Provincial Department of Education – Northern Province
Third Term Examination – 2018 November
Business & Accounting Studies
Marking Scheme

PART – I

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

PART – II

01. (i) (a) - Completion of Diploma in cake-icing
        - Designing skill   (2 × ½ = 01 mark)
    (b) Celebrators of birthday, wedding etc.

  (ii) 1. Starting easily
      2. All profits belongs to owner
      3. Maintaining business secret
      4. Using skill at maximum
      5. Independent decision making   (2 × 1 = 02 marks)

 (iii) (a) Food   (01 mark)
    (b) Business plan   (01 mark)

 (iv) (a) Partnership business   (01 mark)
    (b) - More capital can be collected.
       - Can be started easily.
       - Using various skills
       - Share of losses and liabilities among partners
       - Collective decision making   (2 × ½ = 01 mark)

  (v) Assets   =   Equity +   Liability
    100 000   100 000

 (vi) (a) Machine, equipment   (01 mark)
    (b) Bank loan   (01 mark)

 (vii) General journal   (01 mark)
    Machine and equipment account Dr.   Rs. 40 000
       Varun company account Cr.   Rs. 40 00   (01 mark)

 (viii)   Cash account Dr. Rs. 30 000
       Bank loan account Cr. Rs. 30 000   (02 marks)
       (Amounts should be mentioned.)

 (ix) Rs. 75 000   (02 marks)
  (x) Rs. 193 000   (02 marks)

02. (i) (a) Goods manufacturing business, Service providing business   (01 mark)

       (b) For two relevant examples   ($2 \times \frac{1}{2}$ = 01 mark)

    (ii) (a) √   (b) ×   (c) ×   (d) √   ($4 \times \frac{1}{2}$ = 02 marks)

    (iii) Land – Tree

        Labour – Carpenter

        Capital – Equipment and tools

        Entrepreneur – Owner of Gayathri furniture manufacturing   ($4 \times \frac{1}{2}$ = 02 marks)

    (iv) (a) Sole proprietorship   ($\frac{1}{2}$ mark)

       (b) No.   ($\frac{1}{2}$ mark)

       Sole proprietorship businesses do not have legal personality. Therefore, legal activities cannot be carried out in the name of business. They have to face legal activities in the name of owner.

                    (01 mark)

                    (Total 08 marks)

03. (i) Economic environment – Income distribution, saving

      Political environment – Stability of government, budget policies

      Legal environment – Consumer Affairs Authority act No.9 of 2003

                     Companies act No. 7 of 2007

      Technological environment – Nano technology, Digital technology   ($4 \times \frac{1}{2}$ = 02 marks)

    (ii) (a) ×   (b) √   (c) √   (4) ×   ($4 \times \frac{1}{2}$ = 02 marks)

    (iii) (a) Security for investment,

          Earning adequate profit,

          Future improvement   (01 mark)

       (b) Owner, manager, employees, suppliers, government   (01 mark)

    (iv) (a) Located near to main bus-stand   (01 mark)

       (b) Other businesses providing drinks, Challenges in obtaining herbal materials   (01 mark)

                    (Total 08 marks)

04. (i) (a) Ownership, objective, size   ($2 \times \frac{1}{2}$ = 01 mark)

       (b) Co-operative society, clubs and associations   ($2 \times \frac{1}{2}$ = 01 mark)

    (ii) (a) √   (b) ×   (c) ×   (d) ×   ($4 \times \frac{1}{2}$ = 02 marks)

    (iii) (a) A, C

       (b) B, D

    (iv) (a) 1. Democratic control

          2. Concern on members' welfare

          3. Share of surplus among members   ($2 \times \frac{1}{2}$ = 01 mark)

       (b) 1. A recognition

          2. Confirmation of ownership   ($2 \times \frac{1}{2}$ = 01 mark)

                    (Total 08 marks)

05. (i) (a) Exchange of resources between a business and other parties   (01 mark)

       (b) Assets, Liabilities, Equity, Income and Expenses   (01 mark)

    (ii) Assets account – Debtor account, Machine account

      Liabilities account – Bank loan account, Creditor account

      Expense account – Salary account, Insurance account

      Equity account – Drawing account, Capital account   ($4 \times \frac{1}{2}$ = 02 marks)

    (iii) Building account – Increase Debit, Decrease Credit

      Electricity account – Increase Debit, Decrease Credit

      Rent received – Increase Credit, Decrease Debit

      Creditors – Increase Credit, Decrease Debit   ($4 \times \frac{1}{2}$ = 02 marks)

(iv)

Transaction No.	Assets	= Equity	+ Liabilities
1.	+ 100 000	+ 100 000	-
2.	+ 50 000	-	+ 50 000
3.	+ 10 000	-	+ 10 000
4.	- 5 000	- 5 000	-

(4 × ½ = 02 marks)

(Total 12 marks)

06. (i) (a) An evidence issued by a business certifying cash receipt (01 mark)

(b) Owner's capital, cash sales, cash received from debtors, cash received by loans, rent income, commission received (2 × ½ = 01 mark)

(ii) (a) Kumanan account Dr.   Rs. 10 000

Sales account Cr.   Rs. 10 000 (01 mark)

(b) Bank account Dr.   Rs. 20 000

Vimala account Cr.   Rs. 20 000 (01 mark)

(iii)

Petty cash book   (½ mark)

Receipt	LF	Date	Details	V.No.	Value	Post	Miscel.	Travelling	Entertainment	Ledger	LF
½ 400		01.04	b/d								
½ 1600		01.04	Cash								
		01.04	Cleaning		200		200				
		04.04	Entertainment		150				150		
		07.04	Three wheeler	01	250			250			
		11.04	Paid to Ravi		300					300	
		13.04	Postage		100	100					
				½	1000	100	200	250	150	300	
		15.04	b/c/d		½ 1000						
					2000						
2000		16.04	b/b/d		1000						
½ 1000											

(04 marks)

(iv)   Purchase Journal ½ mark

Date	Invoice No.	Supplier	Total value	LF
2018.06.01	230	Vimal	24000	
2018.06.10	245	Varun	½ 32000	
2018.06.16	50	Vanitha	14000	
2018.06.25	67	Vanitha	24000	
2018.06.30		Transferred to purchase account ½	½ 94000	

Vimal account

01.06 Purchase   24000 ½

Varun account

10.06 Purchase   32000 ½

Vanitha account

16.06 Purchase   14000 ⎤ ½
25.06 Purchase   24000 ⎦

Purchase account

30.06 Creditor ½   94000

(04 marks)

(Total 12 marks)

3

07. (i) (a) 1. To know the balance in the bank account
   2. Obtaining bank statement
   3. Utility bills can be paid.
   4. Fund transfer between accounts.
   5. Application for cheque book can be provided.   (2 × ½ = 01 mark)

   (b) Allowing current account holders to draft cheque exceeding the balance in the account (01 mark)

(ii)   Thasarata business

Trial balance on 31.05.2018   ½ mark

	Dr.	Cr.
Debtors	30000	
Sales		35000
Discount allowed	3000	
Bank overdraft	01 mark	½ 5000
Capital		50000
Insurance	5000	
Machine	40000	
Salary	12000	
	90000	90000

(02 marks)

(iii) (a)   Adjusted bank account (½ mark)

Date	Details	LF	Value	Date	Details	LF	Value
	b/b/d		½ 15000		Insurance charge		½ 3000
					b/c/d		½ 12000
			15000				15000

(b)   Siva business

Bank reconciliation statement for September 2018   (½ marks)

Details	Value	Value
Adjusted bank balance		12000
Add:		
Unpresented cheque: (650)	½ 7000	
(985)	4500	11500
		23500
Deduct:		
Unrealized cheque (56)	½ 5000	
(89)	6500	(11500)
Bank statement balance on 31.09.2019		½ 12000

(04 marks)

(iv)   General journal   ½

Date	J.V.No.	Details	LF	Dr.	Cr.
		Suspense account			½ 5000
		Sales account		½ 11000	
		Debtor account			½ 11000

Suspse account

b/b/d	5000	Electricity	5000 (01 mark)

(01 mark)

(01 mark)   (04 marks)
                                                              (Total 12 marks)

4