



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2019

Grade 10 60 -Business & Accounting Studies (new syllabus) - I, II Three Hours

Name / Index No. :

Business & Accounting Studies - I

- Answer all questions.
 - In each of the questions from 1 to 40 , pick one of the alternatives (1),(2),(3),(4) which consider is correct or most appropriate.
 - Mark a cross (X) on the number corresponding to your choice in the answer sheet provided.
 - Further instructions are given on the back of the answer sheet. Follow them carefully.
-
- Using following case answer question No 01 - 04.

The government of Sri Lanka is launching a programme to encourage home gardeners to provide healthy fresh vegetables and fruits without poisonous and conducts a sales centre to sell vegetables and fruits which are purchased from the farmers.

01. A need relates to this case is,
(1) Health (2) food (3) security (4) medicine
02. The institutions which are selling fresh fruits & vegetables are called as,
(1) service providing businesses (2) whole sale trade institutions
(3) commodity manufacturing businesses (4) agricultural institutions
03. The related factor of production 'Land' which is used to grow vegetables & fruits is,
(1) Land (2) Labour (3) Capital (4) entrepreneurship
04. State the stakeholders who are interested in home gardening of fruits & vegetable production farmers in this case,
(1) customers (2) suppliers
(3) community (4) government
05. When the human needs and wants are widened, people started to produce a large quantity of goods and the excess of goods were exchanged with each other. This era is called as,
(1) self sufficient era (2) technical era
(3) goods exchanging era (4) industrial era
06. Gathindu has followed a computer repairing course. He started a computer repairing business in the middle of the city with the help of his friend. A strength of Gathindu's business is,
(1) Located in the middle of the city.
(2) Gathindu has followed a computer repairing course.
(3) not having an impact from competitors

07. The individuals who are taking decisions required to achieve the objectives of a business are,
 (1) Owners (2) Employees (3) Managers (4) Suppliers
08. The environment relates to Acts, laws and regulations which are appointed by the government.
 (1) political environment (2) legal environment
 (3) Economic environment (4) Global environment
09. Select an economic environmental factor relates to a furniture manufacturing business by using wood which is belongs to Dileesha,
 (1) fiscal policies (2) shop & office employees act
 (3) central environmental authority (4) level of employment
10. Different parties and forces acting within a business affecting to a business are known as
 (1) internal environment (2) external environment
 (3) technical environment (4) legal environment
11. Select the countries which are used Dollars as the currency unit.
 (1) United Kingdom, Australia, United State of America, Canada.
 (2) United State of America, Australia, Canada, France
 (3) United State of America, Singapore, Canada, Australia
 (4) United State of America, Singapore, United Kingdom, Canada.
12. The business organization that is directly and fully governed by the government under a ministry is,
 (1) State departments (2) Sate corporations
 (3) incorporated companies (4) state companies
13. Select a profit oriented, public sector business organization,
 (1) cooperative societies (2) state departments
 (3) state corporations (4) state companies
- **Using following information answer question No. 14 - 15.**
 Amaya Nawarathna conducts business by naming "Amaya stores."
14. Select the corrected statement relates to "Amaya Stores",
 (1) having an continuous existence (2) not compulsory to register
 (3) not having a legal personality (4) having a limited liability
15. The authorized officer to register the business name o f "Amaya Stores" is,
 (1) The secretary of business activities of the respective provincial council.
 (2) The business name registrar of the respective provincial council.
 (3) The business name registrar of the respective divisional council.
 (4) The secretary of business activities of the respective divisional council.
16. The incorrect statement of computerized accounting is,
 (1) ability to manage more transactions at once.
 (2) when the transaction occurs, all parties are been made aware of and respond to the transaction.
 (3) A considerable amount of time, spends for the transaction.
 (4) the risk of deletion of data due to technical errors.

17. It is not a characteristic of an asset,
- (1) having a present obligation.
 - (2) arose as a result of a past transaction
 - (3) controlled by the business
 - (4) future economic benefits will flow into the business
18. Select the answer that is not an expense,
- (1) Salary paid
 - (2) cost of sales
 - (3) loan interest
 - (4) drawings
19. Following accounting evaluation was appeared in a business on a specific date.
- | assets (Rs.) | = | equity (Rs.) | + | liabilities (Rs.) |
|--------------|---|--------------|---|-------------------|
| 350 000 | | 275 000 | | 75 000 |
- Select the corrected accounting equation of this business after occurring following transaction.
 "The owner settled the creditors of the business from his personal cash Rs. 25000."
- (1) 325 000 = 275 000 + 50 000
 - (2) 350 000 = 300 000 + 50 000
 - (3) 350 000 = 275 000 + 75 000
 - (4) 300 000 = 250 000 + 50 000
20. Select the incorrect double entry principle.
- (1) electricity expenses account increase debit decrease credit
 - (2) creditors account increase credit decrease debit
 - (3) bank loan account increase debit decrease credit
 - (4) sales account increase credit decrease debit
21. It is not an asset account,
- (1) furniture accounts
 - (2) creditors account
 - (3) debtors account
 - (4) fixed deposit account
22. Related double entry for interest received Rs. 2000 is,
- (1) loan interest acc. Dr. 2000
cash account cr. 2000
 - (2) interest received acc. Dr. 2000
cash account cr. 2000
 - (3) cash account Dr. 2000
interest received acc. Cr. 2000
 - (4) cash account Dr. 2000
Loan interest acc Cr. 2000
23. Select the correct statement relates to the ledger.
- (1) All accounts of assets, liabilities, equity, income and expenses are recording and holding in the ledger.
 - (2) All prime entry books are recording and holding in the ledger.
 - (3) It is recorded only a single record of a double entry in the ledger.
 - (4) After recognizing transactions and events from source documents then they are posted into the ledger.
24. Drawings account is related to,
- (1) an asset account
 - (2) a liability account
 - (3) an equity account
 - (4) an income account
25. The prime entry book which is recorded, "purchases trade goods on credit."
- (1) cash book
 - (2) sales journal
 - (3) purchases journal
 - (4) general journal
26. It is **not** a requirement of prime entry books,
- (1) required do record transactions according to double entry system.
 - (2) posting transactions to the ledger becomes systematical and convenient after recording them in prime entry book.
 - (3) minimize the occurrence of accounting errors and it is easy to find out such errors.
 - (4) similar types of transactions of a period need to be classified and recorded.

27. Select the source document used to record the transaction mentioned following.

Credit purchased a motor vehicle to distribute furniture of a furniture shop

- (1) sales invoice (2) purchases invoice
(3) journal voucher (4) payment voucher

28. The corrected journal entry to withdraw cash from the bank current account is,

- (1) cash account debit (2) bank account debit
bank account credit cash account credit
(3) cash account debit (4) bank loan account debit
bank loan account credit cash account credit

29. The adjusted bank account balance of a business was R. 21 500 for the month of January 2019. But on that day the balance of the bank statement was Rs. 18200. The affected reasons for the difference are,

	unpresented cheques (Rs.)	unrealized cheques (Rs.)
(1)	7 800	4 500
(2)	10 800	7 500
(3)	9 300	6 000
(4)	7 500	10 800

30. It is **not** an item which is recognized from the bank statement,

- (1) direct remittances (2) unrealized chaques
(3) bank charges (4) payments on standing orders

31. The **uncompleted** journal entry to pay Rs. 27000 to settle the creditor Sandun Rs. 30000 is as follows,

creditors account	debit	Rs. 30 000
.....①..... account	credit	Rs.②.....
cash account	credit③.....

The corrected items for above blanks ① , ② and ③ are respectively as,

- (1) Discount allowed, Rs. 3000, Rs 27000 (2) Discount received, Rs. 3000, Rs 27000
(3) Discount received, Rs. 3000, Rs 30000 (4) Sale,s Rs. 3000, Rs 27000

● **using following information answer the question No. 32 - 33**

The petty cash imprest of Nuwan's business is Rs. 10 000

The reimbursed amount as at 31.08.2019 was Rs. 9700

32. The petty cash expenses for the month of August 2019 is,

- (1) Rs. 9 700 (2) Rs. 10 000 (3) Rs. 9 300 (4) Rs. 300

33. The petty cash balance as at 31.08.2019 is,

- (1) Rs. 700 (2) Rs. 9 700 (3) Rs. 300 (4) Rs. 9 300

34. The total of the purchases Journal should be,

- (1) Credited to the purchases Account (2) debited to the creditors Account
(3) credited to the creditors Account (4) debited to the purchases Account

Grade 10**Business & Accounting Studies - I - continuation**

35. The condition 10/60/Net 90 indicates in a purchases invoice. It is mentioned as,
- (1) settle the credit amount within 90 days, if settles after 60 days, a 10% cash discount will be given.
 - (2) settle the credit amount within 60 days, if settles before 90 days, a 10% cash discount will be received.
 - (3) settle the credit amount within 60 days, if settles after 90 days, a 10% tax will be given.
 - (4) settle the credit amount within 90 days, if settles before 60 days, a 10% cash discount will be received.
36. Sameera conducts a mobile phone buying and selling business. Select the transaction should be recorded in the purchases journal of Sameera's business.
- (1) Purchased 02 mobile phones from Ajith mobile shop on credit.
 - (2) Purchased 02 mobile phones from Ajith mobile shop on cash.
 - (3) Purchased a computer from Jagath company on credit.
 - (4) Purchased a steel rack for keeping phones from Jagath company on credit.
37. Select the **incorrect** statement relates the general journal.
- (1) The source document used in recording transactions in the general journal is the journal voucher.
 - (2) It is recorded error correction entries are in the general journal.
 - (3) It is recorded credit purchases of trade goods are in the general journal.
 - (4) It is recorded credit purchases of a machine for the use of the business is in the general journal.
38. "A purchases invoice Rs. 10 000 has been completely omitted from books of Tharindu's business." The corrected Journal entry to rectify above error is,
- | | |
|---------------------------------------|---------------------------------------|
| (1) Purchases account Debit Rs. 10000 | (2) Creditors account Debit Rs. 10000 |
| creditors account Credit Rs. 10000 | Purchases account Credit Rs. 10000 |
| (3) debtors account Debit Rs. 10000 | (4) Purchases account Debit Rs. 10000 |
| Purchases account Credit Rs. 10000 | debtors account Credit Rs. 10000 |
39. Select an error that is affected to the agreement of the Trial Balance.
- (1) A sales invoice Rs. 15000 has been completely omitted from books.
 - (2) Discount received form a creditor Rs, 1300 has been recorded in the discount received column of the cash book as Rs. 3100.
 - (3) Paid building rent Rs. 15000 has been debited to the building account.
 - (4) Paid telephone bill Rs. 1500 has been recorded in cash account correctly and has been recorded in telephone bill as Rs. 5100.
40. The **incorrect** statement relates to the Trial balance is,
- (1) The source document relates to the Trial balance is invoice.
 - (2) The Trial Balance is prepared by using the balances of ledger accounts.
 - (3) If the debit and credit entries are recorded correctly, the trial balance will be balanced.
 - (4) If the Trial balance agrees, It can't be confirmed the accuracy of recording accounts.



PROVINCIAL DEPARTMENT OF EDUCATION NORTH WESTERN PROVINCE

THIRD TERM TEST 2019

Grade 10 60-Business & Accounting Studies (new syllabus) - II

Name / Index No. :

- Answer 05 questions only as instructed. Any extra questions answered, if not struck off by the candidate himself, will be crossed out by the examiner without being marked.
- Including question No. 01, answer five questions selecting two questions from each of the part I & II.

01. Answer the given questions by referring to the case given below.

After facing her A/levels, Geethika Nisansali started a stationary shop named 'Akarsha Bookshop' near her school on 01.07.2019 by occupying a room which belongs to her aunt. For this she utilized Rs. 100 000 which has saved as a savings deposit by her father and a loan of Rs.100 000 subjected to a 12% annual interest.

Following transactions occurred for the month ended 31.07.2019

7/2	Purchase of racks and cupboards	Rs. 30 000
7/2	books and stationary purchases	Rs. 50 000
7/2	office equipments purchased	Rs. 10 000
7/2	Ink for the photo copy machine	Rs. 15 000
7/10	Income from photocopies	Rs. 25 000
7/25	books and stationary purchased	Rs. 35 000
7/25	transportation charges	Rs. 5 000
7/30	books and stationary sales income	Rs. 30 000

Formore she purchased a photocopier machine Rs. 200 000 on credit from a company named Metropolitan. The interest on the bank loan applicable for the month is not paid yet.

- (a) What is the human need fulfilled by the business ? (01 m.)
- (b) State the type of business of above business according to the nature of product produced. (01 m.)
- (ii) Write a strength and an opportunity can be seen in this business. (02 m.)
- (iii) Should "Akarsha Bookshop" be registered ? Write the reason for it. (02 m.)
- (iv) (a) What is the type of business organization that above business belongs to? (01 m.)
- (b) What about the liability and legal personality of this business ? (01 m.)
- (v) "Write the accounting equation of "Akarsha Bookshop" as at 01.07.2019 with values. (02 m.)
- (vi) Write the prime entry book and the source document for recording the transaction "Credit purchases of photo copy machine." (02 m.)

- (vii) Write 02 non current assets of this business. (02 m.)
- (viii) (a) Calculate the monthly bank loan interest of "Akarsha Printers". (01 m.)
- (b) Write the related double entry for obtaining the bank loan of this business. (01 m.)
- (ix) Prepare the cash book for the month ended 31.07.2019 (02 m.)
- (x) Calculate the total income of this business as at 31.07.2019. (02 m.)

Part I - Business Studies

● **Answer 02 questions only.**

02. (i) (a) Show how business Rs. are classified according to the nature of the product produced. (01 m.)
- (b) Name the factors of production used to produce goods and services (01 m.)
- (ii) State whether the following statements are true or false. (02 m.)
- (a) retail businesses are examples for service providing businesses. ()
 - (b) needs can be created by businessmen ()
 - (c) various parties who are interested in businesses are called as shareholders. ()
 - (d) every business has an objective of earning profit. ()
- (iii) Kasun conducts a vegetable buying & selling business by purchasing vegetables form vegetable farmers with the help of two employees.
- (a) State 02 interested parties of this business instead of Kasun. (01 m.)
 - (b) Write a reason each for that party to evince an interest on the business. (01 m.)
- (iv) Following production resources are used in a furniture manufacturing business.
- | | | |
|--------|-----------|--------------------|
| wood | equipment | owner's creativity |
| helper | cash | building |
- Classify above resources into factors of production. (02 m.)
03. (i) (a) Name 02 factors each related to the internal environment and external environment of a business. (01 m.)
- (b) It consists of laws and regulations to protect consumers as well as business community. mention such two institutions or designations appointed to enact these laws and regulations. (01 m.)
- (ii) State whether the following statements are true or false. (02 m.)
- (a) Having negative attitudes of workers are threat for a business. ()
 - (b) The business activities as well as life style of individuals have changed due to changes in the technological environmental factors. ()
 - (c) Fiscal policies are related to economic environmental factor. ()
 - (d) Managers are individuals who duly perform their tasks assigned using their own skills and competencies. ()
- (iii) (a) Under what environment does the Colombo Passenger Boat service, which was recently launched under the municipal project? (01 m.)
- (b) What is "Inflation"? (01 m.)

- (iv) (a) Mention two examples for the changes accrued in the business environment due to changes in technology. (01 m.)
- (b) Write 02 examples each for positive impacts and negative impacts from the global environment on domestic businesses. (01 m.)
04. Thusitha & Namal conduct a business by investing Rs. 450 000 & Rs. 300 000 respectively. The business did not maintain a written agreement.
- (i) (a) What is the law that will affect this business by not maintaining a written agreement. (01 m.)
- (b) What is the name of a partnership agreement if it is maintained in writing? (01 m.)
- (ii) State whether the following statements are true or false. (02 m.)
- (a) The number of partners of a partnership is determined by the companies Act No. 07th of 2007. ()
- (b) It can be obtained a legal personality because of the partnerships can be registered. ()
- (c) It can be commenced the sole proprietorships without the name of the business owner. ()
- (d) It is having a continued existence of an incorporated company. ()
- (iii) Mr. L. A. Sumanasiri commenced a business by naming "Sirisara Vilasitha"
- (a) Write the two applications should be obtained from the divisional secretariat office to register the "Sirisara Vilasitha" business. (01 m.)
- (b) State 02 advantages of registering the above business name. (01 m.)
- (iv) (a) Mention 02 advantages of tele banking. (01 m.)
- (b) State 02 accounting software packages are being used at present. (01 m.)

Part II - Accounting

• **Answer 02 questions only.**

05. (a) The following accounting equation of a business shows the impacts of transactions occurred in January.

Assets				=	Equity	+	liabilities
Motor Vehicle	+	stock	+ debtors	+ cash	=	capital	+ creditors
(i)	-	+80 000	-	-	=	-	+80 000
(ii)	+200 000	-	-	-200 000	=	-	-
(iii)	-	-50 000	+80 000	-	=	+30 000	-
(iv)	-	-	-	-40 000	=	-	-40 000

Write the transactions occurred in this business. (04 m.)

- (b) (i) Classify following items into Assts, Liabilities, Equity & Expenses

furniture	debtors	
drawings	creditors	
insurance	employees salary	
bank loan	capital	(02 m.)

(ii) Following information relates to Jeevantha's business for the year ended 31.12.2018

01.01.2018 capital	525 000	additional capital	120 000
Income for the year	212 500	Drawings	35 000
expenses for the year	147 500		

Calculate the equity of this business as at 31.12.2018 (02 m.)

(iii) Following transaction relate to Ranga's business for the month of March. Record them in accounts.

- (a) 03.08 cash drawing Rs.20 000
- (b) 03.12 Paid bank loan Rs. 45 000
- (c) 03.18 Paid salary Rs. 25 000
- (d) 03.27 Paid electricity bill Rs. 2 000 (04 m.)

06. (i) (a) What is a source document? (01 m.)

(b) Write 02 source documents relate to the bank account. (01 m.)

(ii) Following transactions relate to bank account of Raveesha's business.

- 2019/07/04 Opened a bank current account by depositing Rs. 44 000
- 2019/07/10 Received a cheque No. 255 from a debtor Rs. 18 000
- 2019/07/16 Deposited above cheque in the bank.
- 2019/07/20 Issued a cheque No. 601 to a creditor Rs. 20 200 discount deducted Rs. 800.
- 2019/07/26 Received a cheque No. 432 from a debtor Rs. 11 400, discount allowed Rs. 600 and this cheque was deposited at the time of receipt.

Required,

The bank account of Raveesha's business for the month of July and balancing off it. (04 m.)

(iii) (a) What is trade discount? (01 m.)

(b) Write the double entry to the discount column of credit side in the cash book. (01 m.)

(iv) Following are some transactions occurred in Danindu's business for the month of May 2019.

- 5/1 Receipt No. 002 Received Rs. 3000 from the main cashier
- 5/2 Voucher No. 101 Purchased stationary Rs. 300
- 5/5 Voucher No.102 refreshments Rs. 450
- 5/10 Voucher No.103 Postage Rs. 150
- 5/15 Voucher No.104 refreshments Rs. 350
- 5/22 Voucher No.105 paid to Perera Rs. 500
- 5/28 Voucher No.106 Stamp charges Rs. 125

required,

prepare the petty cash book and reimburse the petty cash imprest on 01.06.2019 (01 m.)

Grade 10

Business & Accounting Studies - II - continuation

07. (i) (a) What is a bank statement? (01 m.)
 (b) Write 02 items include in a bank statement? (01 m.)
 (ii) Following are the bank account of a business and the bank statement received from the bank for the month of August 2019.

Bank Account

Date	R.N.	Description	Amount	Date	V.N.	Description	Amount
8/1		B/B/F	23 700	8/10		creditors 375190	2 500
8/9		cheque deposit (119790)	5 000	8/11		transportation 375191	3 500
8/20		cheque deposit (213871)	7 000	8/23		purchases 375192	20 000
				8/31		B/C/F	9 700
			35 700				35 700
9/1		B/B/F	9 700				

bank statement for the month of August 2019

8/1	b/b/f	-	-	23 700
8/10	Cheque No. 375190	2 500	-	21 200
8/11	Cheque deposit 119790	-	5 000	26 200
8/11	Cheque 375191	3 500	-	22 700
8/24	Direct remittances	-	9 000	31 700
8/29	standing orders - rent	7 000	-	24 700

required

- (a) Adjust the balance of the bank account as at 30.08.2019 (02 m.)
 (b) The bank reconciliation statement as at 30.08.2019 (03 m.)
 (iii) The total of the debit column of the trial balance of Yasitha's business exceeds the total of the credit column by Rs. 2300 and later following errors were revealed.
 (i) Paid insurance charges Rs. 2300 has been recorded only in the cash book.
 (ii) Building repair expenses Rs. 5000 has been debited to the building account.
 required,
 (a) The journal entries to rectify above errors. (03 m.)
 (b) The suspense account. (02 m.)

Grade 10

Business & Accounting Studies

Answer sheet - Paper - I

1 -(2)	2 -(1)	3 -(1)	4 -(4)	5 -(3)	6 -(2)	7 -(3)	8 -(2)	9 -(4)	10 -(1)
11-(3)	12 -(1)	13 -(4)	14 -(3)	15 -(2)	16 -(3)	17 -(1)	18 -(4)	19 -(2)	20 -(3)
21-(2)	22 -(3)	23 -(1)	24 -(3)	25 -(3)	26 -(1)	27 -(3)	28 -(1)	29 -(4)	30 -(2)
31-(2)	32 -(1)	33 -(3)	34 -(4)	35 -(4)	36 -(1)	37 -(3)	38 -(1)	39 -(4)	40 -(1)

(40 marks)

Paper - II

01. (i) (a) education (01 m.)
 (b) service providing business (01 m.)
 (ii) strength - the building owned by his father. The savings amount.
 Opportunity - located near to school. (02 m.)
 (iii) should be registered. The business name is other than the full name of its owner. (02 m.)
 (iv) (a) Private sector / profit oriented / sole proprietorship. (01 m.)
 (b) having an unlimited liability / not having a legal personality. (01 m.)
 (v) assets (Rs.) = equity (Rs.) + liabilities (Rs.)
 Cash 100 000 = 100 000 + bank loan 100 000
 Cash 100 000 +
200 000 = 100 000 + 100 000 (02 m.)
 (vi) General journal - journal voucher (02 m.)
 (vii) racks & cupboards Rs. 30 000
 office equipments Rs. 10 000
 photo copy machine Rs. 200 000 (02 m.)
 (viii) (a) $100\ 000 \times \frac{12}{100} \times \frac{1}{12} = \text{Rs. } 1000.00$ (01 m.)
 (b) cash account dr. 100 000
 bank loan account cr. 100 000 (01 m.)
 (ix) cash book

Date	R.N.	Description	Amount	Date	L.N.	Description	Amount
2019							
7/1		capital acc.	100 000	7/2		racks & cupboards	30 000
7/1		bank loan acc.	100 000	7/2		books & stationary	50 000
7/10		photo copy income	25 000	7/2		office equipments	10 000
7/30		sales - books	30 000	7/2		ink	15 000
				7/25		books & stationary	35 000
				7/25		transportation	5 000
				7/31		b/c/f	110 000
			<u>255 000</u>				<u>255 000</u>
8/1		b/b/f	110 000				

(02 m.)

(x)	photo copy income	Rs. 25 000	
	book & stationary sales income	Rs. 30 000	
	total income	<u>Rs. 55 000</u>	(02 m.)

Part I - Business Studies

02.

- (i) (a) commodity manufacturing businesses service providing businesses (01 m.)
- (b) Land, labour, capital, entrepreneur ships. (01 m.)
- (ii) (a) ✓ (b) x
- (c) x (d) x (02 m.)
- (iii) (a) vegetable farmers (suppliers) employees (01 m.)
- (b) suppliers - obtaining money without any delay. / securing orders continuously.
 employees - receiving a fair salary / job security (01 m.)
- (iv) Land - wood capital - equipment , cash, building
- labour - helper entrepreneurship - owner's creativity (02 m.)

03.

- (i) (a) **Internal environment -**
 owners, employees, managers
- external environment -**
 suppliers, competitors, consumers
- technical environment
- economic environment
- political environment
- legal environment
- global environment (01 m.)
- (b) consumer affairs authority
- labour courts and labour tribunals
- central environmental authority (01 m.)
- (ii) (a) false (b) true
- (c) false (d) false (02 m.)
- (iii) (a) political environment (01 m.)
- (b) the continuous increase in the general price levels of goods & services. (01 m.)
- (iv) (a) give 01 mark for corrected answer.
- (b) give 01 mark for any corrected answer.

04. (i) (a) prevention of fraud ordinance (01 m.)
 (b) partnership deed (01 m.)
- (ii) (a) ✓ (b) X
 (d) ✓ (e) ✓
- (iii) (a) An application form to register the business name.
 An application form to obtain the required report
 from Grama Niladhari (01 m.)
 (b) provides an identity and recognition.
 provides an ownership of the business name
 provides an qualification to obtain incentives given by the government.
 easy to obtain loans. (01 m.)
- (iv) (a) Ability to control their funds without going to the bank at anytime and any where.
 easy to conduct transaction
 financial transactions can be fulfilled quickly
 save time and effort
 problems of safety when transporting coins and notes is absent when using the tele banking
 facility. (01 m.)
- (b) Acc pac MYOB
 Quick book Sage (01 m.)

Part II - Accounting

05. (a) (i) 01/05 Purchased trade stock Rs. 80 000/- on credit.
 (ii) 01/09 purchased a motor vehicle Rs. 200 000/- on cash
 (iii) 01/13 sold trade stock Rs. 50 000/- on credit
 (iv) 01/18 paid to creditors Rs. 40 000/-
- (b) Assets - furniture, debtors Expenses - salary, insurance
 Liabilities - creditors, bank loan Equity - capital, drawings
- | | | | |
|------|--------------------------|-----------------------|------|
| (ii) | capital as at 01.01.2018 | 525 000 | |
| (+) | Income | <u>212 500</u> | ½ m. |
| | | 737 500 | |
| (-) | expenses | <u>(147 500)</u> | ½ m. |
| | | 590 000 | |
| (+) | additional capital | <u>120 000</u> | ½ m. |
| | | 710 000 | |
| (-) | drawings | <u>(35 000)</u> | ½ m. |
| | Equity as at 31.12.18 | <u><u>675 000</u></u> | |

(iii) Cash account

Date	R.N.	Deception	Amount	Date	R.N.	Deception	Amount
			½ m. (2 m.)	3/08		Drawing acc.	20 000
				3/12		bank loan acc.	45 000
				3/18		salary acc.	25 000
				3/27		electricity acc.	2 000

drawings acc.				bank loan acc.			
03/08	cash	20 000	(1/2)	03/12	cash	45 000	(1/2)
salary acc.				electricity acc.			
03/18	cash	25 000	(1/2)	03/27	cash	2 000	(1/2)
(04 m.)							

06. (i) (a) As and when transactions take place in a business, the documents prepared by a particular section of business by including all the details of such transactions and authorized by a person in charge are known as source documents. (01 m.)
- (b) counterfoil, bank statement, paying vouchers, cheque deposit form, cash deposit form, dishonoured cheques notification. (01 m.)
- (ii)

Business of Raveesha
2019/07/31 The bank Account (m.½)

Date	Description	L P	Dis.	Amount	Date	Description	L P	Dis.	Amount
7/1	Cash		(m.½)	44 000	7/20	Creditors (601)		800	20 200 (m.½)
7/16	Cash (255)		(m.½)	18 000	(m.½)				
7/26	debtors (432)		600	11 400	7/31	b/c/f			52 200
		(m.½)	600	73 400	(m.½)		800	73 400	
8/1	b/b/f			35 200	(m.½)				

- (iii) (a) The deduction which was made from the listed price is called as trade discount. (01 m.)
- (b) Creditors account dr.
discount received Acc. cr. (01 m.)

(iv)

Petty cash book

Received	L.P	Date	Description	V.N	amount Rs	analysis				L. P.
						stationary	refreshments	postage	ledger	
3000		5/1	cash							
		5/2	stationary	101	300	300	-	-	-	
		5/5	refreshments	102	450	-	450	-	-	
		5/10	postage	103	150	-	-	150	-	
		5/15	refreshments	104	350	-	350	-	-	
		5/22	Perera	105	500	-	-	-	500	
		5/28	Stamps	106	125	-	-	125	-	
					1875	300	800	275	500	
			b/c/f		1125	L.P.	L.P.	L.P.		
3000					3000					
1125			b/b/f							
1875			cash							

07. (i) (a) Banks send monthly a computer printout to the business that holds a current account. The statement that is sent by the bank is known as the bank statement. (01 m.)
 (b) deposited cheques, issued cheques, cash deposits, bank charges, direct remittances. (01 m.)

(ii) adjusted bank account

9/1 b/b/f	9 700	standing orders	7000 (1)
direct remittances ₍₁₎	9 000	9/30 b/c/f	11 700 (1)
	<u>18 700</u>		<u>18 700</u>
10/1 b/b/f	11 700		

(03 m.)

Bank reconciliation statement

adjusted bank balance		11 700	
(+) unrepresented chaques	20 000	20 000	(01)
		31 700	
(-) unrealized cheques (213871)	7 000	(7 000)	(01)
The balance of the bank statement		24 700	(01)

(iii)

General Journal

Insurance charges Acc.	Dr.	2 300	
suspense acc.	cr		2 300
(correction of error of paying insurance charges Rs. 2300 has not been debited in insurance account)			
Building repair acc.	Dr.	5 000	
Building acc.	cr		5 000
(correction of error of paying building rent has been recorded in building account) (02m.)			

Suspense account

The difference of the	2 300	Insurance charges	2 300
Trial balance	2 300		2 300
	2 300		2 300