

General Certificate of Education (Ord.Level) Examination, 2018 December
Supportive Seminars For the Students
Business and Accounting Studies
Answers for the Rehearsal paper
Paper II

(1)

i (a) "Food Secret" business / Lanka Industrial Development Board (1 mark)

(b) Lanka Industrial Development Board (1 mark)

ii. Sole Traders (1 mark)

Advantages

- Easy to start
- All profits are owned by the owner
- Protection of the confidence of the business information
- Independence of decision making
- Utilization of own skills to the maximum level

Disadvantages

- Unlimited liability of the owner
- Difficulties of collecting the capital
- No contingency
- No legal personality
- Sometimes personal decisions may unsuccessful (1 mark)

iii. (a) Owner - Amarasena
Supplier - Golden spicy business / Thilini (1 mark)

(b) Planning (1 mark)

iv. No. (1 mark)

Retail business is selling for final consumption
Selling goods with the aim of reselling is wholesale business (1 mark)

v. (a) Assets = Equity
(Rs) (Rs)
150,000 150,000 (1 mark)

(b) Purchasing on cash = 40,000
Purchasing on credit = 20,000
Total purchasing = 60,000 (1 mark)

vi. Motor vehicle account Debit - Rs.500,000
 Capital account Credit - Rs.500,000 (2 marks)

vii. (a) Furniture Rs.119,800 (1 mark)

(b) Receipt
 Voucher Cash book
 Purchasing invoice Purchasing journal
 Journal voucher Common journal (1 mark)

viii. Cash book

Capital	150,000	Furniture & equipment	20,000
Sales on cash	120,000	Purchasing	40,000
		Electricity	3,000
		Building rent	15,000
		Sundry expenses	2,800
		Balance B/F 31/01/2018	<u>189,200</u>
	<u>270,000</u>		<u>270,000</u>

(2 marks)

ix. Trade Account

Opening stock	-	-	Sales	120,000
Purchasing	60,000	60,000		
		60,000		
<u>Less</u> Closing stock	(10,000)			
Cost of sales		50,000		
Gross Profit		70,000		
	<u>120,000</u>		<u>120,000</u>	

(2 marks)

x. (a) Purchasing of (Goraka paste) gamboge- 2,500
 Electricity charges - 1,500
 Salary for helpers - 3,000
 For packing - 200
 Depreciation of grinding machine - 300
7,500
 Total cost = 7,500
 Unit cost $\frac{7,500}{100}$ = Rs.75.00 (1 mark)

(b) Rs.1,500 (1 mark)

- (2)
- (i) (a) Needs are;
 Things essentially supplied by the person for living.
 Wants are;
 Various aspects of fulfilling the human needs. (1 mark)
- (b)i Earning profits
 ii Upgrading the consumer Satisfaction (1 mark)
- (ii) (a) False
 (b) False
 (c) True
 (d) True (1/2 x 4 = 2 marks)
- (iii) (a) Clothes / clothes & ornaments (1 mark)
- (b) Capital - sewing machine
 Entrepreneurship -Sahan's business skill (1 mark)
- (iv) (a) Owner - Mishel
 Employees - Two female employees (1 mark)
- (b) A strength - Mishel is a preschool Diploma holder
 Opportunity - The business is situated near a government flat (1 mark)
- (3)
- (i) (a) Application, cash deposit slip, National Identity Card, statement according
 to the Inland Revenue Act. (1 mark)
- (b) Drawer, Drawee, barer (1 mark)
- (ii) (a) True (b) False
 (c) True (d) True (2 marks)
- (iii) (a) Visa, Master, American Express, Discover (1 mark)
- (b) Date - 10.08.2018
 - GanganiDharmasena
 Amount - Rs.50,000
 Purchasing a stock (1 mark)
- (iv) (a) Export Import
 Gems Wheat flour
 Desiccated coconut Motor vehicles
 Graphite Cement (1 mark)

(b) Sender - classTeacher of grade six

Message – Kasun had met with an accident in the play ground

Media - Electronic / verbal

Receiver- Kasun's mother

(1 mark)

(4)

(i) (a) Treasury bill is a kind of securities issued by the Central bank of Sri Lanka on behalf of the government to fulfil the short term financial necessities of the government.

(1 mark)

(b) Goal, risk, returns

(1 mark)

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

(2 mark)

(iii) (a) Planning
(b) Leading
(c) Controlling
(d) Organizing

(2 marks)

(iv) Production - Nutritious biscuit / packaging
Price - Marked price Rs.78/-
Place - Hotels in the town / other shops
Promotion - Advertisements

(2 marks)

(5)

(i) (a)

Assets	Liabilities
B	A
D	C
E	F
G	H

(1 mark)

(b) Creating as a result of a past transaction

(1 mark)

(ii) 1st Jan. investing capital in cash & fixed assets / other facts which can be Accepted

5th Jan. purchasing of stocks

Purchasing of fixed assets (motor vehicle, buildings)

Fixed deposits, investment, purchasing / other facts which can be accepted

10th Jan. Bank loan

Purchasing stocks on credit

15th Jan. paying loan installments with interests

(1/2 x 4 = 2 marks)

(iii) 08/01 cash accountDebit - Rs.12,000, sales accountCredit - Rs.12,000

- 10/01 purchasing account Debit - Rs.8,000, cash account Credit- Rs.8,000
- 12/01 Creditors' account Debit - Rs.5,000, cash account Credit -Rs.4,500 & Discount received account Credit -Rs. 500
- 15/01 cash account Debit- Rs.10,000 & Discount allowed account Debit - Rs.1,000 debtors' account Credit - Rs.11,000
- 16/01 electricity account -Debit Rs.500, cash account Credit - Rs.500
- 18/01 cash account Debit- Rs.15,000, bank loan Credit - Rs.15,000
- 20/01 drawings account Debit- Rs.10,000, cash account Credit - Rs.10,000
- 25/01 motor vehicle account Debit - Rs.30,000, cash account Credit - Rs.30,000

(4 marks)

(iv) (a)

Hasarel's Business
Petty Cash Book
For the month of February

Receipts Rs.	Date	Description	Re No	Payments Rs.	Analysis Columns			Le. Pg.
					Travelling	Entertain ment	Stationery	
150 (1/2 m)	01/02	Balance C/F						200
1850(1/2 m)	01/02	cash						
	02/02	travelling	01	80	80			
	03/02	Sala.Ad.to Kapila	02	200				
	10/02	pens & pencils	03	100			100	
	12/02	sugar/tea	04	120		120		
	15/02	bus fare	05	100	100			
	17/02	CR books	06	160			160	
	20/02	Cool drinks	07	100		100		
				860	180	220	260	
	28/02	Balance B/F		1140(1/2 m)				
2000				2000				

(1/2 ma)

(2 marks)

(b)

Travelling Account (1/2 marks)

Date	Description	Amount	Date	Description	Amount
28/02	Petty cash	180			

Entertainment Account (1/2 marks)

Date	Description	Amount	Date	Description	Amount
28/02	Petty cash	220			

Stationary Expenses Account (1/2 marks)

Date	Description	L.F	Amount	Date	Description	L.F.	Amount
28/02	Petty cash		260				

Kapila's Account (1/2 marks)

Date	Description	L.F.	Amount	Date	Description	L.F.	Amount
03/02	Petty cash		200				

(2 marks)

- (6) i. (a) Buildings
 Furniture
 Motor vehicles
 Machinery (1 mark)
- (b) 1. Purchasing fixed assets on credit
 2. Adjustment entries
 3. Correction of errors (1 mark)

ii. (a)

	Rs.	
Timber	80,000	
Iron	150,000	
Salary	<u>40,000</u>	
Primary cost	<u>270,000</u>	(1/2 marks)

(b)

	270,000	
	12,000	
	15,000	(1/2 marks)
	20,000	
	<u>8,000</u>	
Total cost	<u>325,000</u>	

(c) $325,000/100 = 3,250$ (1/2 marks)

(d)

	3,250	
$3,250 \times \frac{20}{100}$	=	<u>650</u>
Selling price	=	<u>3,900</u>

(1/2 marks) (2 marks)

- iii. (a) Deposited but not realized cheques Rs.15,000
 Bank charges Rs. 3,000
 Cheque book charges Rs. 1,200 (2 marks)

- (b) Dividends - Rs.10,000 Direct remittances – Rs.30,000
 Bank charges – Rs.3,000 Check book charges – Rs.1,200 (2 marks)

iv. (a)

General Journal

Descriptions	Credit (Rs.)	Debit (Rs.)	
Cash	1000		1 mark
Insurance (correction the duplication entry of insurance installments in books)		1000	
Suspense account	500		1 mark
Sales (correction of entering Rs.5,500 worth of sales as Rs.5,000)		500	
Purchasing Debtors (correction of error of omission a purchasing invoice worth of Rs.5,000)	5,000	5,000	1 mark

(b) Suspense Account

Sales	500	Difference in trial balance 500	
	1/2 marks		1/2 marks
			(4 marks)

(7) (i) (a) members' welfare, social welfare (1 mark)

(b) membership fee (1 mark)

(ii) Super Hero sports Club

Income Statement

For the year ending on 31/12/2017

Income		(Rs.)	(Rs.)	
Membership fee (50 x 100)	(1 mark)	5,000		
Donations		1,000	6,000	
<u>Expenditure</u> (1/2 marks)				
Watcher's salary		1,000		
Telephone Charges		500	(1,500)	
Surplus			4,500	(1/2 marks)
				(2 marks)

(iii) (a)

VihangaRansara Business

Profit or Loss Statement

For the year ending on 31/12/2017 (1/2 marks)

Sales			100,000	
Less - Cost of sales				
Stock as at 01.01.2017		5,000		
Purchasing	30,000			
Loading charges	1,000	31,000		
		36,000		
Less - stock as at 31/12/2017		(3,000)		(1/2 marks)
Cost of sales			(33,000)	(1/2 marks)
Gross profit			67,000	
<u>Other Income</u>				
Discount received			4,000	(1/2 marks)
<u>Distribution Expenses</u>			71,000	(1/2 marks)
Bad debts	1,000	(1/2 marks)		
Discount allowed	1,000	2,000		
<u>Administrative Expenses</u>				
Insurance Charges	500			
Building Depreciation	5,000	(1/2 marks)		
Employee wages	5,000	10,500		
<u>Financial & Other Expenses</u>			(14,100)	
Interest on loan (1/2 marks)	1,600	1,600	56,900	(1/2 marks)
Net profit C/F to Capital Account				

(4 marks)

(b)

VihangaRansara Business
Financial Position Statement as at 31/12/2017

(1/2 marks)

Non-current Assets	Cost	Accumulated Depreciation	Tarring Value
Lands	50,000	-	50,000
Buildings	100,000	25,000	75,000
	150,000	25,000	125,000
<u>Current Assets</u>		(1/2 marks)	
Balance stock	(1/2 marks)	3,000	
Debtors	(1/2 marks)	9,000	
Cash		3,000	15,000
Total assets			140,000
Capital		50,500	
+ Net profit	(1/2 marks)	56,900	107,400
<u>Non-current Liabilities</u>			
8% bank loan		20,000	20,000
<u>Current Liabilities</u>		12,000	
Creditors		600	
Accrued bank loan interest	(1/2 marks)		12,600
Total Equity & Liabilities			140,000

(1/2 marks)

(4 marks)