

OL/2020/60-E-I, II

සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved]

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විද්‍යා දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
இலங்கைப் பரீட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம்
Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka
ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විද්‍යා දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரīட்சைத் திணைக்களம் இலங்கைப் பரīட்சைத் திணைக்களம்
Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka

60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2020
கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2020
General Certificate of Education (Ord. Level) Examination, 2020

ව්‍යාපාර හා ගිණුම්කරණ අධ්‍යයනය I, II
வணிகக் கல்வியும் கணக்கீடும் I, II
Business and Accounting Studies I, II

පැය තුනයි
மூன்று மணித்தியாலம்
Three hours

අමතර කියවීම් කාලය - මිනිත්තු 10 යි
மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள்
Additional Reading Time - 10 minutes

Use additional reading time to go through the question paper, select the questions and decide on the questions that you give priority in answering.

Business and Accounting Studies I

Note :

- Answer all questions.
- In each of the questions 1 to 40, pick one of the alternatives (1), (2), (3), (4) which 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.

- Answer the questions No. 1 to 5 using the following case.

Students of Girikula Maha Vidyalaya prefer rice porridge prepared by the School Old Students' Association, School Co-operative Society and academic and non-academic staff collectively using the rice donated by Daham Sekara, the owner of 'Tissa Rice Mill'.

- What is the human need satisfied by the Girikula Maha Vidyalaya?
(1) Food (2) Education (3) Health (4) Security
- An example for the external environmental factor of Girikula Maha Vidyalaya is
(1) academic staff. (2) non-academic staff.
(3) 'Tissa Rice Mill' business. (4) students of the school.
- A public sector business organization included in the above case is
(1) 'Tissa Rice Mill' business. (2) Old Students' Association.
(3) School Co-operative Society. (4) Girikula Maha Vidyalaya.
- What is the production factor that rice used to prepare rice porridge in the above case belongs to?
(1) Land (2) Labour (3) Capital (4) Entrepreneurship
- Select the correct statement related to the 'Tissa Rice Mill' business in the above case.
(1) Registration of the name of this business is compulsory.
(2) The liability of Daham Sekara in this business is limited.
(3) There is a legal entity to this business.
(4) This business is a not for profit business.
- A commodity manufacturing business is
(1) Lanka Sugar Company (pvt) Limited.
(2) Co-operative Wholesale Establishment.
(3) Sri Lankan Airlines.
(4) Central Bank of Sri Lanka.

[see page two]

7. A democratic control and volunteer and open membership are characteristics of a business organization. An example for this kind of business organization is
- (1) Gunawardane and Sons.
 - (2) Maharagama Multipurpose Co-operative Society Limited.
 - (3) Ceylon Petroleum Co-operation.
 - (4) Sri Lanka Telecom PLC.

8. Following are few incidents.

- A : Ruwan gets his hair cut from the 'Modern Saloon'.
 B : Sapumal imports a motor vehicle from Japan for his own use.
 C : 'Sumudu Flower Traders' purchases two fresh flower baskets.
 D : Saman sells 50 kg of paddy from his harvest to a rice mill owner.

Out of the above incidents, whole sale trades are,

- (1) A and B. (2) A and C. (3) B and D. (4) C and D.

- Answer the questions No. 9 and 10 using the following case.

Kasun received a cheque of Bank of Ceylon of Rs. 18 000 from Aruna. It was crossed as 'Not negotiable'. Kasun deposited that cheque in his current account in the People's Bank.

9. The cheque received from Aruna is,
- (1) a special crossing cheque.
 - (2) a general crossing cheque.
 - (3) a cheque that cannot be endorsed.
 - (4) a cheque that can be cashed from the bank counter.
10. In the cheque mentioned in the above case,
- (1) while payee is Kasun, drawee is People's Bank.
 - (2) while drawer is Aruna, payee is People's Bank.
 - (3) while drawee is Bank of Ceylon, payee is Kasun.
 - (4) while drawer is Kasun, drawee is Bank of Ceylon.
11. Amal received a compensation of Rs. 300 000 due to a fire occurred in a part of his business building which was insured at Rs. 1 000 000. The principle of insurance relevant to having only a Rs. 300 000 as compensation is
- (1) Insurable interest.
 - (2) Utmost good faith.
 - (3) Indemnity.
 - (4) Subrogation.
12. Communication modes and examples for communication modes are given in columns X and Y respectively.

X	Y
1. Verbal	A - Ringing the school bell
2. Written	B - Conducting a prefects' meeting
3. Electronic written	C - Posting calling letters for parents' meeting
4. Signs and Symbols	D - Sending a fax message to the Zonal Education Office

Select the answer when the above communication modes are matched with examples respectively.

- (1) B, C, A, D (2) B, C, D, A (3) C, D, A, B (4) C, D, B, A

13. 'Renovating the Jaffna International Airport in an attractive way'

The element of transportation implied by this statement is

- (1) Way. (2) Mode. (3) Power. (4) Terminal.

[see page three

14. "Ayura Suwa Medura decided to produce an immunity boosting drink."

Select the answer that shows the management function and variable of marketing mix implied from this statement respectively.

- | | |
|----------------------------|----------------------------|
| (1) Planning and Promotion | (2) Organizing and Price |
| (3) Planning and Product | (4) Organizing and Product |

15. The source of investment received dividend income is

- | | |
|--|------------------------------|
| (1) purchasing ordinary shares. | (2) opening a fixed deposit. |
| (3) depositing money in a savings account. | (4) purchasing jewellery. |

16. Select the **incorrect** statement regarding investments.

- (1) Capital gains can be earned by investing in lands.
- (2) Treasury bills are issued to fulfill the long term financial requirements of the government.
- (3) An investor becomes an owner of a company by purchasing ordinary shares of it.
- (4) Colombo Stock Exchange is monitored by Securities and Exchange Commission of Sri Lanka.

17. The type of account that applicable the double entry principle of increase debit and decrease credit is

- | | |
|----------------------|-------------------------|
| (1) asset accounts. | (2) liability accounts. |
| (3) equity accounts. | (4) income accounts. |

● Answer the questions No. 18 to 20 using the following information.

The accounting equation of Ravi's business as at 01st November 2020 is as follows;

Assets (Rs.)	=	Equity (Rs.)	+	Liabilities (Rs.)
50 000		35 000		15 000

Following are some transactions occurred during the first week of November 2020 of this business.

- A - Purchasing a stock of goods of Rs. 10 000 on credit
- B - Purchasing a stock of goods of Rs. 5 000 in cash
- C - Paying a creditor of Rs. 7 000
- D - Selling a stock of goods for Rs. 7 000 in cash which was purchased at Rs. 5 000

18. What is the amount of the liabilities of this business after the above transactions?

- | | | | |
|----------------|----------------|----------------|----------------|
| (1) Rs. 10 000 | (2) Rs. 15 000 | (3) Rs. 18 000 | (4) Rs. 25 000 |
|----------------|----------------|----------------|----------------|

19. What is the transaction that does **not** change the value of total assets of the business as at 01.11.2020?

- | | | | |
|-------|-------|-------|-------|
| (1) A | (2) B | (3) C | (4) D |
|-------|-------|-------|-------|

20. The equity of the business at the end of the first week of November 2020

- | | |
|-----------------------------|-----------------------------|
| (1) increases by Rs. 2 000. | (2) increases by Rs. 7 000. |
| (3) decreases by Rs. 2 000. | (4) decreases by Rs. 5 000. |

21. Following is the credit entry of a transaction occurred in a business.

Cash account	Cr.	Rs. 4 500
Discounts received account	Cr.	Rs. 500

What is this transaction?

- (1) Purchases of goods of Rs. 5 000 in cash by deducting Rs. 500 discount
- (2) Purchasing goods of Rs. 5 000 on credit by deducting Rs. 500 discount
- (3) Paying a creditor of Rs. 5 000 subject to 10% discount
- (4) Receiving a debtor of Rs. 5 000 subject to 10% discount

22. Select the answer that shows the source document and the prime entry book used to record purchasing of five sewing machines at Rs. 500 000 in cash to a garment business respectively.

- | | |
|--|--------------------------------------|
| (1) Purchases invoice, Purchases journal | (2) Payment voucher, Cash book |
| (3) Payment voucher, Purchases journal | (4) Journal voucher, General journal |

[see page four]

23. What is the transaction recorded in General Journal of a textile business?
- (1) Purchasing a stock of goods of Rs. 50 000 on credit
 - (2) Paying a creditor of Rs. 10 000
 - (3) Paying the electricity bill of owner's house of Rs. 2 000 from the money of the business
 - (4) Purchasing a photocopy machine of Rs. 80 000 on credit
24. Petty cash expenses of a business for the month of December 2020 is Rs. 1 900. The balance of the petty cash book at the end of December is Rs. 100. It was decided to increase the petty cash imprest by Rs. 1 000 from January of 2021. What is the amount of petty cash re-imbursement as at 01.01.2021?
- (1) Rs. 1 000
 - (2) Rs. 1 900
 - (3) Rs. 2 900
 - (4) Rs. 3 000
25. What is the transaction that was not recorded in the bank account of the business but included in the bank statement?
- (1) An amount of Rs. 50 000 was deposited in the bank account.
 - (2) Rs. 5 000 dividend income was directly received to the bank.
 - (3) Issued cheque of Rs. 15 000 was paid by the bank.
 - (4) Deposited cheque of Rs. 20 000 was credited to the account by the bank.
26. The favorable balance of the bank statement as at 01st December 2020 is Rs. 20 000. Following are the transactions recorded by the bank during the month.
- | | | |
|-------|---|------------|
| 05/12 | Cheques deposited | Rs. 5 000 |
| 09/12 | Payments of standing orders | Rs. 8 000 |
| 15/12 | Payments for the cheques issued to bank | Rs. 12 000 |
| 25/12 | Debtors' remittances | Rs. 10 000 |
- What is the balance of the bank statement as at 31st December 2020?
- (1) Rs. 13 000
 - (2) Rs. 15 000
 - (3) Rs. 22 000
 - (4) Rs. 25 000
27. A trade business purchased 50 packets of milk powder at Rs. 400 each, on credit subject to a 10% trade discount. If money is paid before a month, a 5% discount will be granted. What is the amount recorded in the purchases journal?
- (1) Rs. 17 100
 - (2) Rs. 18 000
 - (3) Rs. 19 000
 - (4) Rs. 20 000
28. What is the accounting error made a difference in the totaling of the debit and credit columns of the trial balance?
- (1) Discounts allowed Rs. 500 was credited to the discounts received account and debited to the relevant debtors' account.
 - (2) A purchases invoice of Rs. 12 000 was completely omitted from the accounts.
 - (3) Rent received Rs. 2 500 was recorded correctly in the cash account and debited to the rent account.
 - (4) Stock of Rs. 20 000 purchased on credit was debited to the equipment account and credited to the creditors' account.
29. Following is a journal entry recorded in the General journal of a business to rectify an error.

	Dr. (Rs.)	Cr. (Rs.)
Suspense account (Dr.)	2 000	
Discount received account		2 000

The accounting error occurred is that

- (1) discounts allowed of Rs. 2 000 was debited to discounts received account.
- (2) the total of the credit side of the discounts received account was understated by Rs. 2 000.
- (3) the balance of discounts received account Rs. 2 000 was not extracted to the trial balance.
- (4) a discount received of Rs. 2 000 in paying a creditor was not recorded in books.

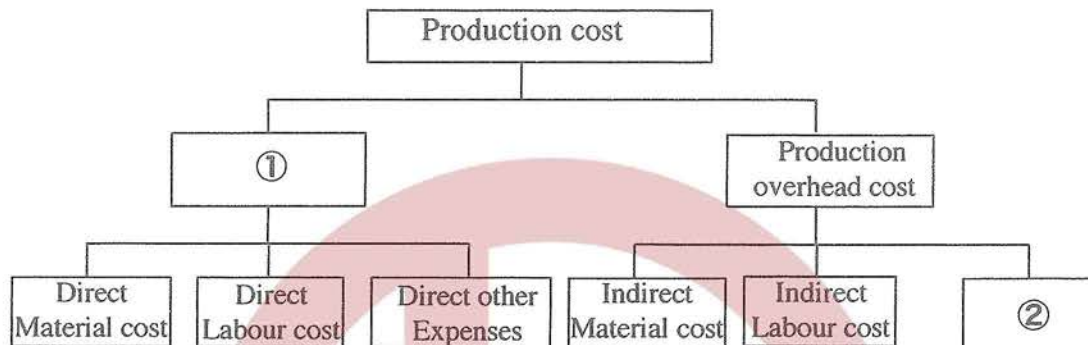
[see page five]

30. The balance of the receipts and payments account of Sucharitha Society as at 31st December 2020 was Rs. 15 000. But the treasurer of the society says that he has a cash balance of Rs. 16 500 in hand on that day. The reason for this difference is that

- (1) the income of Rs. 1 500 earned from selling old news papers was not received in cash till 31st December.
- (2) paid labour charges of Rs. 1 500 was not recorded till 31st of December.
- (3) the telephone bill of Rs. 1 500 was not recorded or paid till 31st of December.
- (4) the received membership fee in cash of Rs. 1 500 was not recorded till 31st of December.

● Answer questions No. 31 and 32 using the following information.

Following is a diagram of elements of production cost.



Following are some cost items of the Moratu furnitures manufacturing business.

- A - Cost of timber Rs. 40 000
- B - Depreciation of machines Rs. 5 000
- C - Cost of sands papers and polish Rs. 2 000
- D - Wages of carpenter Rs. 30 000
- E - Electricity expenses Rs. 2 000

31. The cost items of Moratu furniture manufacturing business relevant to the place of number ① in the above diagram are

- (1) A and C.
- (2) A and D.
- (3) B and D
- (4) C and D.

32. What is the cost of Moratu furniture manufacturing business relevant to the place of number ② in the above diagram?

- (1) Rs. 2 000
- (2) Rs. 5 000
- (3) Rs. 7 000
- (4) Rs. 9 000

● Answer questions No. 33 and 34 using the following information.

The building of Sumudu's business purchased on 01.01.2019 at cost of Rs. 950 000 was rented out for Rs. 20 000 per month on 01.07.2020 and received a rent of Rs. 100 000 for the year ended 31.12.2020. The estimated effective life time of the building is 10 years and scrap value is Rs. 50 000. The buildings of the business are depreciated on straight line basis.

33. Select the answer that shows the depreciation of buildings for the year ended 31.12.2020.

- (1) Rs. 45 000
- (2) Rs. 90 000
- (3) Rs. 95 000
- (4) Rs. 180 000

34. Select the correct statement regarding the above information.

- (1) The rent to be paid as at 31.12.2020 is Rs. 20 000.
- (2) The rent to be received as at 31.12.2020 is Rs. 120 000.
- (3) The rent to be received as at 31.12.2020 is Rs. 20 000.
- (4) The rent income for the year ended 31.12.2020 is Rs. 100 000.

[see page six

- Answer questions No. 35 to 40 using the following information.

Following are some balances extracted from the trial balance of Samadhi's business as at 31.12.2020.

	Rs.
Sales.....	600 000
Purchases.....	350 000
Carriage inwards.....	1 000
Furniture (at cost).....	50 000
Stock (as at 01.01.2020).....	20 000
Debtors	35 000
Electricity charges	15 000
10% bank loan	600 000
Advertisement.....	32 000
Cash balance.....	7 000
Other income.....	16 500
Capital (as at 01.01.2020).....	400 000
Wages and salaries.....	75 000
Drawings.....	15 000

Additional information:

1. Cost of stock as at 31.12.2020 is Rs. 50 000.
2. Accrued wages and salaries as at 31.12.2020 is Rs. 15 000.
3. Furniture are depreciated annually at 10% on straight line basis.

35. The cost of goods to be sold of the Samadhi's business for the year ended 31.12.2020 is
 (1) Rs. 321 000. (2) Rs. 351 000. (3) Rs. 370 000. (4) Rs. 371 000.
36. The gross profit of the Samadhi's business for the year ended 31.12.2020 is
 (1) Rs. 279 000. (2) Rs. 280 000. (3) Rs. 320 000. (4) Rs. 321 000.
37. The total income of the Samadhi's business for the year ended 31.12.2020 is
 (1) Rs. 295 500. (2) Rs. 600 000. (3) Rs. 601 500. (4) Rs. 616 500.
38. Select the answer that shows the amounts of distribution expenses, administration expenses and finance expenses of Samadhi's business for the year ended 31.12.2020 respectively.
 (1) Rs. 33 000, Rs. 95 000, Rs. 60 000
 (2) Rs. 32 000, Rs. 110 000, Rs. 660 000
 (3) Rs. 32 000, Rs. 110 000, Rs. 60 000
 (4) Rs. 110 000, Rs. 32 000, Rs. 660 000
39. The amount of total current liabilities of Samadhi's business as at 31.12.2020 is
 (1) Rs. 15 000. (2) Rs. 60 000. (3) Rs. 75 000. (4) Rs. 675 000.
40. The amount of total current assets of Samadhi's business as at 31.12.2020 is
 (1) Rs. 45 000. (2) Rs. 50 000. (3) Rs. 92 000. (4) Rs. 142 000.

* *

[see page seven