

OL/2021(2022)/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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60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2021(2022)
 கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2021(2022)
 General Certificate of Education (Ord. Level) Examination, 2021(2022)

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

පැය තුනයි
 மூன்று மணித்தியாலம்
 Three hours

අමතර කියවීමේ 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 paying attention to the following case.

An educational program on 'Let's Prevent Dengue' was conducted at Dumbara Maha Vidyalaya with the human resources of Dumbara Regional Hospital, Dumbara Police station and Thrift and Credit Cooperative Society and the financial sponsorship of Gamunu, the owner of Gamunu Rubber Products business and his employees. The students, teachers and parents of Dumbara Maha Vidyalaya and Madalanda Vidyalaya participated in that program.

1. What is the human need satisfied by the awareness program conducted on 'Let's Prevent Dengue' in the above case?
 (1) Health (2) Education (3) Security (4) Entertainment
2. An example for an internal environmental factor of Dumbara Maha Vidyalaya is
 (1) the students and teachers of Dumbara Maha Vidyalaya.
 (2) the students and parents of Dumbara Maha Vidyalaya.
 (3) the students and teachers of Madalanda Vidyalaya.
 (4) the teachers and parents of Madalanda Vidyalaya.
3. A private sector business organization included in the above case is
 (1) Dumbara Regional Hospital. (2) Thrift and Credit Cooperative Society.
 (3) Dumbara Maha Vidyalaya. (4) Dumbara Police station.
4. Dumbara Regional Hospital is
 (1) a drugs manufacturing business. (2) a for profit business.
 (3) a service providing business. (4) a private sector business.
5. Select the answer indicated an example for the production factor, 'entrepreneurship' of the Gamunu Rubber Products business.
 (1) Rubber used for products
 (2) Money employed for business
 (3) Gamunu, the owner of the business
 (4) Employees of the business

6. Supun is conducting an electric bulbs manufacturing business. A threat to this business is
 (1) the skilled employees leaving the business.
 (2) the increasing of demand for solar power bulbs products.
 (3) not paying the installment of the bank loan obtained by the business.
 (4) not maintaining the financial statements of the business in proper order.
7. Ruwan produces cane products in his house and sells them by going from door to door. Ruwan is
 (1) a fixed large scale retail trader. (2) a fixed small scale retail trader.
 (3) a mobile small scale wholesale trader. (4) a mobile small scale retail trader.
8. Which of the following is **not** an economic environmental factor affected to businesses?
 (1) Interest rate (2) Foreign exchange rate
 (3) Literacy rate (4) Inflation rate
9. Gayan purchased his air ticket and paid using a Bank of Ceylon debit card. To do this transaction, Gayan should have
 (1) a credit card of Bank of Ceylon.
 (2) no any account in Bank of Ceylon.
 (3) a fixed deposit with a cash balance equivalent to the amount spent in the Bank of Ceylon.
 (4) a savings account with a cash balance equivalent to the amount spent in the Bank of Ceylon.
10. A licensed commercial bank operated under a license issued by Central Bank of Sri Lanka is
 (1) State Mortgage and Investment Bank. (2) National Savings Bank.
 (3) Sanasa Development Bank. (4) People's Bank.

● Answer the questions No. 11 and 12 using the following case.

Piyal was slightly injured by an accident while he was travelling by a rented trishow. At the same time, the owner who drove the trishow, informed his insurance company, Sri Lanka Insurance Cooperation Limited about this accident via a short message using the mobile phone.

11. According the above incident, select the answer that shows the first party, the second party and the third party involved in insurance respectively.
 (1) Piyal, the owner of the trishow and Sri Lanka Insurance Cooperation Limited
 (2) Sri Lanka Insurance Cooperation Limited, Piyal and the owner of the trishow
 (3) The owner of the trishow, Sri Lanka Insurance Cooperation Limited and Piyal
 (4) The owner of the trishow, Piyal and Sri Lanka Insurance Cooperation Limited
12. What is the communication medium of the short message used by the owner of the trishow to inform the accident in the above case belongs to?
 (1) Electronic verbal (2) Electronic written
 (3) Sign written (4) Electronic sign
13. Elements of transportation and the examples for them are given in the following table.

Elements of transportation	Examples for the elements of transportation
1. Way	A - Opening a fuel station with modern facilities
2. Mode	B - Opening the expressway from Mirigama to Kurunegala
3. Power	C - Establishing a new railway station in Jaffna
4. Terminal	D - Launching a Luxury train service from Mount Lavinia to Kankasanthurai

Select the answer that the above elements of transportation have been matched with the examples respectively.

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

14. Evaluating the sales of the year 2021 by the sales manager belongs to the^①
function in the management process and selling goods subject to the 5% discount in 2022 belongs to the^② of the marketing mix.
Select the answer that shows the correct terms to the places ① and ② in the above statement respectively.
- | | |
|----------------------------|------------------------|
| (1) Controlling, Promotion | (2) Planning, Price |
| (3) Planning, Promotion | (4) Controlling, Price |
15. Ranga invested Rs.250 000 earned by him in ordinary shares of a Public Limited Company. He received Rs.10 000 from the profit earned by that company in the year 2021. After that, he sold all the shares for Rs.350 000. Select the answer that shows the correct terms for the returns Ranga earned from this investment.
- | | |
|--------------------------------|------------------------------------|
| (1) Interest income, dividends | (2) Dividends, capital gains |
| (3) Profits, capital gains | (4) Capital gains, interest income |
16. What is the source of investment that **does not** have a fixed rate of return?
- | | |
|---------------------|---------------------|
| (1) Fixed deposits | (2) Treasury bills |
| (3) Saving deposits | (4) Ordinary shares |
17. Select the answer including only the accounts recorded according to the double entry principle of decrease debit and increase credit.
- | |
|--|
| (1) creditors account, drawings account, sales account, insurance charges account |
| (2) bank loan account, creditors account, discounts allowed account, commission income account |
| (3) wages account, debtors account, salaries account, cash account |
| (4) capital account, creditors account, bank loan account, discounts received account |
18. A non current asset of a furniture manufacturing business is
- | | |
|-------------------------------|-------------------------|
| (1) receivable building rent. | (2) furniture for sale. |
| (3) carpenter table. | (4) cash in hand. |
- Answer the questions No. 19 to 21 using the following information.
Following are some transactions occurred in a business.
- A – Purchasing a stock of goods of Rs.25 000 in cash
B – Selling a stock of goods which was purchased at Rs.10 000 for Rs.12 000 on credit
C – Receiving amount of Rs.5 000 from a debtor
D – Purchasing a table of Rs.50 000 on credit for the business office
19. From the above transactions, the transaction affected for the equity of the accounting equation of this business is
- | | | | |
|--------|--------|--------|--------|
| (1) A. | (2) B. | (3) C. | (4) D. |
|--------|--------|--------|--------|
20. After the above transactions, the value of assets of the accounting equation of this business increases by
- | | | | |
|----------------|----------------|----------------|----------------|
| (1) Rs.15 000. | (2) Rs.17 000. | (3) Rs.52 000. | (4) Rs.92 000. |
|----------------|----------------|----------------|----------------|
21. If the total liabilities of the business was Rs.80 000 before the above transactions, what is the value of total liabilities after these transactions?
- | | | | |
|---------------|---------------|----------------|----------------|
| (1) Rs.75 000 | (2) Rs.90 000 | (3) Rs.130 000 | (4) Rs.142 000 |
|---------------|---------------|----------------|----------------|
22. The source document and the prime entry book used to record purchasing a car of Rs.2 000 000 for sale on credit in a used cars buying and selling business are respectively
- | |
|--|
| (1) paying voucher and purchases journal. |
| (2) journal voucher and general journal. |
| (3) purchases invoice and general journal. |
| (4) purchases invoice and purchases journal. |

23. A cheque of Rs.15 000 received from Ravi a debtor has been recorded in the ledger of the business. When depositing this cheque in the bank account, the correct double entry should be as
- | | |
|--|--|
| (1) Bank account Dr. Rs.15 000
Cash account Cr. Rs.15 000 | (2) Bank account Dr. Rs.15 000
Ravi's account Cr. Rs.15 000 |
| (3) Cash account Dr. Rs.15 000
Bank account Cr. Rs.15 000 | (4) Cash account Dr. Rs.15 000
Ravi's account Cr. Rs.15 000 |
24. The petty cash imprest of a business is Rs. 5000. The balance of petty cash book in this business was Rs. 800 as at 31.01.2022. The total amount of expenses columns brought to ledger from the petty cash book on the same day is
- (1) Rs.800. (2) Rs.4 200. (3) Rs.5 000. (4) Rs.5 800.
25. What is the transaction that the journal voucher is used as a source document?
- (1) Purchasing a stock of goods of Rs.10 000 for sale on credit
(2) Purchasing furniture of Rs.50 000 for use of business in cash
(3) Obtaining a loan of Rs.200 000 to the business from a financial institution
(4) Obtaining a stock of goods of Rs.5 000 for the personal use of owner from the business
26. Sadun paid Rs.2 000 for tuition fees of his son Kasun from a cheque of the business. What is the double entry relevant to record this transaction?
- | | |
|--|---|
| (1) Drawings account Dr. Rs.2 000
Bank account Cr. Rs.2 000 | (2) Drawing account Dr. Rs.2 000
Cash account Cr. Rs.2 000 |
| (3) Kasun's account Dr. Rs.2 000
Bank account Cr. Rs.2 000 | (4) Kasun's account Dr. Rs.2 000
Cash account Cr. Rs.2 000 |
27. A reason for that the balance of bank account in Amal's business is less than the balance of bank statement received as at 31.03.2022 is that
- (1) the cheque of Rs.15 000 deposited on 30.03.2022 was not realized.
(2) the cheque of Rs.25 000 issued to Ruwan on 29.03.2022 was not presented to the bank.
(3) the bank had paid the insurance fee of March of Rs.1 000 on standing order.
(4) the bank had charged Rs.1 500 as bank charges for the month of March.
28. Select the answer that indicates an error that is not revealed from a trial balance prepared at the end of an accounting year.
- (1) Purchases of Rs.1 500 in cash is recorded only in cash book.
(2) When paying a creditor, discount received of Rs.500 was not recorded in discount received account.
(3) Credit purchase of Rs.55 000 was recorded correctly in the purchase journal, but was credited as Rs.50 000 to the creditors account.
(4) Paid insurance charges of Rs.1 500 has been recorded in cash book correctly but it was debited to the rate account.
29. Paying telephone charges of Rs.9 000 in a business has been debited to telephone charges account as Rs.900. Select the relevant journal entry to rectify this error.
- | |
|---|
| (1) Telephone charges account Dr. Rs.8 100
Cash account Rs.8 100 |
| (2) Telephone charges account Dr. Rs.8 100
Suspense account Rs.8 100 |
| (3) Telephone charges account Dr. Rs.9 000
Suspense account Rs.9 000 |
| (4) Telephone charges account Dr. Rs.9 000
Cash account Rs.9 000 |

30. The Samagi Sports Club has 100 members and the monthly membership fee is Rs.50 per member. Annual membership fee of 70 members has been received for the year ended 31.12.2021. The membership fee income to be stated in the Income Statement for the year ended 31.12.2021 is
 (1) Rs.3 500. (2) Rs.5 000. (3) Rs.42 000. (4) Rs.60 000.

- Answer questions No. 31 and 32 using the following information.

Following are expenses to produce 1000 kilograms of cakes, in a cake manufacturing business during the month ended 31.03.2022.

	Rs.
Wheat flour	100 000
Eggs	10 000
Other materials	20 000
Wages of cake maker	45 000
Rent of business (Monthly)	10 000
Electricity bill of business (Monthly)	15 000

31. The prime cost for the production of cakes for the month ended 31.03.2022 is
 (1) Rs.145 000. (2) Rs.155 000. (3) Rs.175 000. (4) Rs.200 000.
32. What is the selling price of one kilogram of cake if retaining a 10% profit margin?
 (1) Rs.143.00 (2) Rs.192.50 (3) Rs.200.00 (4) Rs.220.00

- Answer questions No. 33 and 34 using the following information.

Sulochana's business is conducted in a rented building for Rs.10 000 per month. Rs.80 000 has been paid as building rent for the year ended 31.12.2021.

33. Select the journal entry relevant to the adjustment of building rent of Sulochana's business for the year ended 31.12.2021.

(1) Building rent account	Dr.	Rs.40 000	
Accrued building rent account			Rs.40 000
(2) Receivable building rent account	Dr.	Rs.40 000	
Building rent revenue account			Rs.40 000
(3) Building rent account	Dr.	Rs.80 000	
Cash account			Rs.80 000
(4) Building rent account	Dr.	Rs.120 000	
Accrued building rent account			Rs.120 000

34. Building rent should be included in the Statement of Financial Position of Sulochana's business as at 31.12.2021 as

- (1) accrued building rent Rs.40 000. (2) building rent receivable Rs.40 000.
 (3) accrued building rent Rs.80 000. (4) accrued building rent Rs.120 000.

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

The trial balance of Kusal's business as at 31.12.2021 is as follows.

	Debit (Rs.)	Credit (Rs.)
Sales		450 000
Purchases	200 000	
Stock as at 01.01.2021	100 000	
Motor vehicles at cost	800 000	
10% Bank loan		100 000
Cash balance	15 000	
Insurance fee	7 000	
Received rent		3 000
Employees salary	12 000	
Capital as at 01.01.2021		600 000
Debtors	46 000	
Creditors		35 000
Bank loan interest	8 000	
	<u>1 188 000</u>	<u>1 188 000</u>

Additional information:

1. Remaining stock as at 31.12.2021 is Rs.80 000.
 2. Rs.4000 should be written off as bad debts from debtors as at 31.12.2021.
 3. The rent to be received as at 31.12.2021 is Rs.2 000.
35. The cost of sales of the Kusal's business for the year ended 31.12.2021 is
 (1) Rs.150 000. (2) Rs.220 000. (3) Rs.300 000. (4) Rs.380 000.
36. The Gross profit of the Kusal's business for the year ended 31.12.2021 is
 (1) Rs.70 000. (2) Rs.150 000. (3) Rs.230 000. (4) Rs.300 000.
37. The Net profit of the Kusal's business for the year ended 31.12.2021 is
 (1) Rs.200 000. (2) Rs.202 000. (3) Rs.204 000. (4) Rs.206 000.
38. The amount of total liabilities of Kusal's business as at 31.12.2021 is
 (1) Rs.37 000. (2) Rs.100 000. (3) Rs.135 000. (4) Rs.137 000.
39. The amount of total assets of Kusal's business as at 31.12.2021 is
 (1) Rs.937 000. (2) Rs.939 000. (3) Rs.941 000. (4) Rs.943 000.
40. The equity of Kusal's business as at 31.12.2021 is
 (1) Rs.202 000. (2) Rs.600 000. (3) Rs.802 000. (4) Rs.804 000.

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கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2021(2022)
General Certificate of Education (Ord. Level) Examination, 2021(2022)

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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).

Divan, a management graduate, a positive thinker who likes to take risks lives in Koggala, the tourism Paradise. He started a business as 'Ganguli Safari' on 01.01.2022 by investing Rs.800 000 of his own money and a bank loan of Rs.500 000 at an annual interest of 12% to provide boat service to go to the Madol Doova crossing the Koggala lake to foreign and local tourists who come to visit Madol Doova. On the same day, he purchased a safari boat for Rs.800 000 and safety jackets for Rs.120 000 in cash and recruited an experienced safari boat rider, Thilak for a monthly salary of Rs.35 000 and an untrained employee, Kumara for a monthly salary of Rs.10 000.

On the same day, he rented a building for Rs.7000 per month near Madol Doova where there are many tourism bungalows.

Following are the transactions occurred for the month ended 31.01.2022.

	Rs.
• Paid fuel expenses	85 000
• Paid insurance charges	8 000
• Paid port charges	15 000
• Paid other expenses	20 000
• Total boat service income received	310 000

After analysing the income and expenditures of the business in the month of January, Divan has decided to expand the business from February by purchasing another two safari boats on credit.

Additional information:

- Safari boats by 12% and safety jackets by 50% should be depreciated annually.
 - The electricity bill for the month of January was Rs. 1000. It has not been paid till 31.01.2022.
 - The boat rider's salary and untrained employee's salary for the month of January were paid during the month of January but the building rent has not been paid as at 31.01.2022.
- (i) (a) What is the human need satisfied by 'Ganguli Safari' business?
(b) According to the ownership of the business, what is the type of business organization that 'Ganguli Safari' business belongs to?
- (ii) Following are five business environmental factors of 'Ganguli Safari' business.
(a) Koggala, the tourism paradise
(b) Divan's management degree
(c) Thilak, experienced boat rider
(d) Kumara, untrained employee
(e) Madol Doova situated near business building

State whether each of the above business environmental factors to the 'Ganguli Safari' business, as a strength, a weakness, an opportunity, or a threat. (To provide the answer, use a table similar to one given below. The answer for first business environment factor (a) has been given for you.)

Business environmental factor	
(a)	an opportunity
(b)	
(c)	
(d)	
(e)	

- (iii) Write an example for each of the following management functions using the 'Ganguli Safari' business.
 (a) Organizing (b) Controlling
- (iv) Write an example for each of the following factors of production relevant to the service provided by 'Ganguli Safari' business.
 (a) Land (b) Labour (c) Capital (d) Entrepreneurship
- (v) (a) Write the amounts of equity and liability of 'Ganguli Safari' business as at 01.01.2022 separately.
 (b) Write **two** assets with the amounts of 'Ganguli Safari' business as at 01.01.2022.
- (vi) (a) Mention the source document and prime entry book relevant to record the accrued electricity bill of Rs.1000 in 'Ganguli Safari' business as at 31.01.2022.
 (b) Write the double entry relevant to that 'Ganguli Safari' business purchased safety jackets of Rs.120 000 in cash.
- (vii) State the net value of each non-current asset of 'Ganguli Safari' business as at 31.01.2022 separately.
- (viii) Calculate the cash balance of 'Ganguli Safari' business as at 31.01.2022.
- (ix) Calculate the net profit or loss of 'Ganguli Safari' business for the month ended 31.01.2022.
- (x) In 'Ganguli Safari' business,
 (a) how much is the amount of equity as at 31.01.2022?
 (b) how much is the amount of total assets as at 31.01.2022?

(02 × 10 = 20 marks)

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

2. (i) Write **two** unique characteristics of cooperative societies. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
 (a) The human needs arise naturally while wants can be created.
 (b) Competitors of a business is an internal environmental factor of it.
 (c) Sri Lanka railway department is a service providing business.
 (d) The liability of partners in a partnership is limited. (02 marks)
- (iii) Following are two incidents that took place while Saman was going home from school with his father.
 1. Father bought a map book for Saman from Sumudu book sellers.
 2. Father bought five kilograms of rice from Lanka Sathosa Limited.

State the human need satisfied by each of the above incidents and the type of business organization (according to the objective) that involved in satisfying the said needs belongs. (To provide the answer use a table similar to one given below.)

Incident	Human need satisfied	The type of business organization (according to the objective)
1		
2		

(02 marks)

(iv) Nayana, who was conducting a successful business of gardening and selling flowers, in Nuwara Eliya as 'Sakura Flowers' faced difficulty to pay the bank installment of Rural bank last year because of fungal disease occurred. But, due to her business knowledge, commitment and the encouragement given by the government providing organic fertilizer, she has been successful in this year.

(a) Write **two** stakeholders of 'Sakura Flowers' mentioned in the above case.

(b) Write the reason to register the name of 'Sakura Flowers' business mentioned in the above case.

(02 marks)

(Total 08 marks)

3. (i) Write **two** advantages of maintaining a current account. (02 marks)

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

(a) When transacting with cheques, crossing is compulsory.

(b) The insurance principle of indemnity is not relevant for life insurance.

(c) In a communication process, the message exchanged between the sender and the receiver is connected through a communication medium.

(d) A disadvantage of railway transportation is the inability of using it upto the destination in mostly of time. (02 marks)

(iii) Raja, a potato cultivator in Jaffna, using a telephone informed Prabath, an owner of supermarket in Colombo that he is sending 50 kilograms of potatoes to Pettah railway station by Friday night mail. Prabath agreed to get the stock of potatoes and informed it to Raja and requested the lorry driver and an employee to go to the Pettah railway station.

(a) Write an example for the response which is an element of the communication process included in the above case.

(b) Name the retailer and the whole seller in the above case separately. (02 marks)

(iv) While walking on the jogging path Jagath picked up a People's bank cheque of Rs.500 000 fallen on the ground floor. The name 'Ruwan Perera' was written on the face of the cheque and the phrase 'Accounts payee only, Bank of Ceylon' was written within two parallel lines.

(a) Name the drawee and payee of this cheque separately.

(b) None of the parties can cash the amount of this cheque from a bank counter. What is the reason for that? (02 marks)

(Total 08 marks)

4. (i) Write **two** benefits of investing in ordinary shares. (02 marks)

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

(a) Leading is the process of directing human resources appropriately when implementing a planned process.

(b) The share of the market that a business can satisfy in a more attractive and profitable way is the target market.

(c) Investing a certain amount of earned income in an effective source while expecting an economic return by a person is an investment.

(d) Treasury bills are issued by commercial banks on behalf of the government. (02 marks)

(iii) While Dasun is selling his Kithul jaggery products at a special discount in Pettah railway station with three employees, instructs them the duties that should be fulfilled by each. Using the above case,

(a) Write an example for the leading, a management functions.

(b) Write an example for price, a variable of marketing mix. (02 marks)

(iv) Amal and Saman won a jackpot and shared it equally. Amal started a retail trade business from the money he received and purchased a land from the rest. Saman invested a half of the money he received to buy shares in a public limited company in the Colombo stock market and deposited the rest in a fixed deposit.

(a) Who received an interest income as return in the above case?

(b) What is the name of the return that both Amal and Saman can receive? (02 marks)

(02 marks)

(Total 08 marks)

Part II - Accounting
(Answer **two** questions only.)

5. (i) What is the main purpose of Accounting? (02 marks)
- (ii) Write the source document and the prime entry book separately for each of the following transactions occurred in a business.
- (a) Purchasing a stock of goods of Rs.50 000 in cash
- (b) Purchasing furniture of Rs.100 000 on credit for the use of the business (02 marks)
- (iii) The total amount of assets and liabilities of Raju's business as at 01.01.2022 are as follows.

	Rs.
Motor vehicle	250 000
Stock of goods	140 000
Debtors	20 000
Cash balance	100 000
Total liabilities	30 000

Following are how the transactions occurred in Raju's business during the month of January 2022, impacted on the accounting equation.

Date	Assets				=	Equity	+	Liabilities
	Motor Vehicle (Rs.)	Stock of good (Rs.)	Debtors (Rs.)	Cash (Rs.)		Equity (Rs.)		Creditor (Rs.)
05/01		+ 9 000						+ 9 000
10/01				- 10 000		- 10 000 (Insurance fees)		
14/01			- 7 000	+7 000				
20/01				- 8 000				- 8 000
25/01		- 15 000	+ 25 000			+ 10 000 (Profit)		

Required:

- (a) Write the transaction with the amount occurred on 14.01.2022.
- (b) What is the amount of equity as at 25.01.2022?
- (c) What is the amount of total current assets as at 25.01.2022?
- (d) Indicate how the following transaction occurred in Raju's business on 31.01.2022 impacted on the above accounting equation.
- Investing Raju's private motor vehicle of Rs.300 000 to his business. (04 marks)
- (iv) The sales transactions occurred in Narada's wholesale business during the month of January 2022 are given below.

05.01.2022	Selling a stock of goods to Chamara at Rs. 45 000 on credit	(Invoice No. 520)
14.01.2022	Selling a stock of goods at Rs. 60 000 in cash	(Receipt No. 428)
25.01.2022	Selling a stock of goods to Nuwan at Rs. 100 000 on credit Trade discount is 5%	(Invoice No. 521)

Required:

The followings of Narada's business for the month of January 2022,

- (a) Sales Journal
- (b) Sales account
- (c) The total amount of sales

(04 marks)
(Total 12 marks)

6. (i) Name the elements of prime cost. (02 marks)
- (ii) Nimal started a business for manufacturing canvas fabric bags on 01.01.2022 and purchased machinery of Rs.120 000 for it.
Following are the production expenses for the month of January.

	Rs.
Building rent	20 000
Wages of the bag sewers	60 000
Wages of watcher	25 000
Purchases of canvas fabric	200 000
Bag design expenses	30 000
Electricity expenses	8 000
Machine repairing expenses	14 000
Depreciation of machines	3 000

At the end of the month no any stock of canvas fabrics and cost of canvas bag is Rs.1200.

Required:

For manufacturing canvas fabric bags in the month of January

- (a) Prime cost
- (b) Production overhead cost (02 marks)
- (iii) Following is the trial balance of Kasun's business as at 31.01.2022.

	Debit (Rs.)	Credit(Rs.)
Cash	110 000	
Sales		540 000
Purchases	300 000	
Telephone charges	8 000	
Rates	2 000	
Motor vehicle	250 000	
Land & Building	800 000	
Creditors		60 000
Capital		900 000
Suspense account	30 000	
	<u>1 500 000</u>	<u>1 500 000</u>

Following are the accounting errors identified in preparing the above trial balance.

- (a) Paid telephone charges Rs.6000 has been recorded as Rs.8000 in telephone charges account.
- (b) Paid Rs.16000 to creditors has been credited to relevant creditors' account.
- (c) Paid building repairing expenses Rs.100 000 has been debited to building account.

Required:

- (a) Suspense account before rectifying the above errors
- (b) Journal entries to rectify the above errors (04 marks)
- (iv) Gayan's business has a favourable bank account balance of Rs.24000 as at 31.03.2022. However, the balance of bank statement received on the same day differed to this.
Following reasons are identified for this difference later.

- Cheques that were not recorded in Gayan's current account by the bank :
 - The cheque deposited but not realized, Rs.14000
 - The cheque issued but not presented to the bank, Rs.15000
- The transactions that were not recorded in the bank account of Gayan's business :
 - Loan installment of Rs.10000 paid by bank on standing order
 - Direct remittances of Rs.30000 received to bank from debtors

Required:

- (a) Adjusting the bank balance of bank account of business as at 31.03.2022
- (b) Preparing the bank reconciliation statement as at 31.03.2022 (04 marks)

(Total 12 marks)

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7. (i) Name **two** financial statements prepared by a not for profit organization. (02 marks)
 (ii) Following is the Income Statement of 'Shakthi Sports Society' prepared for the year ended 31.12.2021 with errors.

	Rs.	Rs.
Income		
Membership fees	18 000	
Donations receipts	10 000	28 000
Expenses		
Expenses for Sport Competitions	8 000	
Electricity bill charges	1 500	
Tickets income	10 000	(19 500)
Net Profit		8 500

Additional Informations:

- The number of members of this sports society is 100.
- Annual membership fee for a member is Rs. 200.
- It was decided to depreciate sports equipment purchased at Rs.5000 on 10% annually.

Required:

Preparing the correct Income Statement for the year ended by 31.12.2021 of 'Shakthi Sports Society'. (02 marks)

- (iii) The trial balance of Nirmala's business as at 31.12.2021 is as follows.

	Debit (Rs.)	Credit (Rs.)
Sales		800 000
Purchases	375 000	
Land & Buildings (at cost)	500 000	
Motor vehicle (at cost)	600 000	
Debtors	9 000	
Creditors		15 000
Building rent	18 000	
Discounts received		5 000
Discounts allowed	2 000	
Sales persons salary	8 000	
Bank charges	1 500	
Electricity charges	2 500	
10% Bank loan		100 000
Capital as at 01.01.2021		624 000
Carriage inwards	10 000	
Stock as at 01.01.2021	15 000	
Cash balance	3 000	
	<u>1 544 000</u>	<u>1 544 000</u>

Additional information:

- Remaining cost of stock as at 31.12.2021 is Rs. 20 000.
- Accrued Building rent is Rs. 2 000 as at 31.12.2021.
- Motor vehicles should be depreciated at 20% per annum on straight line basis.

Required:

- (a) The Statement of Profit or Loss for the year ended 31.12.2021 (04 marks)
 (b) The Statement of Financial Position as at 31.12.2021 (04 marks)
(Total 12 marks)