

සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved

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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
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අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2023 (2024)
கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2023 (2024)
General Certificate of Education (Ord. Level) Examination, 2023 (2024)

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

Business and Accounting Studies II

Instructions :

- * Including question No. 1 answer five questions selecting two questions from each of the parts I and II.
- * As instructed, answer five questions only. Any extra questions answered, if not struck off by the candidate himself/herself, will be crossed out by the examiner, without being marked.

1. Using the following case, answer the questions No. (i) to (x).

Amila who hails from a traditional medicinal family is an Ayurvedic doctor in Girankula village. He started a business named as 'Ayura' on 01.01.2024 by investing Rs.800000 in cash to produce and sell Ayurvedic medicine products for eye diseases in the Rs.500 000 worth building given by his father. On the same day he purchased machines and equipment for Rs.400 000. Some raw materials required to produce 'Ayura' products are bought from Girankula village. To protect the quality, raw materials are used for the production of medicine after drying them in sunlight. Following are the transactions occurred during the month ended 31.01.2024.

	Rs.
Purchases raw materials	350 000
Telephone expenses	5 000
Wages - Production employees	45 000
Sales employees	60 000
Other production expenses	30 000
Advertisement expenses	15 000
Distribution vehicle charges	150 000
Sales on credit	900 000

Additional information:

- There is no any raw materials and finished goods as at 31.01.2024.
- Machines and equipments should be depreciated at 6% annually on straight line basis.
- Monthly electricity bill Rs.10 000 was not paid as at 31.01.2024.

The orders taken from local customers via telephone, fax messages and emails are distributed by the business. A web page is being designed for online orders of foreign customers and it has been decided to obtain a direct online payment gateway to the business.

- (a) What is the basic human need fulfilled by the 'Ayura' business?
(b) What is the type of business organization that 'Ayura' business belongs according to the objective?
- (a) Write an example each for a strength and an opportunity of 'Ayura' business.
(b) Write two methods of communication for electronic written communication medium included in the above case.

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- (iii) Name the production factor that each of the following items of 'Ayura' business belongs.
- Production employees
 - Building of the business
 - Sunlight used for drying raw materials
 - Amila's business organizing ability
- (iv) (a) Write an example for each planning and organizing which are the functions of management included in the above case.
- (b) What is the variable of marketing mix that getting orders by online method belongs?
- (v) Write the basic accounting equation with amounts in 'Ayura' business as at 01.01.2024.
- (vi) For recording sales Rs.900 000,
- what is the source document?
 - what is the prime book?
- (vii) (a) What is the amount of depreciation of machines and equipment included in the profit or loss account prepared for the month ended 31.01.2024?
- (b) Write the double entry for recording the amount of depreciation in above (vii) (a).
- (viii) (a) Write **two** expenses with amounts included in the prime cost of 'Ayura' products.
- (b) Write **two** selling and distribution expenses with amounts in 'Ayura' business.
- (ix) Calculate the profit or loss of 'Ayura' business for the month ended 31.01.2024.
- (x) (a) What is the total amount of non current assets of 'Ayura' business as at 31.01.2024?
- (b) What is the equity of 'Ayura' business as at 31.01.2024?
- (02 × 10 = 20 marks)

Part I - Business Studies
(Answer **two** questions only.)

2. (i) Write **two** characteristics of a Sole proprietorship business. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- According to the ownership, business organizations are classified as private and public sectors.
 - By studying internal environmental factors, business opportunities and strengths are identified.
 - The premises of business building always belongs to the production factor, land.
 - The owner of a business is entitled to unlimited liability irrespective of the type of business organization. (02 marks)
- (iii) Following are two types of businesses.
- A** – National Hospital Colombo
- B** – Sumaga Driving School
- What are the human needs fulfilled by the above **A** and **B**? (02 marks)
 - Categorize the above **A** and **B** businesses according to the nature of the product. (02 marks)
- (iv) Aravinda who owns a large scale super market network, has decided to use Artificial Intelligence and Robotics to fix the discounts by identifying customers' needs.
- What is the type of business organization that super market in the above case belongs? (02 marks)
 - Write a technological environmental factor included in the above case. (02 marks)
- (Total 08 marks)
3. (i) Write **two** differences between property insurance and life insurance. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- To obtain bank overdraft facilities, having a savings account in a commercial bank is required.
 - An email is an internal as well as external communication method in a business.
 - The principle of indemnity is not relevant to life insurance.
 - Jaffna railway station is an example for the element of transportation, terminal. (02 marks)

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(iii) Amara who runs a garment factory has issued a cheque Rs.100 000 to Sarath for the raw materials purchased. While Amara maintains his current account in People's Bank, Sarath in Bank of Ceylon.

(a) Name the drawee and the drawer of the cheque included in the above case.

(b) Write **two** actions that Sarath can do related to the cheque received from Amara.

(02 marks)

(iv) A customer gave a telephone call to Deepal, the manager of bag production business ordering 50 bags. Having accepted the order, Deepal confirmed to supply the bags within two days.

Write examples for each element of communication, in the communication process included in the above case.

(02 marks)

(Total 08 marks)

4. (i) What is a 'target market'?

(02 marks)

(ii) State whether the following statements are **true** or **false**.

(a) High risk implies in investments expected with high return.

(b) Discounts offered by a business belong to the variable of price in the marketing mix.

(c) The first function in the management process is organizing.

(d) Treasury bills are issued to fulfil long term capital requirements of the government.

(02 marks)

(iii) Following are the statements related to a proposed warm protected water bottle introduced by a marketing manager.

A – The height of the bottle is 15 cm and the colour is green.

B – The initial introduction is occurred near schools.

C – Price includes 10% profit margin on cost.

D – Advertisement is done via television.

Write variables of marketing mix related to each statements **A**, **B**, **C** and **D**.

(02 marks)

(iv) Ruvini intends to invest her savings in the following investments.

A – Listed companies in the Colombo Stock Exchange

B – A fixed deposit in a government bank

C – A savings deposit in a government bank

D – To buy jewellery

(a) If Ruvini expects to get capital gains, what is the investment you recommend?

(b) If Ruvini expects to get a fixed monthly interest what is the investment you recommend?

(02 marks)

(Total 08 marks)

Part II - Accounting

(Answer **two** questions only.)

5. (i) What is 'Accounting'?

(02 marks)

(ii) State the type of account each of the following accounts belongs.

(a) Debtors account

(b) Drawings account

(c) Sales account

(d) Bank loan account

(02 marks)

[see page ten

(iii) (a) Sahan started a business by investing Rs.100 000 on 01.01.2024. Write the accounting equation of Sahan's business after this transaction.

(b) The accounting equation of Sahan's business mentioned in above (iii) (a) changed as given below after one transaction.

$$\begin{array}{rcl} \text{Assets} & = & \text{Equity} + \text{Liabilities} \\ \text{Rs. 200 000} & & \text{Rs. 100 000} \quad \text{Rs. 100 000} \end{array}$$

Cash in asset increased by Rs. 100 000 through this transaction. Write the transaction occurred.

(c) Some transactions occurred in Pubudu's business are given below.

1. Purchasing a stock of goods Rs.10 000 on credit
2. Receiving from a debtor Rs. 20 000
3. Selling a stock of goods Rs. 50 000 on credit which cost Rs. 35 000

Indicate how the above transactions impact on the accounting equation of Pubudu's business. (To answer, use a format similar to one given below. The impact of the first transaction has been given.)

Transaction No.	Assets	Equity	Liabilities
1	Increase	-	Increase
2			
3			

(04 marks)

(iv) The balance of cash book in Suran's business as at 01.03.2024 was Rs.15 800. The information relevant to the cash transactions in the month of March 2024 is given below.

Date	Receipt No.	Voucher No.	Description
05.03.2024	15	-	Selling goods in cash Rs. 35 000
10.03.2024	-	24	Purchasing furniture Rs. 60 000
17.03.2024	16	-	Receiving from a debtor Rs. 45 000
29.03.2024	-	25	Paying electricity bill Rs. 15 000

Required:

Preparing the cash book of Suran's business and indicating the cash balance as at 31.03.2024.

(04 marks)

(Total 12 marks)

6. (i) Following are two reasons to differ closing balances of bank account of the business and the bank statement.

1. Cheques issued but not presented to the bank
2. Cheques deposited but not realized

State whether because of each of the above reasons increase or decrease the balance of bank account of the business.

(02 marks)

(ii) Write an example for the type of cost, relevant to each of the following product.

No	Product	Type of cost	Example
1	Bread	Direct material cost
2	School uniform	Direct labour cost

(02 marks)

[see page eleven]

(iii) Following are the information of Nimanthi's floor mats sewing business for the month of April 2024.

	Rs.
Purchasing of cut pieces cloth	60 000
Purchasing a sewing machine on credit	120 000
(This is depreciated at 10% annually)	
Purchasing thread, needles and other material.....	2 000
Paying wages to floor mats sewer	40 000
Paying wages to cleaner of sewing place.....	10 000
Paying electricity bill of the month of April	5 000
Paying monthly rent of the business	8 000

- The cost of production per floor mat is Rs. 126.

Required :

- (a) Production cost statement for the month of April 2024
- (b) Number of floor mats produced during the month of April 2024 (04 marks)
- (iv) Following is the bank reconciliation statement prepared by a trainee accounts clerk in a business as at 31.03.2024.

Bank reconciliation statement

	Rs.	Rs.
Bank account balance as at 31.03.2024		33 000
Add: Direct remittances of debtors	13 000	
Cheques deposited but not realized	24 000	37 000
		70 000
Less: Bank loan installment	5 000	
Charges of cheque books	1 000	
Cheques issued but not presented	15 000	(21 000)
Balance as bank statement		49 000

Required :

- (a) Adjusting bank account balance as at 31.03.2024
- (b) Preparing the correct bank Reconciliation statement as at 31.03.2024 (04 marks)
- (Total 12 marks)
7. (i) Write **two** items that are recorded as credit in Receipt and Payment account but **not** included in Income and Expenditure account in a not for profit organization. (02 marks)
- (ii) The following are some information extracted from accounts books prepared for the year ended 31.12.2023 in Dilena Tharu Sports Club.

Receipts during the year	Payments during the year
Membership fees Rs. 30 000	Maintaining the pavilion Rs. 12 000
Donations Rs. 10 000	Electricity charges Rs. 8 000

Additional information :

- Membership fees receivable Rs. 2 000 as at 31.12.2023
- Electricity charges to be paid Rs. 6 000 as at 31.12.2023

Required :

Writing **four** items with amounts that should be included in the Income and Expenditure account prepared for the year ended 31.12.2023 in Dilena Tharu Sports Club.

(02 marks)

[see page twelve]

(iii) Following is the trial balance of Duminda's retail trading business as at 31.12.2023.

	Debit (Rs.)	Credit (Rs.)
Purchases	380 000	
Sales		550 000
Stocks as at 01.01.2023	80 000	
Carried inwards	10 000	
Debtors	190 000	
Creditors		244 000
10% Bank loan		100 000
Paid bank loan interest	6 000	
Distributing vehicles (at cost)	400 000	
Provision for depreciation of distributing vehicles (as at 01.01.2023)		40 000
Furniture and equipment (at cost)	120 000	
Electricity charges	60 000	
Advertisement expenses	44 000	
Cash balance	44 000	
Capital		400 000
	<u>334 000</u>	<u>1 334 000</u>

Additional information :

- Stock at 31.12.2023 is Rs. 88 000.
- Distributing vehicles by 5% and furniture and equipment by 10% are depreciated annually on straight line method.

Required:

- The statement of Profit or Loss of Duminda's business for the year ended 31.12.2023 (04 marks)
 - The statement of Financial Position of Duminda's business as at 31.12.2023 (04 marks)
- (Total 12 marks)

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