

OL/2021(2022)/60-E-I, II

கிடைக்கக் கூடிய அனைத்து உரிமைகளும் பதிப்பாளியிடம் உள்ளன / All Rights Reserved

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව  
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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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60 E I, II

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2021(2022)  
கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2021(2022)  
General Certificate of Education (Ord. Level) Examination, 2021(2022)

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

පැය තුනයි  
மூன்று மணித்தியாலம்  
Three hours

අමතර කියවීමේ 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

#### Instructions:

- \* 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 given answer sheet.
- \* Further instructions are given on the back of the answer sheet. Follow them carefully.

- Answer the questions No. 1 to 5 paying attention to the following case.

An educational program on 'Let's Prevent Dengue' was conducted at Dumbara Maha Vidyalaya with the human resources of Dumbara Regional Hospital, Dumbara Police station and Thrift and Credit Cooperative Society and the financial sponsorship of Gamunu, the owner of Gamunu Rubber Products business and his employees. The students, teachers and parents of Dumbara Maha Vidyalaya and Madalanda Vidyalaya participated in that program.

1. What is the human need satisfied by the awareness program conducted on 'Let's Prevent Dengue' in the above case?  
(1) Health (2) Education (3) Security (4) Entertainment
2. An example for an internal environmental factor of Dumbara Maha Vidyalaya is  
(1) the students and teachers of Dumbara Maha Vidyalaya.  
(2) the students and parents of Dumbara Maha Vidyalaya.  
(3) the students and teachers of Madalanda Vidyalaya.  
(4) the teachers and parents of Madalanda Vidyalaya.
3. A private sector business organization included in the above case is  
(1) Dumbara Regional Hospital. (2) Thrift and Credit Cooperative Society.  
(3) Dumbara Maha Vidyalaya. (4) Dumbara Police station.
4. Dumbara Regional Hospital is  
(1) a drugs manufacturing business. (2) a for profit business.  
(3) a service providing business. (4) a private sector business.
5. Select the answer indicated an example for the production factor, 'entrepreneurship' of the Gamunu Rubber Products business.  
(1) Rubber used for products  
(2) Money employed for business  
(3) Gamunu, the owner of the business  
(4) Employees of the business

[see page two]

14. Evaluating the sales of the year 2021 by the sales manager belongs to the .....<sup>①</sup>  
function in the management process and selling goods subject to the 5% discount in 2022 belongs to the .....<sup>②</sup>..... of the marketing mix.  
Select the answer that shows the correct terms to the places ① and ② in the above statement respectively.
- |                            |                        |
|----------------------------|------------------------|
| (1) Controlling, Promotion | (2) Planning, Price    |
| (3) Planning, Promotion    | (4) Controlling, Price |
15. Ranga invested Rs.250 000 earned by him in ordinary shares of a Public Limited Company. He received Rs.10 000 from the profit earned by that company in the year 2021. After that, he sold all the shares for Rs.350 000. Select the answer that shows the correct terms for the returns Ranga earned from this investment.
- |                                |                                    |
|--------------------------------|------------------------------------|
| (1) Interest income, dividends | (2) Dividends, capital gains       |
| (3) Profits, capital gains     | (4) Capital gains, interest income |
16. What is the source of investment that **does not** have a fixed rate of return?
- |                     |                     |
|---------------------|---------------------|
| (1) Fixed deposits  | (2) Treasury bills  |
| (3) Saving deposits | (4) Ordinary shares |
17. Select the answer including only the accounts recorded according to the double entry principle of decrease debit and increase credit.
- |  |
|--|
| (1) creditors account, drawings account, sales account, insurance charges account              |
| (2) bank loan account, creditors account, discounts allowed account, commission income account |
| (3) wages account, debtors account, salaries account, cash account                             |
| (4) capital account, creditors account, bank loan account, discounts received account          |
18. A non current asset of a furniture manufacturing business is
- |                               |                         |
|-------------------------------|-------------------------|
| (1) receivable building rent. | (2) furniture for sale. |
| (3) carpenter table.          | (4) cash in hand.       |
- Answer the questions No. 19 to 21 using the following information.
- Following are some transactions occurred in a business.
- |   |
|---|
| A – Purchasing a stock of goods of Rs.25 000 in cash                                  |
| B – Selling a stock of goods which was purchased at Rs.10 000 for Rs.12 000 on credit |
| C – Receiving amount of Rs.5 000 from a debtor  |
| D – Purchasing a table of Rs.50 000 on credit for the business office                 |
19. From the above transactions, the transaction affected for the equity of the accounting equation of this business is
- |        |        |        |        |
|--------|--------|--------|--------|
| (1) A. | (2) B. | (3) C. | (4) D. |
|--------|--------|--------|--------|
20. After the above transactions, the value of assets of the accounting equation of this business increases by
- |                |                |                |                |
|----------------|----------------|----------------|----------------|
| (1) Rs.15 000. | (2) Rs.17 000. | (3) Rs.52 000. | (4) Rs.92 000. |
|----------------|----------------|----------------|----------------|
21. If the total liabilities of the business was Rs.80 000 before the above transactions, what is the value of total liabilities after these transactions?
- |               |               |                |                |
|---------------|---------------|----------------|----------------|
| (1) Rs.75 000 | (2) Rs.90 000 | (3) Rs.130 000 | (4) Rs.142 000 |
|---------------|---------------|----------------|----------------|
22. The source document and the prime entry book used to record purchasing a car of Rs.2 000 000 for sale on credit in a used cars buying and selling business are respectively
- |  |
|--|
| (1) paying voucher and purchases journal.    |
| (2) journal voucher and general journal.     |
| (3) purchases invoice and general journal.   |
| (4) purchases invoice and purchases journal. |

[see page four]

30. The Samagi Sports Club has 100 members and the monthly membership fee is Rs.50 per member. Annual membership fee of 70 members has been received for the year ended 31.12.2021. The membership fee income to be stated in the Income Statement for the year ended 31.12.2021 is  
 (1) Rs.3 500. (2) Rs.5 000. (3) Rs.42 000. (4) Rs.60 000.

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

Following are expenses to produce 1000 kilograms of cakes, in a cake manufacturing business during the month ended 31.03.2022.

	Rs.
Wheat flour .....	100 000
Eggs .....	10 000
Other materials .....	20 000
Wages of cake maker .....	45 000
Rent of business (Monthly) .....	10 000
Electricity bill of business (Monthly) .....	15 000

31. The prime cost for the production of cakes for the month ended 31.03.2022 is  
 (1) Rs.145 000. (2) Rs.155 000. (3) Rs.175 000. (4) Rs.200 000.
32. What is the selling price of one kilogram of cake if retaining a 10% profit margin?  
 (1) Rs.143.00 (2) Rs.192.50 (3) Rs.200.00 (4) Rs.220.00

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

Sulochana's business is conducted in a rented building for Rs.10 000 per month. Rs.80 000 has been paid as building rent for the year ended 31.12.2021.

33. Select the journal entry relevant to the adjustment of building rent of Sulochana's business for the year ended 31.12.2021.

(1) Building rent account	Dr.	Rs.40 000	
Accrued building rent account			Rs.40 000
(2) Receivable building rent account	Dr.	Rs.40 000	
Building rent revenue account			Rs.40 000
(3) Building rent account	Dr.	Rs.80 000	
Cash account			Rs.80 000
(4) Building rent account	Dr.	Rs.120 000	
Accrued building rent account			Rs.120 000

34. Building rent should be included in the Statement of Financial Position of Sulochana's business as at 31.12.2021 as  
 (1) accrued building rent Rs.40 000. (2) building rent receivable Rs.40 000.  
 (3) accrued building rent Rs.80 000. (4) accrued building rent Rs.120 000.

සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved

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60 E I, II

**අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2021(2022)**  
**கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2021(2022)**  
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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).**

Divan, a management graduate, a positive thinker who likes to take risks lives in Koggala, the tourism Paradise. He started a business as 'Ganguli Safari' on 01.01.2022 by investing Rs.800 000 of his own money and a bank loan of Rs.500 000 at an annual interest of 12% to provide boat service to go to the Madol Doova crossing the Koggala lake to foreign and local tourists who come to visit Madol Doova. On the same day, he purchased a safari boat for Rs.800 000 and safety jackets for Rs.120 000 in cash and recruited an experienced safari boat rider, Thilak for a monthly salary of Rs.35 000 and an untrained employee, Kumara for a monthly salary of Rs.10 000.

On the same day, he rented a building for Rs.7000 per month near Madol Doova where there are many tourism bungalows.

Following are the transactions occurred for the month ended 31.01.2022.

**Rs.**

• Paid fuel expenses .....	85 000
• Paid insurance charges .....	8 000
• Paid port charges .....	15 000
• Paid other expenses .....	20 000
• Total boat service income received .....	310 000

After analysing the income and expenditures of the business in the month of January, Divan has decided to expand the business from February by purchasing another two safari boats on credit.

**Additional information:**

- Safari boats by 12% and safety jackets by 50% should be depreciated annually.
- The electricity bill for the month of January was Rs. 1000. It has not been paid till 31.01.2022.
- The boat rider's salary and untrained employee's salary for the month of January were paid during the month of January but the building rent has not been paid as at 31.01.2022.

- (i) (a) What is the human need satisfied by 'Ganguli Safari' business?
- (b) According to the ownership of the business, what is the type of business organization that 'Ganguli Safari' business belongs to?
- (ii) Following are five business environmental factors of 'Ganguli Safari' business.
  - (a) Koggala, the tourism paradise
  - (b) Divan's management degree
  - (c) Thilak, experienced boat rider
  - (d) Kumara, untrained employee
  - (e) Madol Doova situated near business building

State whether each of the above business environmental factors to the 'Ganguli Safari' business, as a strength, a weakness, an opportunity, or a threat. (To provide the answer, use a table similar to one given below. The answer for first business environment factor (a) has been given for you.)

- (iv) Nayana, who was conducting a successful business of gardening and selling flowers, in Nuwara Eliya as 'Sakura Flowers' faced difficulty to pay the bank installment of Rural bank last year because of fungal disease occurred. But, due to her business knowledge, commitment and the encouragement given by the government providing organic fertilizer, she has been successful in this year.

(a) Write **two** stakeholders of 'Sakura Flowers' mentioned in the above case.

(b) Write the reason to register the name of 'Sakura Flowers' business mentioned in the above case.

(02 marks)

(Total 08 marks)

3. (i) Write **two** advantages of maintaining a current account.

(02 marks)

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

(a) When transacting with cheques, crossing is compulsory.

(b) The insurance principle of indemnity is not relevant for life insurance.

(c) In a communication process, the message exchanged between the sender and the receiver is connected through a communication medium.

(d) A disadvantage of railway transportation is the inability of using it upto the destination in mostly of time.

(02 marks)

- (iii) Raja, a potato cultivator in Jaffna, using a telephone informed Prabath, an owner of supermarket in Colombo that he is sending 50 kilograms of potatoes to Pettah railway station by Friday night mail. Prabath agreed to get the stock of potatoes and informed it to Raja and requested the lorry driver and an employee to go to the Pettah railway station.

(a) Write an example for the response which is an element of the communication process included in the above case.

(b) Name the retailer and the whole seller in the above case separately.

(02 marks)

- (iv) While walking on the jogging path Jagath picked up a People's bank cheque of Rs.500 000 fallen on the ground floor. The name 'Ruwan Perera' was written on the face of the cheque and the phrase 'Accounts payee only, Bank of Ceylon' was written within two parallel lines.

(a) Name the drawee and payee of this cheque separately.

(b) None of the parties can cash the amount of this cheque from a bank counter. What is the reason for that?

(02 marks)

(Total 08 marks)

4. (i) Write **two** benefits of investing in ordinary shares.

(02 marks)

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

(a) Leading is the process of directing human resources appropriately when implementing a planned process.

(b) The share of the market that a business can satisfy in a more attractive and profitable way is the target market.

(c) Investing a certain amount of earned income in an effective source while expecting an economic return by a person is an investment.

(d) Treasury bills are issued by commercial banks on behalf of the government.

(02 marks)

- (iii) While Dasun is selling his Kithul jaggery products at a special discount in Pettah railway station with three employees, instructs them the duties that should be fulfilled by each. Using the above case,

(a) Write an example for the leading, a management functions.

(b) Write an example for price, a variable of marketing mix.

(02 marks)

- (iv) Amal and Saman won a jackpot and shared it equally. Amal started a retail trade business from the money he received and purchased a land from the rest. Saman invested a half of the money he received to buy shares in a public limited company in the Colombo stock market and deposited the rest in a fixed deposit.

(a) Who received an interest income as return in the above case?

(b) What is the name of the return that both Amal and Saman can receive?

(02 marks)

(Total 08 marks)

6. (i) Name the elements of prime cost. (02 marks)

(ii) Nimal started a business for manufacturing canvas fabric bags on 01.01.2022 and purchased machinery of Rs.120 000 for it.

Following are the production expenses for the month of January.

	Rs.
Building rent .....	20 000
Wages of the bag sewers .....	60 000
Wages of watcher .....	25 000
Purchases of canvas fabric .....	200 000
Bag design expenses .....	30 000
Electricity expenses .....	8 000
Machine repairing expenses ....	14 000
Depreciation of machines .....	3 000

At the end of the month no any stock of canvas fabrics and cost of canvas bag is Rs.1200.

**Required:**

For manufacturing canvas fabric bags in the month of January

(a) Prime cost

(b) Production overhead cost

(02 marks)

(iii) Following is the trial balance of Kasun's business as at 31.01.2022.

	Debit (Rs.)	Credit (Rs.)
Cash .....	110 000	
Sales .....		540 000
Purchases .....	300 000	
Telephone charges .....	8 000	
Rates .....	2 000	
Motor vehicle .....	250 000	
Land & Building .....	800 000	
Creditors .....		60 000
Capital .....		900 000
Suspense account .....	30 000	
	<u>1 500 000</u>	<u>1 500 000</u>

Following are the accounting errors identified in preparing the above trial balance.

(a) Paid telephone charges Rs.6 000 has been recorded as Rs.8 000 in telephone charges account.

(b) Paid Rs.16 000 to creditors has been credited to relevant creditors' account.

(c) Paid building repairing expenses Rs.100 000 has been debited to building account.

**Required:**

(a) Suspense account before rectifying the above errors

(b) Journal entries to rectify the above errors

(04 marks)

(iv) Gayan's business has a favourable bank account balance of Rs.24 000 as at 31.03.2022.

However, the balance of bank statement received on the same day differed to this.

Following reasons are identified for this difference later.

- Cheques that were not recorded in Gayan's current account by the bank :
  - The cheque deposited but not realized, Rs.14 000
  - The cheque issued but not presented to the bank, Rs.15 000
- The transactions that were not recorded in the bank account of Gayan's business :
  - Loan installment of Rs.10 000 paid by bank on standing order
  - Direct remittances of Rs.30 000 received to bank from debtors

**Required:**

(a) Adjusting the bank balance of bank account of business as at 31.03.2022

(b) Preparing the bank reconciliation statement as at 31.03.2022

(04 marks)

(Total 12 marks)