

Grade 11
Second Term - 2018
Business and Accounting Studies
Answers

Paper I

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

1 Mark x 40 = 40 Marks

Paper II

01. i a) Sole proprietorship / Sole trader business (01 Mark)
 b) Experience of 10 years /A course relevant to the field have been followed /Financial strength (01 Mark)
- ii Should be registered. (01 Mark)
 If the business is carried out using another name than the owner's name, the registration of business name under the business name ordinance, is compulsory (01 Mark)
- iii Owner/Bank/Employees (01 Mark)
 * For the reason (01 Mark)
- iv Incorporated companies (02 Marks)
- v Assets = Equity - Liabilities (01 Mark)
- | | | | | | |
|-----------------|--------------|---|-----------------|--|--|
| Cash | Rs. 500 000 | | | | |
| Building | Rs. 1200 000 | = | 1700 000 | | |
| <u>1700 000</u> | | = | <u>1700 000</u> | | |
- iv Building Rs. 1200 000
 Equipment Rs. 10 000 (01 Mark x 2 = 02 Marks)
- vii Purchases a/c Dr 50 000
 Cash book Cr 50 000 (01 Mark x 2 = 02 Marks)
- viii **Cash a/c**
- | | Amount Rs. | | Amount Rs. |
|-----------|------------|----------------|------------|
| Capital | 500 000 | Purchases | 50 000 |
| Bank loan | 100 000 | Equipment | 10 000 |
| Sales | 75 000 | Salaries | 12 000 |
| | | Transportation | 5 000 |
| | | b/c/d/ | 598 000 |
| | 675 000 | | 675 000 |
| b/b/f | 598 000 | | |
- (02 Marks)
- ix $\text{Rs. } \frac{1200\ 000 \times 10}{100} = 10\ 000$
 12 (02 Marks)
- x
- | | | |
|----------------------------|--------|----------|
| Sales | 75 000 | |
| Less: Expenses - Purchases | 50 000 | |
| Salaries | 12 000 | |
| Transportation expenses | 5 000 | |
| Depreciation of building | 10 000 | (77 000) |
| Net loss | | (2 000) |
- (02 Marks)

02. i) a) Food /Shelter/Clothing /Security/ Health/Education/Transportation/Communication/
Entertainment (½ Mark x 2 =1 Mark)
b) Not essential /Varied/Ability to create/Being complex /Unlimited (½ Mark x 2 =1 Mark)
- ii) a) True
b) True
c) False
d) False (½ Mark x 4 =2 Marks)
- iii) a) Land / Labour / Capital / Entrepreneurship (01Mark)
b) Land - Space of the land (01 Mark)
Capital - Seasoned cork leaves /Equipment/ Building / (01 Mark)
- iv) a) Any acceptable explanation about Computer/Internet/cctv systems /Mobile phones /Robot
machines/Digital technology /Nano technology etc. (01 Mark)
b) Incorporated companies (01 Mark)
- 03 i) a) Selling goods by visiting houses / Selling goods by travelling from fair to fair / Mobile retail
stores built on vehicles (½ Mark x 2 =1 Mark)
b) Motor vehicles /Mineral oil /Machineries /Electrical appliances /Wheat flour/Textiles (01 Mark)
- ii) a) Convenience/Safety/ Easy to carry /Ability to transact through the internet / Speed (½ Mark x 2 =1 Mark)
b) Writing the name of the payee which is on the face of the cheque on the reverse side of the
cheque as it is. (01 Mark)
- iii) The legal right to obtain an insurance coverage for a life or for a property. (01 Mark)
* For the example (01 Mark)
- iv) a)
 - Communicating wrong information
 - Information is not communicated to the required parties properly
 - Communicating information to the unnecessary parties
 - The confidentiality of the information is not protected
 - Delay of information
 - Unnecessary cost
 - Other accepted facts (½ Mark x 2 =1 Mark)
- b) Construction of highways /Construction of harbor, airport /Modernization of existing
terminals /Modernization of road sign system/Various energy methods came into use
/using the vehicles with new facilities (½ Mark x 2 =1 Mark)

04. i) a) Management is the process of planning, organizing, leading and controlling the resources owned by a business in order to achieve the objectives of the business efficiently and effectively. (01 Mark)
- b) Ability to obtain maximum benefits from the scarce resources
 Ability to achieve the aims successfully
 No need to incur an unnecessary cost
 Easy to take future decisions of the business
 Ensuring the continuous existence of the business
 Other acceptable facts (½ Mark x 2 =1 Mark)
- ii) A Leading
 B Planning
 C Organizing
 D Controlling (02 Marks)
- iii) a) The process of buying and selling of goods and services is trade. (01 Mark)
- b) Trade activities through the internet is Space market. (01 Mark)
- iv) a) Milk, bread, eggs, vegetables, coconut, jiggery, honey, food items like hoppers and string hoppers of the regional producers - Explain one situation of this. (01 Mark)
- b) Advertisements, Sales, Exhibitions and any other acceptable 2 methods (½ Mark x 2 =1 Mark)

Part ii

05. i) a) The process of providing information required by the interested parties of a business for their decision making is accounting. (01 Mark)
- b) Introduction of additional capital /drawings /expenses /income (½ Mark x 2 =1 Mark)
- ii) a) A result of a past transaction /Having a current obligation / Outflow of economic resources when settlement is made (½ Mark x 2 =1 Mark)
- b) Current liabilities and non- current liabilities (01 Mark)

iii)

Transaction	Assets		=	Equity	+	Liabilities
	Cash	Stock		Equity		Bank loan
1.	+500 000	-		+ 500 000		-
2.	+200 000	-		-		+ 200 000
3.	- 50 000	+ 50 000		-		-
4.	- 10 000	-		- 10 000		-
	640 000	+ 50 000	=	490 000		+ 200 000

(04 Marks)

iv)

Transaction	Source document	Account that should debit	Account that should credit
(1)	Receipt	Cash book	Capital a/c
(2)	Receipt	Cash book	Bank loan a/c
(3)	Voucher	Purchases a/c	Cash book
(4)	Voucher	Building rent a/c	Cash book

(04 Marks)

06. i)

Bank a/c (Adjusted)

Date	Description	L.F	Amount	Date	Description	Amount
2017/5/31	Balance/b /f/ Direct remittance		16 500 8 000	5/31	Insurance Balance/c/d/	5 000 19 500
			<u>24 500</u>			<u>24 500</u>
2017/6/01	Balance/b /f/		19 500			

(04 Marks)

Bank reconciliation statement

2017/5/31 Adjusted bank balance	৳	৳
Add -		
Cheques not presented to the bank (564358)	20 000	20 000
		<u>39 500</u>
Less-		
Unrealized cheque (234324)	16 000	(16 000)
		<u>22 500</u>

(04 Marks)

General journal

	Voucher no.	Description	L.F	Debit Rs.	Credit Rs.
1.		Sales a/c Dr Debtors a/c (Correction of recording credit sales of Rs.5600 in the sales journal as Rs.6500 erroneously)		900	900
2.		Employee salaries a/c Dr Suspense a/c (Correction of recording employee salaries only in the cash book)		8 500	8 500
3.		Insurance expense a/c Dr Assessment a/c (Correction of recording insurance expense in the assessment a/c)		2 500	2 500
4.		Creditors a/c Dr Suspense (Correction of recording the payment of 12500 to the creditors as 12000 erroneously))		500	500

(04 Marks)

Suspense a/c

B)

Date	Description	L.F	Amount Rs.	Date	Description	L. F	Amount Rs.
	Difference of the trial balance		9 000		(৳২৫০০ ০২) Employee salaries a/c Creditors a/c		8 500 500
			<u>9 000</u>				<u>9 000</u>

- 07 i) a) When an organization cannot recover the money from trade debtors due to any reason, such unrecoverable amount is called "bad debts". (02 Marks)
- b) Bad debt a/c Dr
Trade debtors a/c Cr (02 Marks)

ii)

Business of Prabhath
Profit or Loss Statement
For the year ended 31st Dec. 2017

Sales		450 000
Less- Cost of sales		
Opening stock(2017.1.1)	30 000	
Purchases	300 000	
	<u>330 000</u>	
Less – Closing stock (2017.12.31)	(12 500)	(317 500)
Gross profit		<u>132 500</u>
Less -		
<u>Distribution expenses</u>		
Promotional expense	10 000	
Distribution expenses	12 000	
Bad debts	1 000	
	<u>23 000</u>	
<u>Administration expenses</u>		
Administration salaries	30 000	
Electricity expenses	12 000	
Depreciation for machinery	12 000	
	<u>77 000</u>	
<u>Finance Expenses</u>		
Bank loan interest	5 000	(82 000)
Net profit transferred to the capital a/c		<u><u>50 500</u></u>

(04 Marks)

Business of Prabhath
Statement of Financial Position
As at 31st Dec. 2017

Non-current assets	Cost Rs.	Accumulated depreciation Rs.	Net book value Rs.
Land and building	400 000	-	400 000
Machines	120 000	12 000	108 000
	<u>520 000</u>	<u>12 000</u>	<u>508 000</u>
Current Assets			
Stock		44 000	
Debtors		12 500	
Cash in hand		52 000	108 500
			<u>616 500</u>
Total assets			<u>616 500</u>
Capital			500 000
Less - Drawings			(5 000)
			<u>495 000</u>
Add – Net profit			50 500
			<u>545 500</u>
Non-current liabilities			
Bank loan 10%			50 000
			<u>595500</u>
Current liabilities			
Creditors		20 000	
Accrued bank loan		1 000	21 000
Total Equity and liabilities			<u>616500</u>

(04 Marks)