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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

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.

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.

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 |

23. What is the transaction recorded in General Journal of a textile business?
- Purchasing a stock of goods of Rs. 50 000 on credit
 - Paying a creditor of Rs. 10 000
 - Paying the electricity bill of owner's house of Rs. 2 000 from the money of the business
 - 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?
- Rs. 1 000
 - Rs. 1 900
 - Rs. 2 900
 - 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?
- An amount of Rs. 50 000 was deposited in the bank account.
 - Rs. 5 000 dividend income was directly received to the bank.
 - Issued cheque of Rs. 15 000 was paid by the bank.
 - 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?
- Rs. 13 000
 - Rs. 15 000
 - Rs. 22 000
 - 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?
- Rs. 17 100
 - Rs. 18 000
 - Rs. 19 000
 - 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?
- Discounts allowed Rs. 500 was credited to the discounts received account and debited to the relevant debtors' account.
 - A purchases invoice of Rs. 12 000 was completely omitted from the accounts.
 - Rent received Rs. 2 500 was recorded correctly in the cash account and debited to the rent account.
 - 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

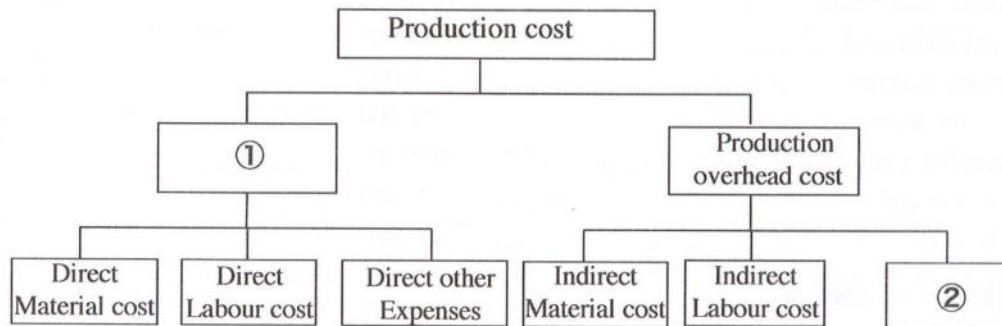
- discounts allowed of Rs. 2 000 was debited to discounts received account.
- the total of the credit side of the discounts received account was understated by Rs. 2 000.
- the balance of discounts received account Rs. 2 000 was not extracted to the trial balance.
- a discount received of Rs. 2 000 in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

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.

- 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.

* *

Business & Accounting Studies – II

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

Siri, a graduate of Environmental Management decided to produce lunch boxes using fallen arecanut leaf sheaths of his father's large arecanut estate. He started a business with his sister Lakmini as 'Sirilak Products' on 01st March 2020 to produce lunch boxes by collecting, cleaning, drying and processing the fallen arecanut leaf sheaths in the arecanut estate and recruited required employees. The business was started by employing Rs. 50 000 each from Siri and Lakmini and the small lorry of Rs. 300 000 belongs to Siri was employed to the business on the same day.

Following are the transactions related to production of lunch boxes for the month of March 2020.

- Purchases of processing, fixing and detergent materials of lunch boxes in cash Rs. 18 000
- Paying monthly wages of lunch box maker Rs. 20 000
- Electricity bill for the month of March (not paid as at 31st March) Rs. 4 000
- Cost paid for moulds of lunch boxes Rs. 30 000
- Moulds of lunch boxes should be depreciated monthly by Rs. 1 000.

Following are the transactions related to distribution of products for the month of March 2020.

- Paying driver's wages Rs. 30 000
- Paying fuel and maintenance expenses of lorry Rs. 20 000
- Distribution lorry should be depreciated by 20% annually.

Lunch boxes are distributed to Supermarkets on credit basis. During the month of March, 600 lunch boxes were produced and all were distributed at Rs. 200 each subject to 10% trade discount.

The remaining stock of processing, fixing and detergent materials of lunch boxes as at 31st March 2020 is Rs. 7 000.

The demand for Sirilak products is increasing with the decision of the government to prohibit polythene and plastic lunch boxes.

- (i) (a) What is the basic human need satisfied by the 'Sirilak Products' business?
(b) State how 'Sirilak Products' business fulfils the basic human need you mentioned in above (i) (a).

- (ii) Write an example for the following production factors related to the lunch boxes produced by 'Sirilak Products' business. (To provide the answers, use a table similar to one given below.)

Production Factor	Example
1. Land	
2. Capital	

- (iii) (a) Write a strength and an opportunity of 'Sirilak Products' business.
(b) Write **two** examples for private sector businesses included in the above case.
- (iv) Using the 'Sirilak Products' business,
(a) write an example for each 'product' and 'price' which are the variables of marketing mix.
(b) write an example for each 'planning' and 'organizing' which are the functions of management.
- (v) (a) What is the capital of 'Sirilak Products' business as at 01st March 2020?
(b) Write **two** assets of 'Sirilak Products' business as at 01st March 2020.
- (vi) Write the double entry with values to record the sales of the month of March 2020 of 'Sirilak Products' business.
- (vii) (a) Write a prime entry book used in 'Sirilak Products' business.
(b) Write a transaction for the prime entry book, you mentioned in the above (vii)(a) extracting from the case.
- (viii) Calculate the cost of a lunch box produced for the month of March 2020.
- (ix) Calculate the net profit or loss of 'Sirilak Products' business for the month of March 2020.
- (x) Write separately the total value of equity and the total value of liabilities of 'Sirilak Products' business as at 31st March 2020.

(02 × 10 = 20 marks)

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

- (i) Write **two** characteristics of a sole proprietorship business. (02 marks)
- (ii) State whether the following statements are **true** or **false**.
- (a) While the human needs are limited, human wants are complexed.
 - (b) Business opportunities can be identified by studying the internal environment of a business.
 - (c) The building of a manufacturing business belongs to the production factor called land.
 - (d) According to the ownership, business organizations are classified as sole proprietorships and partnerships. (02 marks)

(iii) Following are two tasks done by Sudath studying in Grade 10.

1. Participating in a lesson of Business Studies via online
2. Playing guitar with sister

State the human need implied by each of above tasks and write how they have been fulfilled. (To provide the answers use a table similar to one given below.)

Human need	The way it has been fulfilled
1.	
2.	

(02 marks)

- (iv) When Wickrama, the owner of 'Wikum Rubber Products' business, applied for a bank loan to expand his business to face the increasing demand, he got to know that the annual bank loan interest rate has been reduced by the government from 12% to 8%.
- (a) What is the business environmental factor implied in the above case?
- (b) Write **two** stakeholders of 'Wikum Rubber Products' business included in the above case.

(02 marks)

(Total 08 marks)

3. (i) Write **two** factors that should be considered when writing a cheque. (02 marks)
- (ii) State whether the following statements are **true** or **false**.

- (a) Maintaining a bank account is not required to obtain a credit card or a debit card.
- (b) Communication is not a single activity but a process comprised of some common elements.
- (c) The right a party has to insure a life or a property is utmost good faith.
- (d) The drawee of a cheque is always a current account holder. (02 marks)

(iii) The principal posted letters to all parents informing that a special meeting will be held at school at 3.00 p.m. on 27th March.

- (a) Write **two** communication elements mentioned in the above case.
- (b) Write an example for each communication element you mentioned in the above (iii) (a) extracting from the case. (02 marks)

(iv) Sarath a driver of an office transport bus, leaves Matara bus stand at 5.00 a.m. and drives along expressway to central bus stand Pettah daily. Having top up diesel to the bus at 'Pettah Fuel Station', he departs to Matara at 5.00 p.m. on the same day.

Write separately examples using the above case for each road, mode, power and terminal, the elements of transportation.

(02 marks)

(Total 08 marks)

4. (i) Write **two** factors to be considered when selecting a source of investments. (02 marks)

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

- (a) The most important management function in the management process is leading.
 - (b) The different strategies used in a business to increase its sales are the promotion in the marketing mix.
 - (c) There is a direct relationship between risk and return of an investment.
 - (d) Treasury bills are issued to fulfil short term financing needs of incorporated companies.
- (02 marks)

(iii) The launching of 'Jack seed powder' produced by 'Amarasa Products' business was done successfully. Few steps followed for that are given below.

A - Deciding to make the packet of Jack seed powder in an environmental friendly manner

B - Granting a 2% discount on selling price, after analysing the sales reports of the first month

C - Recruiting sales employees for direct distributing activities

Write the function of management process and the variable in the marketing mix, mentioned in each of the above steps. (To provide the answers, use a table similar to one given below. The first step (A) has been done for you.)

Step	Management Function	Variable of Marketing mix
A	Planning	Product
B		
C		

(02 marks)

(iv) Ruwan invested his retirement gratuity of Rs. 500 000 in a fixed deposit and Nuwan invested his retirement gratuity of Rs. 500 000 in Colombo Stock Exchange. At the end of one year, Ruwan received Rs. 40 000 while Nuwan received Rs. 75 000 as returns.

- (a) Write separately the terms used for the returns that Ruwan and Nuwan received in the above case.
- (b) What is the reason that Nuwan having a higher return than Ruwan, though they have invested same amount for same period?

(02 marks)

(Total 08 marks)

Part II - Accounting
(Answer two questions only.)

5. (i) Write **two** liability accounts in a ledger of a business. (02 marks)
- (ii) Following are double entries of two transactions occurred in a business.

(a) Purchases account	Dr.	Rs. 20 000
Creditors' account	Cr.	Rs. 20 000
(b) Cash account	Dr.	Rs. 4 500
Discounts allowed account	Dr.	Rs. 500
Debtors' account	Cr.	Rs. 5 000

Write each transaction occurred above. (02 marks)

- (iii) Following are the balances of all assets and liabilities of Chamara's business as at 01.01.2020.

Furniture	Rs. 250 000
Stock of goods	Rs. 140 000
Creditors.....	Rs. 20 000
Bank loan.....	Rs. 100 000
Cash.....	Rs. 30 000

Some transactions occurred for the week ended 07.01.2020 are as follows.

- Purchasing a stock of goods of Rs. 20 000 on credit.
- Paying employee salaries of Rs. 3 000.
- Selling a stock of goods for Rs. 50 000 in cash which cost Rs. 40 000.

Required:

- (a) Indicating how the above transactions are affected on the accounting equation.
(To provide the answers, use a format similar to one given below.)

Transaction	Assets (Rs.)			=	Equity (Rs.)	+	Liabilities (Rs.)				
	Furniture	+	Stock of goods	+	Cash	=	Equity	+	Bank loan	+	Creditors
1.											
2.											
3.											

- (b) Indicating the balances of the following items as at 07.01.2020 after the above transactions in the business.

(1) Cash (2) Equity (04 marks)

- (iv) The cash transactions of Rahul's business for the month of December 2020 are given in the following table. Cash balance as at 01.12.2020 is Rs. 12 500.

Date	Receipt No.	Voucher No.	Description	Amount (Rs.)
02.12.2020	01	-	Obtaining a bank loan	50 000
05.12.2020	-	001	Purchasing a stock of goods	45 000
10.12.2020	-	002	Paying rent	1 500
15.12.2020	02	-	Sales in cash	25 000
20.12.2020	03	-	Receiving cash from a debtor	10 000
30.12.2020	-	003	Paying employee wages	30 000

Required:

Recording above transactions in the cash book of Rahul's business and balancing it as at 31.12.2020

(04 marks)
(Total 12 marks).

6. (i) Write **two** functions of the cash book. (02 marks)

(ii) The production cost statement of a shoe manufacturing business prepared by an untrained accounts clerk for the month of September 2020 is as follows.

(Rs.)	
Cost for leather	30 000
Wages of shoe maker	15 000
Factory rent	30 000
Advertisement	10 000
Cost of adhesives	5 000
Wages of distribution lorry driver	10 000
Total production cost	100 000

- Number of pair of shoes produced were 200.

Calculate the Production cost of a pair of shoes.

(02 marks)

(iii) The total of the debit and credit columns of the trial balance of Kasun's business as at 31.12.2020 did not tally. The reasons for the difference are as follows.

- Paid electricity charges of Rs. 7 000 has been correctly recorded in cash book, but it has been debited to electricity account as Rs. 700.
- The credit column of sales account is understated by Rs. 2 000.
- Machine repairing expenses of Rs. 15 000 has been debited to the machinery account.
- The balance of discounts received account Rs. 2 300 has not been extracted to the trial balance.

Required:

(a) Suspense account

(b) Mentioning the column where the balance of suspense account showed in the trial balance prepared as at 31.12.2020

(04 marks)

(iv) Following are the bank account and bank statement received from the bank of Sirimal's business for the month of December 2020.

Bank Account

Date	Recpt. No.	Description	L/F	Amount (Rs.)	Date	V/N	Description	L/F	Amount (Rs.)
01.12		Balance b/f		22 000	05.12		Purchases (812301)		20 000
08.12		Cheque deposit (711322)		15 500	10.12		Creditors (812302)		3 000
					16.12		Salaries (812303)		24 000
10.12		Cash deposit		25 000	26.12		Rent (812304)		5 000
28.12		Cheque deposit (100100)		12 000	31.12		Balance c/d		22 500
				74 500					74 500

Bank Statement

Date	Description	Dr (Rs.)	Cr (Rs.)	Balance (Rs.)
01.12	Balance b/f			22 000
07.12	Cheque (812301)	20 000		2 000
10.12	Cheque deposit		15 500	17 500
10.12	Cheque (812302)	3 000		14 500
10.12	Cash		25 000	39 500
20.12	Cheque (812303)	24 000		15 500
23.12	Standing order (Insurance charges)	2 000		13 500
30.12	Bank charges	1 000		12 500

Required:

- (a) Writing reasons for the difference between the balance of bank account and the balance of the bank statement of Sirimal's business as at 31.12.2020
 (b) Adjusting the balance of bank account of Sirimal's business as at 31.12.2020 (04 marks)
 (Total 12 marks)

7. (i) Write **two** differences between the receipt and payment account and income statement of a not for profit organization. (02 marks)
 (ii) The members of Rantharu Children's society is 50. The monthly membership fee per member is Rs. 100. Transactions occurred during the year ended 31.12.2020 are as follows.

	Rs.
The membership fee received during the year 2020.....	40 000
Cash received from the sales of old news papers.....	500
Paying electricity bill.....	12 000
Paying for refreshment expenses.....	1 500
Paying for purchases of furniture.....	100 000
Paying other expenses.....	2 500

- Furniture is depreciated at 10% annually.

Prepare the Income Statement of Rantharu Children's society for the year ended 31.12.2020
 (02 marks)

- (iii) The trial balance of Sithmina's trade business as at 31.12.2020 is as follows.

	Debit (Rs.)	Credit (Rs.)
Stock as at 01.01.2020	28 000	
Purchases	350 000	
Carriage inwards	1 500	
Sales		480 000
Debtors	37 000	
Creditors		50 000
Investments	50 000	
Electricity charges	25 000	
Cash balance	40 000	
Bank balance		12 000
Discounts allowed	1 200	
Discounts received		2 700
Land and buildings (at cost)	400 000	
Advertisement expenses	20 000	
8% Bank loan		100 000
Capital		308 000
	<u>952 700</u>	<u>952 700</u>

Additional information:

- Remaining Stock as at 31.12.2020 is Rs. 32 000.
- Rs. 2 000 was written off as bad debts from debtors as at 31.12.2020.
- Investment income receivable is Rs. 5 000.

Required:

- (a) The Statement of Profit or Loss for the year ended 31.12.2020 (04 marks)
 (b) The Statement of Financial Position as at 31.12.2020 (04 marks)
 (Total 12 marks)