

2nd Term Evaluation - 2019

Grade - Year 10

Answers - Business and Accounting Studies

Note - (i) Answer all questions.

Part I

01	1
02	3
03	1
04	3
05	4
06	2
07	3
08	1
09	1
10	4

11	3
12	2
13	1
14	3
15	1
16	4
17	2
18	4
19	4
20	2

21	2
22	1
23	3
24	2
25	3
26	4
27	4
28	2
29	4
30	1

31	4
32	2
33	2
34	4
35	4
36	2
37	1
38	3
39	4
40	3

(01 mark × 40 = 40)

Part II

- (01) (i) Sole proprietorship business, Private sector business organization,
(ii) Earn profits, increasing customer satisfaction , increasing quality of goods and services.
generating employment opportunities, employee welfare.
(iii) farmers, Customers
(iv) opportunity - high demand for local rice in the local market.
Threat - Only limited number of farmers produce rice.
(v) Assets = Equity + Liabilities
 + 500,000 (Lorry) = + 500, 000 (capital)
 + 300,000 (cash) = + 300,000 (cash)
 + 200,000 (cash) = - + 200,000 (Bank loan)
 1,000,000 = 800,000 + 200,000
-
- (vi) General Journal - Journal voucher
Sales Journal - Sales invoice
(vii) Non current Assets - Lorry Rs. 500,000 , Packing Equipment - Rs. 90,000
Non current Liability - Bank loan Rs. 200,000

(viii) 31.03.2018 Paid part of a bank loan Rs. 9000

(ix) Cash book Dr 10,000

Debtor account Cr 10,000

(x)

Cash book

Date	Rec- eip No	Description	L/F	Value	Date	Vouc her No	Description	L/F	Value
01.03.2018		Capital		300,000	02.03.2018		Packing equipment		90,000
01.03.2018		Bank loan		200,000	02.03.2018		Packing material		20,000
09.03.2018		Sales		180,000	05.03.2018		purchases		130,000
28.03.2018		Deblors		10,000	14.03.2018		Fuel		16,000
					23.03.2018		Employee salaries		40,000
					30.03.2018		Building rent		12,000
					31.03.2018		Bank loan		9,000
					31.03.2018		B/c/d		373,000
				<u>690,000</u>					<u>690,000</u>
01.04.2018		B/b/f		373,000					

(Marks 2 × 10 = 20)

- (02) (i) a. A business is an economic activity which manufactures or provide different goods and services in order to fulfill human needs. (01 mark)
- b. Produces goods and services , Distribute goods and services. Purchasing goods and services , Employee related activities etc. (01 mark)
- (ii) a - false b - true c-false d - false
- (iii) a. Farmers who grow fresh vegetables and fruits in Rajarata, customers
- b. Farmers who grow vegetables and fruits in Rajarata - Securing orders continuously.
- Obtaining money without delay.
- Customer - Obtaining products at reasonable price
Obtaining quality goods. (01 marks)
- (iv) a. Capital - machines , Labour - employees
Entrepreneurship - Role of Surasena (01 mark)
- b. Technological environment (01 mark)
- (Total 8 marks)
- (03) (i) a. The business environment is the environment in which the factors affecting businesses are activated. (01 mark)
- b. Political environment - Infrastructure development policy, fiscal policy.

Economic environment - interest rates , inflation , income distribution , level of employment , savings, foreign exchange rates. (1/2 ×2 = 01 mark)

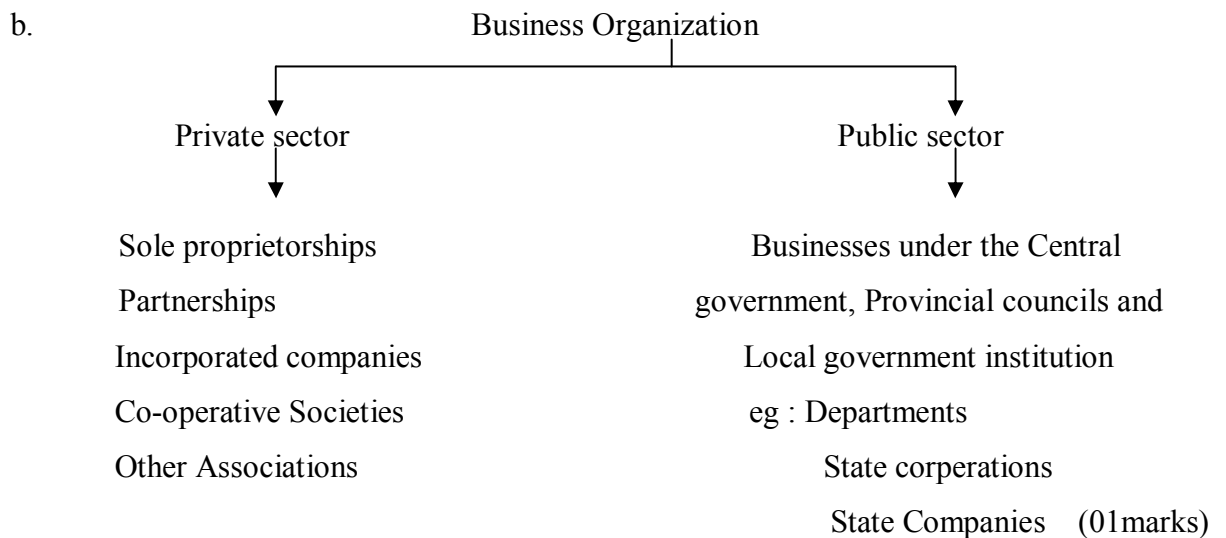
- (ii) a - true b - false c - false d - true
(1/2 ×4 = 02 mark)

- (iii) a. Possibility to obtain latest technology
Possibility to obtain quality raw materials.
Possibility to obtain efficient machines.
Inflow of foreign capital.
Possibility to find foreign market for domestic goods and services. (01 mark)

- b. Creating a highly competitive environment.
Domestic skilled workers migrating to foreign countries.
Negative changes on the local culture.
Instability of the existence of domestic businesses. (01 mark)

- (iv) a. Legal environment
Shop and Office Employees Act No 14 of 1954 (01 marks)
(Total 8 marks)

- (04) (i) a. Business Organization is an individual or group of individual working together to produce goods and services required to fulfill human needs and wants. (01 marks)



- (ii) a. false b. true c. false d. true (1/2 ×4 = 02 mark)

- (iii) a. Companies act No 7 of 2007 (01 mark)

- b. 10 members (01 mark)

- (iv) a. Registrar of the respective provincial council (01 marks)

b. Certified report of the Grama Niladharee

Completed Application form

Registration fee.

(1/2 × 2 = 01 mark)

(Total 8 marks)

(05) (i) a. Provide information to interested parties for their decision making

b. Additional Capital

Drawings

Income

Expenses.

(ii)	Assets	Equity	Income	Expenses
	Investments	Capital	Sales	Rates
	Motor vehicles	Drawings	fixed deposit interest	Insurance

(1/4 × 8 = 02 marks)

(iii)	Trans action No	Assets	=	Equity	+	Liabilities
	(1) Eg :	+ 450,000 (cash)		+ 450,000 (capital)		
	(2)	+ 80,000 (stocks)				+80,000(creditor)
	(3)	- 9,000 (cash)		- 9000 (electricity)		
	(4)	- 12,500 (cash)				-12,500 (creditor)
	(5)	-180,000 (cash)				
		+ 180,000 (motor bike)				
	(6)	+ 200,000 (fixed deposit)				
		- 200,000 (cash)				
	(7)	- 14,500 (cash)		- 14,500 (drawings)		
	(8)	+ 18,000 (cash)		+ 18,000 (Building rent income)		
	(9)	+ 14,000 (cash)				
		- 14,000 (debtors)				

(1/2 × 8 = 04 marks)

(iv) Transaction No.	Debited Account	Credited Account
(1) Eg :	Cash account	Capital account
(2)	Purchase account	Creditors account
(3)	Electricity account	Cash account
(4)	Creditors account	Cash account
(5)	Motorbike account	Cash account
(6)	Fixed Deposit account	Cash account
(7)	Drawing account	Cash account
(8)	Cash account	Building rent income
(9)	Cash account	Debtors a/c

(1/2 × 8 = 04 mark)

(Total 12 marks)

(06) (i) a. The accounting system, which records the dual nature of transaction in two accounts at same time in order to create a credit value equivalent to the debit value is called as the double entry system. (01 mark)

b. Cash book , Petty cash book (01 mark)

(ii) a. Yes

b. Yes

c. No

d. Yes

(1/2 × 4 = 02 marks)

(iii)a. Profit for the year ended 31.12.2018

Income	-	Expenses
120,000 + 85,000	-	45,000 + 60,000
(1/2) (1/2)		(1/2) (1/2)
205,000	-	105,000
		<u><u>= 100,000</u></u>

(02 marks)

b. Owner's equity as at 31.12.2018

Opening capital	Rs.	150,000 (1/2)
(+) Additional capital	Rs.	100,000 (1/2)
(-) Drawings	Rs.	(7,500) (1/2)
(+) Profit	Rs.	100,000 (1/2)
Equity as at 31.12.2018	Rs.	<u><u>342,500 (1/2)</u></u>

(02 marks)

Cash book

Date	R/ No	Description	L/ F	Discount Allowed	Value	Date	V/ No	Description	L/ F	Discount received	Value
01.06.2019		B/B/f			63,000	15.06.2019		Creditors		3000	27,000
05.06.2019		Debtors		2000 ($\frac{1}{2}$)	23,000 ($\frac{1}{2}$)	15.06.2019		b/c/d		($\frac{1}{2}$)	($\frac{1}{2}$) 59,000
				2000	86,000					3000	86,000
16.06.2019		b/b/f			59,000						

Debtors Account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
01.06.2019	b/b/f		78,000	05.06.2019	Cash		23,000
					Dis allowed		2,000

($\frac{1}{2}$)

Creditors Account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
15.06.2019	Cash a/c	($\frac{1}{2}$)	27,000	01.06.2019	b/b/f		45,000
	Dis.received		3,000				

Discount Allowed

Date	Description	L/ F	Value	Date	Description	L/ F	Value
30.06.2019	Debtors ($\frac{1}{2}$)		2,000				

Discount received

Date	Description	L/ F	Value	Date	Description	L/ F	Value
				30.06.2019	Creditors ($\frac{1}{2}$)		3,000

(04 mark)

(Total 12 marks)

(07) (i) a. For purpose of carrying the petty cash payments with a control , a specific amount of cash is given to the petty cashier by the main cashier to make petty cash payments, which is known as the petty cash imprest. (01 marks)

- b. 1) Can be used as an initial document for a transaction.
 2) Can be used as a written evidence of the transaction.
 3) Additional information on transactions can be obtained.
 4) Can be used for recording transactions in the prime entry books.
 5) Responsibility can be assigned to a specific officer as it is authorized by that person.

(1/2 × 2 = 01 marks)

- (ii) 05.01.2019 - Cash sales Rs. 185,000
 08.01.2019 - Cash purchases Rs. 58,000
 10.01.2019 - Cash received from debtors Rs. 88,000
 15.01.2019 - Owner withdraw Rs. 8,000 for his personal use.
 19.01.2019 - Received Rs. 12,000 as commission income.
 20.01.2019 - Paid Rs. 20,000 as a part of a bank loan.
 22.01.2019 - Paid building rent Rs. 16,000
 30.01.2019 - Invested Rs. 50,000 as additional capital.

(1/2 × 8 = 04 marks)

(iii)

Received Rs.	L/f	Date	Description	Voucher No.	Payments	Analysis Columns			Ledger	Ledger Pge.
						Travelling	Refreshments	Sundry		
200	($\frac{1}{2}$)	01.05	B/B/F							
1800	($\frac{1}{2}$)	01.05	Cash							
		05.05	Travelling		150	150($\frac{1}{2}$)				
		08.05	Refreshment		160		160($\frac{1}{2}$)			
		10.05	Kapila		400				400($\frac{1}{2}$)	
		12.05	Postage		80			80($\frac{1}{2}$)		
		13.05	Refreshment		180		180($\frac{1}{2}$)			
		15.05	Travelling		120	120($\frac{1}{2}$)				
				($\frac{1}{2}$)	1090	270	340	80	400	
		15.05	b/c/d	($\frac{1}{2}$)	910					
2000				($\frac{1}{2}$)	2000					
910	($\frac{1}{2}$)	16.05	b/b/f							
1090	($\frac{1}{2}$)		Cash(reimbursement)							

(06 mark)
 (Total 12 marks)