

මෙම ම නිමකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග 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 විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
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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

Business and Accounting Studies II

NB: As instructed answer five questions only. Any extra questions answered, if not struck off by the candidate himself, will be crossed out by the examiner, without being marked.

* Including question No. 1 answer five questions selecting two questions from each of the parts I and II.

* Write your answers in neat handwriting.

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 wagesRs. 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).

[see page eight]

- (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.)

2. (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)

[see page nine]

- (02 marks)
(Total 08 marks)

- 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		

- (Total 08 marks)

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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.

1. Purchasing a stock of goods of Rs. 20 000 on credit.
2. Paying employee salaries of Rs. 3 000.
3. 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)

[see page eleven]

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

[see page twelve]

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)