January 2025 are given below.

- 02.01.2025 - Depositing Rs. 15 000 in the bank
- 15.01.2025 - Issuing a cheque of Rs. 10 000 for electricity bill
- 18.01.2025 - The cheque issued for electricity bill was dishonoured
- 27.01.2025 - Issuing a cheque of Rs. 28 500 to creditor Sameera. Discount received is Rs. 1 500

Required :

Preparing the bank account with discount columns in Nisala's business and indicating the bank balance as at 31.01.2025

(04 marks)

(Total 12 marks)

6. (i) State **two** occasions where errors can occur in the accounting process.

(02 marks)

(ii) The cost information related to printing 1000 calendars for the year 2025 in 'Saviya' production business is given below.

	Rs.
Papers and ink.....	100 000
The monthly salary of a printing worker	40 000
(There are two printing workers)	
Expenses for designs of calendar	5 000
Printing machine annual depreciation	24 000
Monthly electricity bill of the printing section	8 000
Monthly salary of cleaner in the printing section	15 000
Glue, thread and pins	1 000
Monthly salary of a printing section watcher	20 000

Required :

Calculating the selling price of a calendar with a 10% profit margin on cost.

(02 marks)

(iii) Following are the totals of the debit and credit columns of the trial balance prepared in Haseem's business as at 31.12.2024.

Debit column	-	Rs. 685 000
Credit column	-	Rs. 750 000

The reasons affected to this difference are as follows:

1. Cash purchases of Rs. 50 000 was recorded twice in accounts.
2. The debit side of salary account has been totalled with excess of Rs. 1 000.
3. The balance of the land account Rs. 666 000 was recorded as Rs. 600 000 in the trial balance.
4. Purchase of furniture Rs. 25 000 was debited to the purchases account.

Required :

Writing journal entries of correcting the above errors.

(04 marks)

(iv) The favourable balance of bank account in Rizna's business is Rs. 45 000 as at 31.12.2024. The balance of the bank statement on that day was Rs. 36 000. The reasons for this difference are given below.

1. The cheque No. 700750 of Rs. 24 000 deposited in the bank in December has not been realized.
2. The insurance premium paid by the bank under the standing orders is Rs. 6 000.
3. Although the cheque No. 820004 of Rs. 10 000 was issued to a creditor, it has not been presented to the bank.
4. The amount received from a debtor directly to the bank is Rs. 11 000.

Required :

- (a) Adjusting the balance of bank account in Rizna's business as at 31.12.2024
- (b) Preparing the bank reconciliation statement as at 31.12.2024

(04 marks)
(Total-12 marks)

7. (i) What is the scrap value of a machine? (02 marks)

(ii) The following information is provided for Rantharu sports club for the year ended 31.12.2024.

- Number of members is 80.
- Annual membership fee of a member is Rs. 1 000.
- Five members have not paid their annual membership fees.
- Donations of sports equipment of Rs. 50 000 has been received to the sports club.
- The monthly salary of the incharge of pavilion is Rs. 10 000. His salary for the month of December 2024 has not been paid.
- Rent received by renting out the playground is Rs. 100 000. Rent receivable as at 31.12.2024 is Rs. 10 000.

Required :

Writing two items with values recorded in Receipt and Payment account in Rantharu Sports Club prepared for the year ended 31.12.2024 (02 marks)

(iii) Following is the trial balance of Saradha's retail trading business as at 31.12.2024.

	Debit (Rs.)	Credit (Rs.)
Capital		455 000
Stock (as at 01.01.2024)	58 000	
8% Bank loan		50 000
Debtors	45 000	
Creditors		51 000
Purchases	375 000	
Sales		590 000
Carriage inwards	22 000	
Building rent	10 000	
Sales employees wages	90 000	
Electricity charges.....	50 000	
Discounts allowed	12 000	
Discounts received		15 000
Distribution vehicles (cost as at 01.01.2024).....	400 000	
Provision for depreciation of distribution vehicles (as at 01.01.2024)		64 000
Loan interest	2 000	
Bank charges	1 500	
Machines and equipments (cost as at 01.01.2024)	150 000	
*Cash balance	9 500	
	<u>1 225 000</u>	<u>1 225 000</u>

Additional information :

- Stock as at 31.12.2024 is Rs. 60 000.
- Monthly building rent is Rs. 1 000.
- Distributing vehicles should be depreciated annually at 8% on straight line basis.

Required:

- (a) The statement of Profit or Loss of Saradha's business for the year ended 31.12.2024. (04 marks)
- (b) The statement of Financial Position of Saradha's business as at 31.12.2024. (04 marks)
- (Total 12 marks)**

* * *

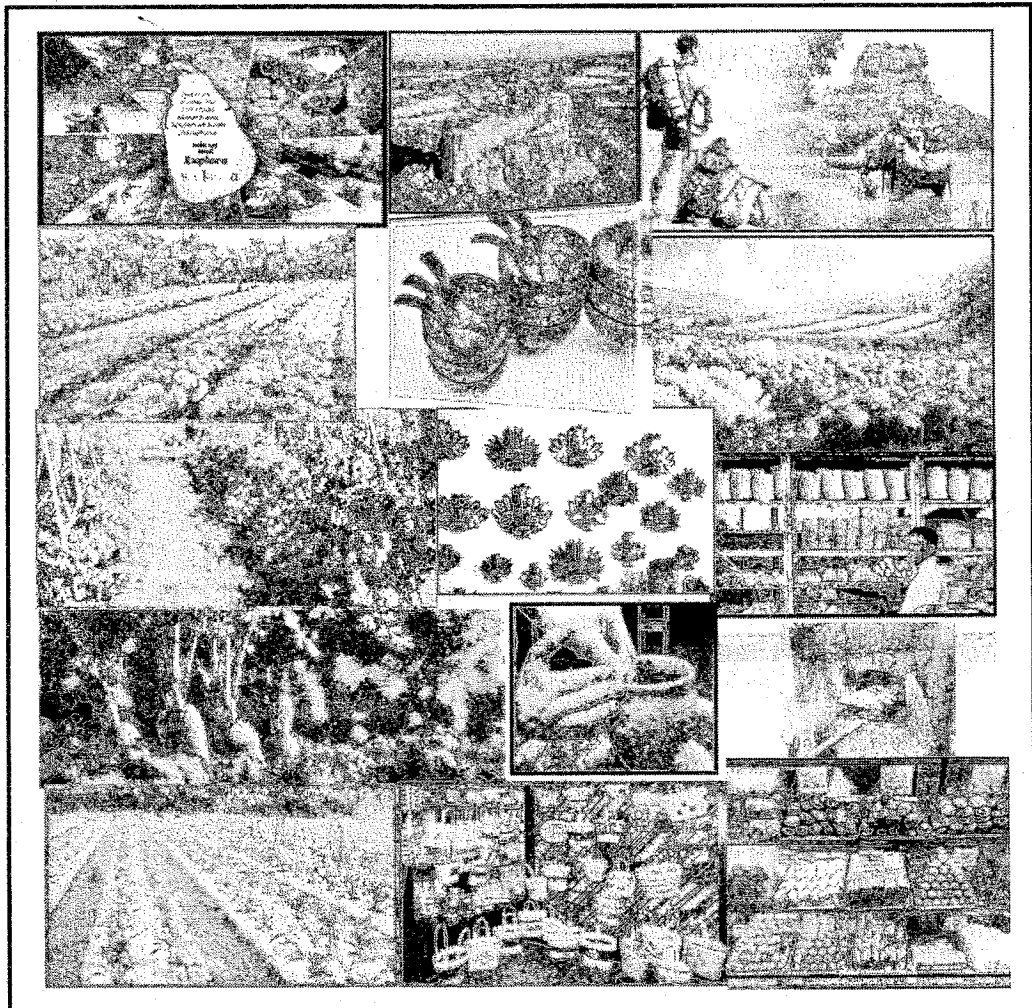


Department of Examinations – Sri Lanka

G.C.E. (O/L) Examination – 2024(2025)

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 - 2024(2025)
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	}	For any 02 Questions $2 \times 8 = 16$ marks
Question no. 03 - 08 marks		
Question no. 04 - 08 marks		

Part II - Accounting

Question no. 05 - 12 marks	}	For any 02 Questions $2 \times 12 = 24$ marks
Question no. 06 - 12 marks		
Question no. 07 - 12 marks		

Total marks 60

Calculating final marks

Total Marks for Paper I	=	40
Total Marks for Paper II	=	<u>60</u>
Final Marks	=	<u>100</u>

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 $\square$ 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)		✓	$\Delta \frac{4}{5}$
(ii)		✓	$\Delta \frac{3}{5}$
(iii)		✓	$\Delta \frac{3}{5}$

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

Department of Examinations - Sri Lanka

CONFIDENTIAL

G.C.E. (O/L) Examination - 2024 (2025)

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

25

40

Total Marks Paper I

25

40

G.C.E.(O/L) EXAMINATION - 2024 (2025)
60 - Business & Accounting Studies – II

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

Kalhara who is a Diploma holder of handicrafts lives in Nilwella village which is a tourism paradise. Kalhara modernized the handicraft business run by his father and started a new business named 'Kalhara handicrafts' on 01.01.2025. Handicrafts of Rs.250 000 prepared for sale and machine and equipment valued Rs.100 000 in Kalhara's father's business were given to Kalhara by his father on that day. Kalhara obtained a bank loan of Rs.200 000 at 12% interest per annum and invested his own modern equipment of Rs.150 000 on the same day.

Transactions occurred during the month ended 31.01.2025 are given below.

	Rs.
Raw materials purchase on credit	180 000
Paying carriage inwards	10 000
Paying to creditors	50 000
Paying employee wages	80 000
Paying distribution vehicle charges	30 000
Sales in cash	400 000
Sales on credit	200 000

Kalhara sells his products to the local and foreign tourists at his showroom. Further he distributes his products to the tourist resorts in the area to sell the tourists. Kalhara has decided to open 'Kalhara handicrafts' showrooms in other tourists cities in Sri Lanka next year.

Additional information:

- The electricity bill of Rs.8 000 for the month of January 2025 has not been paid yet.
- Non current assets are depreciated at 12% per annum on straight line basis.

- (i) (a) What is the type of business organization that 'Kalhara handicrafts' business belongs according to the ownership?
 (b) Write a strength and an opportunity of 'Kalhara handicrafts' business.
- (ii) Write an example for each of a retail trade and a wholesale trade of 'Kalhara handicrafts' business.
- (iii) (a) What is the target market of 'Kalhara handicrafts' business?
 (b) Write the management function for each of the followings done by 'Kalhara handicrafts' business.
 1. Obtaining a bank loan for the business
 2. Deciding to open showrooms in other cities
- (iv) Write a reason for that each of the following stakeholders is interested in 'Kalhara handicrafts' business.
 1. Foreign tourists
 2. Kalhara
- (v) Write the basic accounting equation of 'Kalhara handicrafts' business as at 01.01.2025.
- (vi) Write the double entry to record employing Kalhara's modern equipment of Rs.150 000 to the business on 01.01.2025.

- (vii) (a) Name two prime entry books that 'Kalhara handicrafts' business should maintain.
(b) Write each transaction mentioned in the above case that is recorded in each prime entry book named in above (vii) (a).
- (viii) Write two current liabilities with values in 'Kalhara handicrafts' business as at 31.01.2025.
- (ix) Calculate the carrying amount of non current assets of 'Kalhara handicrafts' business as at 31.01.2025.
- (x) Calculate the cash balance of 'Kalhara handicrafts' business as at 31.01.2025.
(02 × 10 = 20 marks)

1.

(i) (a) Private Sector

(01 mark)

(b) A strength

- Kalhara is a diploma holder of handicrafts
- The handicrafts and the machines given to kalhara by his father
- Having modern equipment with the business
- Having the ongoing business conducted by his father

(½ marks)

An opportunity

- The business is situated in a tourist paradise
- There are tourist resorts in the area

(½ marks)

(ii) Retail trade

- Kalhara selling handicrafts to local and foreign tourists at his show room

(01 mark)

Wholesale trade

- Distributing products to tourist resorts in the area

(01 mark)

(iii) (a) Local and foreign tourists who like handicrafts

(01 mark)

- (b) (1) Organizing
(2) Planning

(½ X 2= 01 mark)

(iv) (1) Foreign tourists

- Obtaining elegant and attractive products
- Obtaining handicrafts at a reasonable price

(01 mark)

(2) Kalhara

- Earning a sufficient profit
- Security of investment
- Growth of the business operations in future

(01 mark)

(v)

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

700 000 = 500 000 + 200 000

(02 marks)

OR

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

+ 250 000 (stock) = + 250 000 (capital)

+ 100 000 (machine) = + 100 000 (capital)

+ 200 000 (cash) = + 200 000 (Bank Loan)

+ 150 000 (machine) = + 150 000 (capital)

(½ marks for correct two transactions and maximum 01 mark)

(vi)	Equipment Account	Dr.	Rs. 150 000
	Capital Account	Cr.	Rs. 150 000

(02 marks)

(vii)

(a) Prime entry book	(b) Transaction
Cash Book	- Obtaining a bank loan of Rs. 200 000 - Paying carriage inwards Rs. 10 000 - Paying creditors Rs. 50 000 - Employee wages Rs. 80 000 - Distribution vehicle charges Rs.30 000 - Sales in cash Rs. 400 000
Purchases Journal	Purchasing raw materials on credit Rs. 180 000
Sales Journal	Sales on credit Rs. 200 000
General Journal	- Employing handicrafts of Rs. 250 000 - Employing machine and equipment of Rs.100 000 - Employing modern equipment Rs.150 000 - Accrued electricity bill Rs. 8 000 - Depreciation of machines and equipment Rs.2 500 - Accrued bank loan interest Rs. 2 000
($\frac{1}{2} \times 2 = 01$ mark)	($\frac{1}{2} \times 2 = 01$ mark)

(viii)

- Accrued bank loan interest Rs. 2 000
- Accrued electricity charges Rs.8 000
- Creditors Rs. 130 000

(01 X 2 = 02 marks)

(ix) carrying amount of non current assets as at 31.01.2025 Rs. 247 500.

(02 marks)

$$\begin{array}{l}
 \text{Rs. 100 000} \\
 \text{Rs. 150 000}
 \end{array}
 \left. \vphantom{\begin{array}{l} \text{Rs. 100 000} \\ \text{Rs. 150 000} \end{array}} \right\} \frac{1}{2}$$

$$250\,000 \times \frac{12}{100} \times \frac{1}{12} = \text{Rs. } 2\,500$$

$$250\,000 - 2\,500 = \text{Rs. } 247\,500$$

(x) cash balance as at 31.01.2025 – Rs. 430 000

(02 marks)

Cash Book									
Date	R. N.	Description	L.F	Amount (Rs)	Date	V. N.	Description	L. F.	Amount (Rs)
01.01		Bank Loan		200 000			Carriage inwards		10 000
		Sales		400 000			Creditors		50 000
							Wages		80 000
							Vehicle Charges		30 000
							Balance c/d		430 000
					31.01				600 000
01.02		Balance b/f		430 000					

 $\frac{1}{2}$ marks for any two items excluding the balance (1 $\frac{1}{2}$ marks)

	(i)		(ii)	(iii)		(iv)		(v)	(vi)	(vii)		(viii)	(ix)	(x)	20 20
	(a)	(b)		(a)	(b)	(1.)	(2.)			(a)	(b)				
1.	01	01	02	01	01	01	01	02	02	01	01	02	02	02	

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

2. (i) Write two characteristics of a state department. (02 marks)
- (ii) State whether the following statements are true or false.
- (a) Needs vary from person to person.
 - (b) Only the employee's physical effort is considered as the labour, a factor of production.
 - (c) A retailer acts as an intermediary between whole seller and consumer.
 - (d) Cooperative societies work for the welfare of their members. (02 marks)
- (iii) Saman runs 'Shine bakery' business by investing his savings. As the demand increased in the competitive market, Ravi who has business experiences was recruited to his business to maintain the business activities effectively.
- (a) Write two strengths of 'Shine bakery' business.
 - (b) Write two stakeholders of 'Shine bakery' business mentioned in this case. (02 marks)
- (iv) Following are the business places where Gihan transacted.
- A - Naveen book sellers
 - B - Smart textile traders
 - C - Mihiri Bakers
- (a) Mention a need satisfied by Gihan from the above each business separately.
 - (b) Name a commodity manufacturing business and a service providing business from the above businesses. (02 marks)
- (Total 08 marks)**

2. (i.)

- Ownership and control vested with the government
- In legal activities, the head of the department should represent the department using his designation
- Having continued existence
- Funded by the government

(01 X 2 = 02 marks)

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

(½ X 4 = 02 marks)

(iii) (a)

- Financial strength of Saman
- Having an experienced employee

(½ X 2 = 01 mark)

(b)

- Owner / Saman
- Employee / Ravi
- Competitors
- Customers / Shine bakery customers

(½ X 2 = 01 mark)

- (iv) (a) A – Education
B – Clothing
C – Food

(½ X 2 = 01 mark)

(b) Commodity Manufacturing business

C / Mihiri Bakers

(½ marks)

Service providing Business

A / Naveen books sellers
B / Smart textile traders

(½ marks)

	i	ii				iii		iv		Total
02		(a)	(b)	(c)	(d)	(a)	(b)	(a)	(b)	08
	02	1/2	1/2	1/2	1/2	01	01	01	01	08

3. (i) Write two advantages of maintaining a current account to a business. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- (a) Only crossed cheques can be deposited in a current account.
- (b) Any risk can be insured.
- (c) Business communication is important only to large scale businesses.
- (d) The cost of transportation is a significant factor to determine the selling price of a good. (02 marks)
- (iii) Nimal started a business using a part of funds he had deposited in National Savings Bank. When purchasing raw materials for the business from Sunil, he issued a cheque from his account in Bank of Ceylon.
- (a) Name drawer and drawee of the cheque mentioned in the above case.
- (b) State two investments, Nimal has. (02 marks)
- (iv) Consider the following incidents.

Incident A

Sarath's house was damaged by flood. He sent a SMS informing about this damage from his mobile phone to the insurance company. He got the full compensation through his natural disaster policy.

Incident B

When getting the life insurance policy, Sanjaya had not disclosed his medical history correctly. Later he was sick and hospitalized, he gave a call to the insurance company asking for compensation. But the insurance company rejected to pay the compensation.

- (a) State the principle of insurance affected to pay or not to pay the compensation in the above each incident A and B.
- (b) Name the medium of communication used in the above each incident A and B.

(02 marks)

(Total 08 marks)

3. (i)

- Ability to make payments via cheques
- Ability to obtain bank overdraft facilities
- Ability to collect remittances
- Ability to activate standing orders
- Receiving a Bank statement

(01 X 2 = 02 marks)

(ii.) (a) False

(b) False

(c) False

(d) True

($\frac{1}{2}$ X 4 = 02 marks)

(iii) (a) Drawer - Nimal

Drawee - Bank of Ceylon

($\frac{1}{2}$ X 2 = 01 mark)

(b)

- Savings Account
- Invested in a business

($\frac{1}{2}$ X 2 = 01 mark)

(iv) (a) A - Indemnity

B - Utmost good faith

($\frac{1}{2}$ X 2 = 01 mark)

(b) A - Electronic written / written

B - Electronic verbal / verbal

($\frac{1}{2}$ X 2 = 01 mark)

03	i	ii				iii		iv		Total
	02	(a)	(b)	(c)	(d)	(a)	(b)	(a)	(b)	08
		$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	01	01	01	01	08

4. (i) State **two** returns of investment in lands. (02 marks)
- (ii) State whether the following statements are **true** or **false**. (02 marks)
- (a) The marketing mix is relevant only to physical products.
 - (b) Savings accounts offer higher returns than the other all investments.
 - (c) Planning is the first function in the management process.
 - (d) Decision making includes in every management function. (02 marks)
- (iii) Jeevan, the owner of 'Green Wave' Herbal Products has decided to purchase a new machine to boost the production. He recruited a production supervisor to observe the effectiveness of production too.
- (a) State **two** management functions in the above case.
 - (b) Write an example for each management function mentioned above (iii) (a) using the case. (02 marks)
- (iv) Nuwan has invested his savings in a fixed deposit, land and listed companies on the Colombo Stock Market.
- (a) What is the investment with the highest risk from the above investments?
 - (b) Write a financial return gained by Nuwan from each of the above investments respectively. (02 marks)
- (Total 08 marks)

4.(I)

- Ability to utilize properties by being an owner of the land
- Ability to earn an income by renting or by leasing the land
- Ability to sell properties and obtain cash, if money is required
- Ability to earn capital gain
- Ability to present as a collateral when obtaining a loan

(01 X 2 = 02 marks)

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

($\frac{1}{2}$ X 4 = 02 marks)

(iii) (a)

- Planning
- Organizing

($\frac{1}{2}$ X 2 = 01 mark)

- (b) Planning - Decided to purchase a new machine
- Organizing - Recruited a production supervisor

($\frac{1}{2}$ X 2 = 01 mark)

- (iv) (a) Investing in listed company on the Colombo Stock Exchange

($\frac{1}{2}$ marks)

(b)

Investing in a fixed deposit - Receiving interest income

Investing a land - Capital gains, Rent income, Lease income

Investing in shares - Dividends, Capital. gains

($\frac{1}{2} \times 3 = 1 \frac{1}{2}$ marks)

04	i	ii				iii		iv		Total
	02	(a)	(b)	(c)	(d)	(a)	(b)	(a)	(b)	08
		$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	01	01	$1\frac{1}{2}$	$1\frac{1}{2}$	08

Part II - Accounting
(Answer two questions only.)

5. (i) Write two characteristics of an asset. (02 marks)
- (ii) Write two advantages of Computerized Accounting. (02 marks)
- (iii) (a) The following are two transactions affected to the accounting equation of a business.

Assets (Rs.)	=	Equity (Rs.)	+	Liabilities (Rs.)
(1) + 15 000 (cash)				- 15 000 (creditors)
(2) + 25 000 (stocks)		+ 5 000 (profit)		
+ 30 000 (cash)				

Required :

Writing the above two transactions

- (b) Some information of Sagara's business in 2024 is given below.

	Rs.
Capital (as at 01.01.2024)	500 000
Income of the year	360 000
Expenses of the year	210 000
The amount invested by Sagara during the year	100 000

Required :

Calculating the equity of the owner as at 31.12.2024

(04 marks)

- (iv) The bank balance of Nisala's business was Rs. 20 250 as at 01.01.2025. Some transactions occurred during the month of January 2025 are given below.

- 02.01.2025 - Depositing Rs. 15 000 in the bank
- 15.01.2025 - Issuing a cheque of Rs. 10 000 for electricity bill
- 18.01.2025 - The cheque issued for electricity bill was dishonoured
- 27.01.2025 - Issuing a cheque of Rs. 28 500 to creditor Sameera. Discount received is Rs. 1 500

Required :

Preparing the bank account with discount columns in Nisala's business and indicating the bank balance as at 31.01.2025

(04 marks)

(Total 12 marks)

5. (i)

- Arose as a result of a past transaction
- Inflow of future economic benefit to the business
- Controlled by the business

(01 X 2 = 02 mark)

(ii)

- Time is saved as transactions are quickly
- Reports are automatically prepared
- Money is saved through reduced labor requirements
- High level of accuracy in accounting reports
- Ability to obtain the relevant data easily
- Financial statements can be send to required parties at once

(01 X 2 = 02 marks)

(iii) (a)

(1) Paying creditors Rs. 15 000 in cash

(2) Selling goods which cost of Rs. 25 000 at Rs. 30 000 in cash.

(01 X 2 = 02 marks)

(b) equity of the owner as at 31.12.2024 Rs. 750 000

(02 marks)

	Rs.		Rs.
2024.01.01 Capital		=	500 000
Additional Capital		=	100 000 (1/2)
Income for the year	360 000 (1/2)		
Expenses for year	(210 000) (1/2)		
Profit		=	150 000 01
Owners equity as at 31.12.2024		=	750 000

(iv)

Bank Account

Date	R. N.	Description	L. F.	Disc out	Amount (Rs)	Date	V. N	Description	L. F.	Disc out	Amount (Rs)
01.01		Balance b/f			20 250 (1/2)	15.01		electricity		(1/2)	10 000 (1/2)
02.01		Cash			15 000 (1/2)	27.01		Sameera		1 500	28 500 (1/2)
18.01		Electricity			10 000 (1/2)	31.01		balance c/d			6 750 (1)
					<u>45 250</u>					<u>1500</u>	<u>45 250</u>
01.02		balance b/f			6 750						

(04 marks)

	i	ii	iii		iv	Total
05			a	b		12
	02	02	02	02	04	12

6. (i) State two occasions where errors can occur in the accounting process. (02 marks)

(ii) The cost information related to printing 1000 calendars for the year 2025 in Saviya production business is given below.

	Rs.
Papers and ink.....	100 000
The monthly salary of a printing worker.....	40 000
(There are two printing workers)	
Expenses for designs of calendar.....	5 000
Printing machine annual depreciation.....	24 000
Monthly electricity bill of the printing section.....	8 000
Monthly salary of cleaner in the printing section.....	15 000
Glue, thread and pins.....	1 000
Monthly salary of a printing section watcher.....	20 000

Required :

Calculating the selling price of a calendar with a 10% profit margin on cost. (02 marks)

(iii) Following are the totals of the debit and credit columns of the trial balance prepared in Haseem's business as at 31.12.2024.

Debit column = Rs. 685 000

Credit column = Rs. 750 000

The reasons affected to this difference are as follows:

1. Cash purchases of Rs. 50 000 was recorded twice in accounts.
2. The debit side of salary account has been totalled with excess of Rs. 1 000.
3. The balance of the land account Rs. 666 000 was recorded as Rs. 600 000 in the trial balance.
4. Purchase of furniture Rs. 25 000 was debited to the purchases account.

Required :

Writing journal entries of correcting the above errors. (04 marks)

(iv) The favourable balance of bank account in Rizna's business is Rs. 45 000 as at 31.12.2024. The balance of the bank statement on that day was Rs. 36 000. The reasons for this difference are given below.

1. The cheque No. 700750 of Rs. 24 000 deposited in the bank in December has not been realized.
2. The insurance premium paid by the bank under the standing orders is Rs. 6 000.
3. Although the cheque No. 820004 of Rs. 10 000 was issued to a creditor, it has not been presented to the bank.
4. The amount received from a debtor directly to the bank is Rs. 11 000.

Required :

(a) Adjusting the balance of bank account in Rizna's business as at 31.12.2024

(b) Preparing the bank reconciliation statement as at 31.12.2024

(04 marks)

(Total 12 marks)

6. (i)

- When transaction are recorded in the prime entry books
- When transaction are posted to the ledger from the prime entry books
- When balancing of ledger accounts
- When the trial balance is prepared.

(01 X 2 = 02 marks)

(ii) Selling price of a calendar

Rs. 254.10

(02 marks)

Sawiya production business

Production cost statement

Prime Cost	Rs.	Rs.
Printing papers and ink	100 000	185 000
Wages to printing machine operator	80 000 ^(1/2)	
Expenses for Design of calendar	5 000	
Production Overhead cost		46 000
Printing machine depreciation	2 000 ^(1/2)	
Electricity expenses	8 000	
Monthly salary of cleaner	15 000	
Glue, thread, and pins	1 000	
Salaries of watchman	20 000	
Total production cost		231 000

$$\begin{aligned}
 \text{Selling price of a calendar} &= \frac{231\,000}{1\,000} + \left(\frac{231\,000}{1\,000} \times \frac{10}{100} \right) \\
 &= 231 + 23.10 \\
 &= \underline{\underline{\text{Rs. 254.10}}}
 \end{aligned}$$

(iii) General Journal

	Date	Voucher No.	Description	L.F.	Dr. (Rs.)	Cr. (Rs.)
1.			Cash A/c Dr. Purchases Account (Correction of recording a cash purchase of Rs.50 000 twice)		50 000	50 000 (01)
2.			Suspense Account Dr. Salary Account (correction of total the debit side of salary account with excess on Rs. 1 000)		1 000	1 000 (01)
3.			Suspense Account (Correction of recording the balance of the land account Rs.666 000 as Rs.600 000 in the trial balance)			66 000 (01)
4.			Furniture Account Dr. Purchases Account (Correction of purchase of furniture Rs.25 000 debit into purchase account)		25 000	25 000 (01)

(If at least one narration is not written deduct ½ marks from earned marks)

(01 X 4 = 04 marks)

(iv)

(a)

Rizna's business

Bank Account as at 31.12.2024

Date	Description	L. F	Amount (Rs.)	Date	Description	L.F	Amount (Rs.)
12.31	balance b/f		45 000 $\frac{1}{2}$		Insurance premium		6 000 $\frac{1}{2}$
	Debtor's remittances		11 000 $\frac{1}{2}$	12.31	balance c/d		50 000 $\frac{1}{2}$
			<u>56 000</u>				<u>56 000</u>
	balance b/f		50 000				

(02 marks)

(b)

Rizna's Business

Bank reconciliation Statement for the month of December 2024

	(Rs.)	(Rs.)
Adjusted Bank Balance as at 31.12.2024	$\frac{1}{2}$	50 000
Add : Cheque Not Presented to the bank		
Cheque No - 820004	10000	10000 $\frac{1}{2}$
		<u>60000</u>
Less- Un realized cheque		
Cheque No - 700750	24000	(24000) $\frac{1}{2}$
Bank Balance as per the Bank Statement as at 31.12.2024	$\frac{1}{2}$	<u>36000</u>

(02 marks)

06	i	ii	iii	iv		Total
				(a)	(b)	12
	02	02	04	02	02	<u>12</u>

7. (i) What is the scrap value of a machine? (02 marks)
- (ii) The following information is provided for Rantharu sports club for the year ended 31.12.2024.
- Number of members is 80.
 - Annual membership fee of a member is Rs.1000.
 - Five members have not paid their annual membership fees.
 - Donations of sports equipment of Rs.50 000 has been received to the sports club.
 - The monthly salary of the incharge of pavilion is Rs.10 000. His salary for the month of December 2024 has not been paid.
 - Rent received by renting out the playground is Rs.100 000. Rent receivable as at 31.12.2024 is Rs. 10 000.

Required :

Writing two items with values recorded in Receipt and Payment account in Rantharu Sports Club prepared for the year ended 31.12.2024 (02 marks)

- (iii) Following is the trial balance of Saradha's retail trading business as at 31.12.2024.

	Debit (Rs.)	Credit (Rs.)
Capital		455 000
Stock (as at 01.01.2024)	58 000	
8% Bank loan		50 000
Debtors	45 000	
Creditors		51 000
Purchases	375 000	
Sales		590 000
Carriage inwards	22 000	
Building rent	10 000	
Sales employees wages	90 000	
Electricity charges	50 000	
Discounts allowed	12 000	
Discounts received		15 000
Distribution vehicles (cost as at 01.01.2024)	400 000	
Provision for depreciation of distribution vehicles (as at 01.01.2024)		64 000
Loan interest	2 000	
Bank charges	1 500	
Machines and equipments (cost as at 01.01.2024)	150 000	
Cash balance	9 500	
	<u>1 225 000</u>	<u>1 225 000</u>

Additional information :

- Stock as at 31.12.2024 is Rs. 60 000.
- Monthly building rent is Rs. 1 000.
- Distributing vehicles should be depreciated annually at 8% on straight line basis.

Required:

- (a) The statement of Profit or Loss of Saradha's business for the year ended 31.12.2024. (04 marks)
- (b) The statement of Financial Position of Saradha's business as at 31.12.2024. (04 marks)
- (Total 12 marks)

7.

- (i) A machine may be sold to another party at the end of the life of the machine and the amount obtained is known as scrap value.

(02 marks)

(ii) Receipts of membership fee Rs.75 000

- Receipts of renting of playground Rs. 100 000
- Paying salary of the in-charge of pavilion Rs. 110 000 (01 x 2 = 02 marks)

(iii) (a)

Saradha business

Profit or Loss Statement
For the year ended 31.12.2024

 $\frac{1}{2}$

	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Stock as at 01/01/2024		58 000	Sales		590 000
Add - Purchases	375 000				
carriage inwards	22 000	397 000			
Cost of goods to be sold		455 000			
Less - Stock as at 31/12/24		(60 000)	$\frac{1}{2}$		
Cost of Sales		395 000	$\frac{1}{2}$		
Gross Profit		195 000	$\frac{1}{2}$		
		590 000			590 000
<u>Distribution expenses</u>			Gross Profit		195 000
Distribution vehicle depreciation	32 000	$\frac{1}{2}$	Add: other income		
Sales employees wages	90 000		Discount Received		15 000
Discount allowed	12 000	134 000			
<u>Administration Expenses</u>					
Building rent	12 000	$\frac{1}{2}$			
Electricity Charges	50 000	62 000			
<u>Finance expenses</u>					
Bank loan Interest	4 000	$\frac{1}{2}$			
Bank charges	1 500	5 500			
Net Profit credited to Capital Account		8 500	$\frac{1}{2}$		210 000
		210 000			

(04 marks)

(b)

Saradha business

Statement of financial position as at 31.12.2024

	(Rs.)	(Rs.)		Cost (Rs.)	Acc.Dep (Rs.)	Carryinga mount (Rs.)
Capital as at 01.01.2024	455 000		<u>Non Current</u>			
Add			<u>Assets</u>			
Net Profit ^(1/2)	8 500		Distribution Vehicles	400 000	96 000 ^(1/2)	304 000
		463 500	Machine and Equipment	150 000		150 000
<u>Non Current</u>				550 000	96 000	454 000 ^(1/2)
<u>Liabilities</u>			<u>Current Assets</u>			
8% bank loan		50 000	Stock as at 31/12		60 000 ^(1/2)	
<u>Current</u>			Debtors		45 000	
<u>Liabilities</u>			Cash		95 000	114 500
Creditors	51 000					
Accrued Bank loan interest	2 000 ^(1/2)					
Accrued building rent	2 000 ^(1/2)					
		55 000				
		<u>568 500</u>				<u>568 500</u>

(04 marks)

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

Optional Answer

(iii) (a)

Saradha Business

Profit or Loss Statement

For the year ended 31.12. 2024

 $\frac{1}{2}$

	Rs.	Rs.	Rs.
Sales			590 000
Less: Cost of Sale			
Stock as at 01.01.2024		58 000	
Add - Purchases	375 000		
Carriage inwards	22 000	397 000	
Cost of goods to be sold		455 000	
Less - Stock as at 31.12.2024		(60 000) $\frac{1}{2}$	
Cost of Sales		395 000	(395 000) $\frac{1}{2}$
Gross Profit			195 000 $\frac{1}{2}$
Add : other income			15 000
Discount received		15 000	15 000
			210 000
<u>Distribution Expenses</u>			
Distribution vehicle depreciation	32 000 $\frac{1}{2}$		
Sales employees wages	90 000		
Discount Allowed	12 000	134 000	
<u>Administration Expenses</u>			
Building rent	12 000 $\frac{1}{2}$	72 000	
Electricity Charges	50 000		
<u>Financial and other Expenses</u>			
Bank loan interest	4 000 $\frac{1}{2}$		
Bank charges	1 500	5 500	(201 500)
Net Profit credited to capital a/c			8 500 $\frac{1}{2}$

(04 marks)

(b)

Saradha Business

Statement of financial position as at 31.12. 2024

	Cost (Rs.)	Acc. Dep. (Rs.)	Carrying Amount (Rs.)
<u>Non Current Assets</u>			
Distribution Vehicles	400 000	96 000 ^{1/2}	304 000
Machinery and Equipment	150 000	-	150 000
	550 000	96 000	454 000 ^{1/2}
<u>Current Assets</u>			
Stock as at 31.12.2024		60 000 ^{1/2}	
Debtors		45 000	
Cash		9 500	114 500
Total Assets			568 500
Capital s at 01.01.2024		455 000	
Add - Net Profit	^{1/2}	8 500	463 500
<u>Non Current Liabilities</u>			
8% Bank loan			50 000
<u>Current Liabilities</u>			
Creditors		51 000	
Accrued Bank loan interest		2 000 ^{1/2}	
Accrued building rent		2 000 ^{1/2}	55 000
Equity and liabilities			568 500

(04 marks)

7.	(i)	(ii)	(iii)		$\frac{12}{12}$
			(a)	(b)	
	02	02	04	04	