

General Certificate of Education (Ord.Level) Examination, 2018 December
Supportive Seminars For the Students
Rehearsal Paper

Business and Accounting Studies I, II

Important: According to the given advice, answer for five question only. In the event candidates has answered more than it & not cancelled, those answers will not be marked & Cancelled.

Instructions:

- ❖ Select two questions including question number one from part I and two questions from part II. Answer five questions only.
- ❖ Answer in clear handwriting

1. Amarasena who worked as a food taster was resigned from his job and started a business investing Rs.150 000 on 01.01.2018. The business was named as “Food Secret” and sells spicy products including chili powder and curry powder. The products need for “Food Secret” are purchased from “Golden Spicy” as whole sale and the needed goraka (*Garcinia gummi-gutta*) paste is purchased from Thilini, the daughter of Amarasena.

The following transactions have been occurred during the month of January in 2018.

Purchase of furniture and equipment	Rs. 20 000
Purchases on cash (Including goraka paste)	Rs. 40 000
Purchases on credit	Rs. 20 000
Electricity expenses	Rs. 3 000
Rates on building	Rs. 15 000
Miscellaneous expenses	Rs. 2 800
Cash sales	Rs.120 000

- Closing stock as at 31.01.2018 is Rs.10 000
- Furniture and equipment need to be depreciated 12% annually

Thilini, the daughter of Amarasena is studying “Spicy Production Technology” course at Lanka Technical Development board. She produced 100g goraka paste cups (poli cups)as an assignment and sold those to “Food Secret”. She produced 100 goraka paste cups during the month of January and expenses incurred during the production are as follows.

To purchase goraka	Rs.2 500
Electricity charges	Rs.1 500
Wages for helpers	Rs.3 000
Packaging	Rs. 200

Thilini purchased a grinding machine which worth of Rs.37,500 and its useful lifetime is 10 years and residual value has been estimated as Rs.1,500.

Amarasena provided his own vehicle which worth Rs.500,000 to the business on 31.01.2018 to deliver these products to hotels and canteens in surrounding cities with the aim of increasing sales of “Food Secret” products by 10% in the next month. Also he decided to hire an employee for this task.

- i. (a) Write down a service supply by the business mentioned in the above scenario.
(b) Write down a government sector organization in the above scenario.
- ii. Name the type of business under which “Food Secret” business can be classified and write two advantages and disadvantages of that.
- iii. (a) Name two interested parties of “Food Secret” which has been mentioned in the above scenario with examples.
(b) Identify the management functions that relevant for the decision to increase sales by 10%.
- iv. According to the above case the product of “Food Secret” that sells to the hotel and to the canteens. The selling system is known as retail business. Do you agree with this statement? Justify your answer.
- v. (a) Write down the accounting equation for the business as at 01.01.2018 including values.
(b) How much is the purchases of the business during the month of January.
- vi. Write down the journal entry relevant to state the motor vehicle provided by Amarasena including values.
- vii. (a) What is the fair value of non-current assets of “Food Secret” business as at 31.01.2018?
(b) Name two source documents and two prime entry books which are used by “Food Secret” business.
- viii. Calculate the cash balance as at 31.01.2018.
- ix. Prepare the trade account for “Food Secret” business for the month ended 31.01.2018 and calculate cost of sales and gross profit.
- x. (a) Calculate per cup production cost of goraka paste.
(b) If Thilini sells her products by keeping 20% profit margin, how much is the total profit she gained?

(02 x10 = TOTAL MARKS)

Part 1
Business studies
(Answer for two questions only)

2.

- I. (a) Define needs and wants separately
(b) Write two objectives of profit oriented organizations.

(02 MARKS)

- II. State whether the following statements are true or false.

- (a) It is compulsory to fulfill wants for to live.
(b) The physical and mentality contribution to a business to be identify as entrepreneurship.
(c) Can be identified opportunities and threats from external environment of the business.
(d) A business can take own identity When registering the name of the sole traders

(02 MARKS)

- III. Shahan carry on a business producing school ties and badges by using few modern machines according to the schools requirements.

- (a) What is the basic need which fulfill by the Shahan's business.
(b) Write two examples for factors of production of this business.

(02 MARKS)

- IV. Mishaal who is a diploma holder, carry on a nursery school and day care center near the housing complex of government. In which another two female workers are working.

- (a) Write two interest groups in the internal environment base on above event.
(b) State a strength and an opportunity of Mishaal's traders. (02 MARKS)

(08TOTALMARKS)

3.

- I. (a) State two documents which need to open a savings account.
(b) Write two parties of a cheque

(02 MARKS)

- II. State whether the following statements are true or false

- (a) Life insurance policy cannot be transferred.
(b) Symbols, which are used as road signals to be identify as electronic communication medium
(c) Most heave items can be transported. It is a special advantage of water transportation system.
(d) Unit cost is low comparatively, that is a one of features of whole sale businesses.

(02 MARKS)

- III. (a) State main two networks for credit cards which are uses international level.

(b) Yassasi Weerasinghe purchases a stock for Rs. 50,000 from Gagani Dharmasena on 10/08/2018 and issued a cheque for the amount.

How to use the cheque counterfoil to record above information.

(02 MARKS)

IV. (a) Few items of export and import by Sri Lanka are given below

Gems, wheat flour, desiccated coconuts, motor vehicle, cement, black-lead

Classified above items as export and import separately.

(b) Kasun who is studying in grade six class and is faced an accident suddenly when plying at school time. Immediately the class teacher informed this incident to his mother over the phone. State examples in each components of process of communication are given below base on above case.

Sender

Message

Medium

Receiver

(02 MARKS)

(08 TOTAL MARKS)

4.

I. (a) Briefly explain the meaning of treasury bills.

(b) State two factors which consider when selecting an investment

(02 MARKS)

II. State whether the following statements are true or false.

(a) Can get the ownership when purchasing ordinary shares from an incorporate company.

(b) Certificate of ordinary shares cannot be used as a security paper when Applying a loan.

(c) Owner of a business decided to purchase a motor vehicle to expand his business broadly.

This is includes the planning process of the business.

(d) The meaning of "Productivity "is explain that the maximum usage of limited resources.

(02 MARKS)

III. Some activities of a commerce day in a school are as follows

(a) To decide how to do the event and how to collect the funds to the event.

(b) To provide relevant information guidance to the leaders in each committee.

(c) Supervise the commerce day events according to the plan and if not use strategies to do the event successfully.

(d) Nominate and appoint the leaders to the relent committees.

State the management activities base above process.

(02 MARKS)

IV. A biscuits manufacturing business sells their biscuits by using so attractive packing with maintaining high quality of products for hotels and other shops surrounding the town area

of the business. Price per biscuit packet is Rs.78/= .The business advertised about product to aware the customers by using some posters over the town area.

State variables of marketing mix and write two examples base on above case.

(02 MARKS)

(08TOTAL MARKS)

Part 11

Accounting

Answer for only two questions

5. (1)

(a) Following items of Yasasi Pahesara Traders, should be classifies under Assets and Labilities

A - Bank Loan B – Motor vehicle C – Creditors
D – Debtors E – Building F – Bank overdraft
G – Fixed Deposit H – Payable expenses

(b) There are few features to identify assets and liabilities. What is the common feature to identify assets and liabilities?

(02 MARKS)

(11). The effect of few transactions of a business has given through the accounting equation as follows.

Date	Assets	=	Capital / Equity	+	Liability
January 01	Increase		Increase	
January 05	Increase	
	Decrease				
January 10	Increase			Increase
January 15	Decrease		Decrease		Decrease

You are required, to write most suitable transaction with values which was occurred in each day.

(02 MARKS)

(111). Following cash book was given for the month of January 2018 related to the business of Gagan punsara traders.

Debit						Cash Book		Credit			
Date	Rec. No	Description	Leg. folio	Discount. Rs.	Cash Rs.	Date	V. No	Description	Leg folio	Discount	Cash
1/1		b/f/b			30000	1/10		Purchase			8000
1/8		Sales			12000	1/12		Hasarel			
1/15		Vihaga (debtor)		1000	10000			(creditor)		500	4500
1/18		Bank loan			15000	1/16		Electricity			500
						1/20		Drawings			10000
						1/25		Motor vehicle			30000
						1/31		c/f/b			14000
				1000	67000					500	67000

You are required to,

Write four Journal entries (including discount) to post above cash book transactions to the ledger.

(04 MARKS)

(IV.) Following information extracted from Hasarel traders.

Imprest of petty cash Rs. 2,000

Total payment of petty cash for the month of January 2018 was Rs. 1,850

Reimbursement date of petty cash was 01 of February 2018

Petty cash expenses for the month of February 2018 as follows.

Date	Description	Rs	
Feb 02	Travelling	80	Voucher no 01
Feb 03	Salary advance to Kapila	200	Voucher no 02
Feb 10	For pens and pencil	100	Voucher no 03
Feb 12	Tea goods	120	Voucher no 04
Feb 15	Bus fair	100	Voucher no 05
Feb 17	Two book - CR	160	Voucher no 06
Feb 20	Soft drinks	100	Voucher no 07

(a) Prepare petty cash book with analysis columns of travelling, refreshment, stationery, and reimburse petty cash for next petty cash period.

(b) Post, total amount of analysis column to the ledger (04 MARKS)

(12 TOTAL MARKS)

6. (1) (a) State four example for non- current assets of a business
(b) Write two transactions which should be recorded in the journal (02 MARKS)

(11) Mr. Kapila makes chairs for school children's and there are two carpenters and one security are working in the business.

Following information is given relating to the production of chairs for children's for the month of January 2018 as follows.

For wood	Rs.80,000
For steel	Rs.150,000
Salary for a carpenter	Rs.20,000
Rent for factory	Rs.12,000
Salary for security	Rs.15,000
Machinery depreciation	Rs.20,000
Other (paint, nuts, sand papers)	Rs. 8,000

During the period the business manufactured number of 100 chairs and selling price is decided as 20 % on cost .

You are required to calculate

- Prime cost
 - Total cost
 - Cost per unit (cost per chair)
 - Selling price per chair
- (02 MARKS)

(111) Following items were extracted from Punsara's traders when comparing bank account which prepared by the business for the month of January 2018 and bank statement of the same month.

- Realized cheques for the month Rs. 20,000
- Presented cheques for payment Rs. 14,000
- Deposit but not realized cheques for the month Rs. 15,000
- Issued but not presented cheques for the month Rs 10,000
- Bank and cheques book charges were Rs. 3,000 and Rs. 1,200 respectively.
- Dividend and direct remittances were Rs. 10,000 and Rs. 30,000 respectively.

You are required to prepare

- The factors to decrease the balance of bank statement then the balance of bank account.
- The factors to prepare adjusted cash book.

(04 MARKS)

(1V) The credit balance of the trial balance which prepared by Pahesar traders was understated by Rs. 500. The Account clack of the business found out following errors.

- Payment for insurance Rs. 1,000 has been recorded two times of the books.
- Sales on credit for Rs. 5,500 has been recorded in the sales account as Rs.5,000
- A purchase invoice for Rs. 5,000 totally omitted from the books.

You are required

- (a) Journal entries to rectify above errors
(b) Suspense account

(04 MARKS)
(12 TOTAL MARKS)

7.(1)(a) What are the main two objectives of non-profit motive organization?

(b) What is the main source of income of non – profit motive organization?

(02 MARKS)

(11) Following receipt & payment account was prepared by “Super Hiro” sport club for the year of 2017

Receipt and payment account

	Rs.		Rs.
Cash Balance	2,000	Purchase of sport equipment	4,000
Subscription fee	4,000	Salary for security	1,000
Donation	1,000	Telephone expense	500
		C/F/B	1,500
	7,000		7,000
B/F/B	1,500		

Additional information

There are 50 Members of the society and membership fee per head per annum is Rs.100.

You are required to prepare,

Income statement of “Super Hiro” sport club for the year ended 31/12/2017 (02 MARKS)

(111).Following trial balance is extracted from Vihanga Ransara Traders as at 31/12/2017

Description	Dr.	Cr.
Sales		100,000
Purchase	30,000	
Stocks as at 01/01/2017.....	5,000	
Land	50,000	
Building at cost	100,000	
Salaries	5,000	
Discount Received.....		4,000
Discount allowed	1,000	
8% Bank Loan		20,000
Debtors	10,000	
Creditors		12,000
Interest on loan.....	1,000	
Insurance	500	
Provision for depreciation – Building on 01/01/2017		20,000
Cash	3,000	
Loading charges	1,000	
Capital		50,500
	206,500	206,500

Additional information

1. Closing stock as a 31/12/2017 was Rs. 3,000
2. Building to be depreciated 5% on cost.
3. Bad debt to be written of 10% from debtor

You are required to prepare

- a. Statement of profit or loss for the year ended 31/12/2017
- b. Statement of financial position as at 31/12/2017

(08 MARKS)

(12 TOTAL MARKS)