

Department of Education - Western Province

Second Term Evaluation - 2019

Grade 11

Subject – Business and Accounting studies

Answers

### Paper I

01.	3	11.	1	21.	3	31.	1
02.	1	12.	4	22.	2	32.	3
03.	3	13.	2	23.	2	33.	4
04.	2	14.	2	24.	3	34.	1
05.	4	15.	2	25.	3	35.	2
06.	2	16.	4	26.	1	36.	2
07.	3	17.	3	27.	3	37.	1
08.	1	18.	2	28.	4	38.	4
09.	3	19.	4	29.	1	39.	1
10.	4	20.	2	30.	2	40.	2

(1mark \* 40 = 40)

### Paper II

01. i) a) Partnership business (mark 1)

b) Profit motive business (mark 1)

ii) a) Town – a crowded place

Increasing tendency to drink juice due to hot climate ( 1 mark for 2 factors)

b) External environment ( 1 mark)

iii) a) planning ( 1 mark)

b) Should be registered due to business conducting in a difference name (1 mark)

iv) a) Current account (1 mark)

b) Ability do transactions in cheque

Ability to collect direct remittance

Bank overdraft facilities

Ability to implement standing orders

Receiving a bank statement ( 1 mark for 2 factors)

v)

	Asset				Liability	
	Cash	Equipment	Motor vehicle	Equity	Creditors	Bank Loan
1/1 Balance	500,000	100,000	400,000		200,000	
Bank loan	+ 700,000					+ 700,000
	1,200,000	100,000	+ 400,000	= 800,000	+ 200,000	+700,000
			1,700,000			= 1,700,000

vi) a) Rs. 800,000 ( 1 mark)

b) Rs. 915,000 ( 1 mark)

vii) Rs. 1,297,000 (2 mark)

#### Cash Account

1/1	Balance /f	500,000		Purchase	80,000
	Bank loan	700,000		Building rent	10,000
	Sales	200,000		Carriage inwards	8,000
				Employee salary	5,000
			1/31	Balance c/d	1,297,000
		1,400,000			1,400,000

viii) a) Cash account debit Rs 700,000

Bank Loan credit Rs 700,000 ( 1 mark)

b)

Transaction	Asset	Equity	Liability
Obtaining bank loan Rs 700,000	<b>Increasing</b>	<b>No impact</b>	Increasing

( 1 mark)

ix) Rs. 1,000 (2 mark) ( 100,000 x 12/100x 1/12)

x)

Sales		200,00
Purchase	95,000	
Building rent	10,000	
Carriage inward	8,000	
Employee Salary	5,000	
Depreciation	1,000	(119,000)
Net profit		81,000

(Mark 02)

Total 20 marks

### Part I (Business studies)

020 i) a) any economic activity which manufactures or provides different goods and services in order to fulfill human needs ( 1 mark)

b) Earning profit

Increasing customer satisfaction (mark 1)

ii) a) x

b) x

c) ✓

d) x ( 2 marks)

iii) a) Retail trade ( 1 mark)

b) Selling for final consumers

Selling in required time and required quantity

Proximity to the customer

Selling in various types of goods ( 1 mark for 2 factors)

iv) a) legal environment ( 1 mark)

b) Protect domestic manufactures and business community

Protect consumers

Protect the environment ( 1 mark for 2 factors)

(Total 08 marks)

03) a) a special type of account, deposit specific amount for specific period of time in specific interest rate (1 mark)

b) Interest is relatively higher than saving account

Deposited time, amount and interest is specific

Obtain loan as collateral

Can obtained interest after agreed period of time

Fixed deposit certificate can not be transferred( 1 mark for 2 factors)

ii) a) ✓

b) ✓

c) x

d) ✓ ( 2 marks)

iii) a) special crossing

General crossing (1 mark for 2 factors)

b) cheque number

Bank number

Branch number

Account number ( 4 factors 1 mark, 2 factors ½ mark)

iv) a) Moving goods and passengers from one location to another location called transportation (1 mark)

b) Can be transport goods quickly

Saving time

Decreasing damaging ( 2 acceptable answers , 1 mark)

(Total 08 marks)

04) a) marketing is the process of creating and offering a valuable product to satisfy human needs and wants called marketing ( 1 mark)

b) Product

Price

Place

Promotion

( 1 mark)

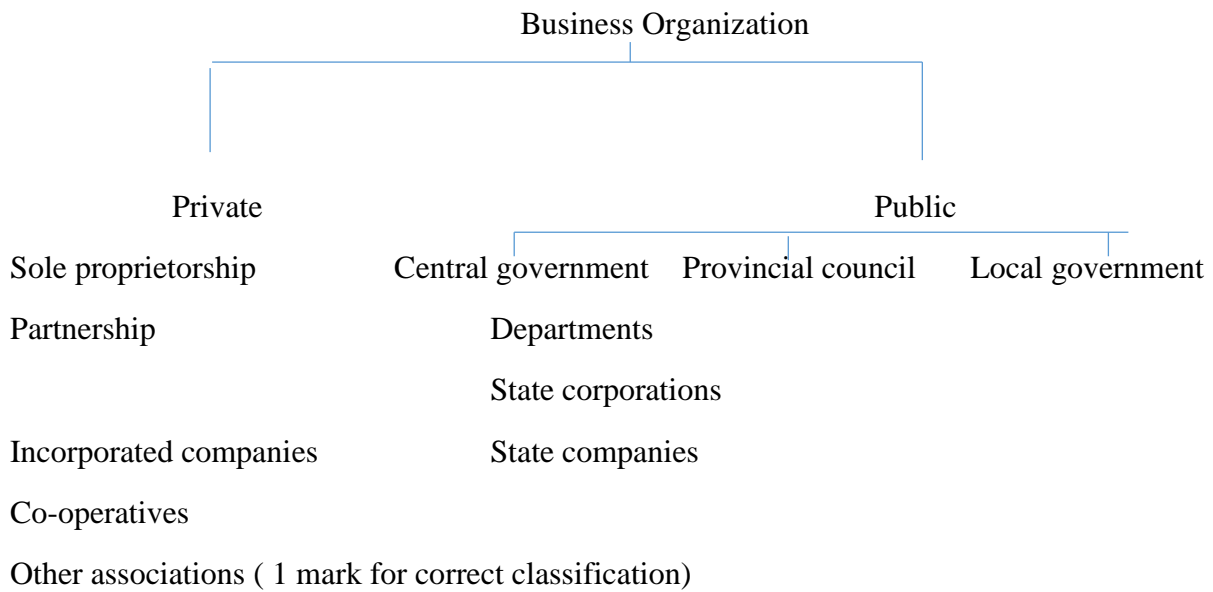
(a) ✓

(b) ✓

( c ) x

(d) ✓ ( 2 marks)

(iii)



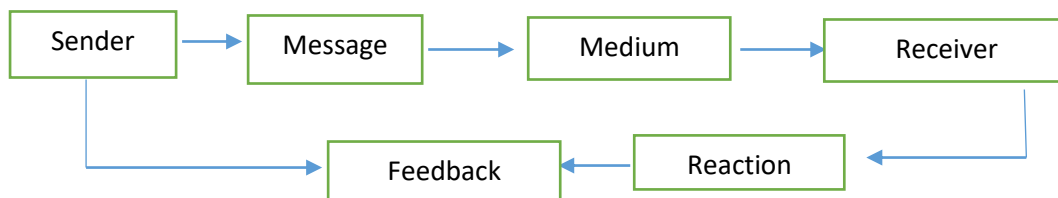
b) Democratic control

Voluntary and open membership

Collective ownership of membership

Common expectations and needs ( 1 mark)

iv) a)



( 1 mark)

b) Obtain required information for the business

To promotion and publicity

To ease the administration and management activities

To exchange information and message between external business and people

( 1 mark for 2 acceptable answers)

(Total 08 marks)

## Part II (Accounting)

05) i) a) process of providing information required by the interested parties of a business of their decision making is called accounting (2 mark)

ii)

Transaction	Asset			Equity	Liability	
	Cash	Stock	Debtors		Bank loan	Creditors
1	+ 600,000			+ 600,000		
2	+ 100,000				+ 100,000	
3		-4,000	+ 6,000	+2,000		
4	-20,000			-5,000	-15,000	
	+682,000	-4,000	+6,000	+597,000	+85,000	
	+682,000			+682,000		

(1x4 for show the transaction correctly, to balance the accounts 1 mark)

(iii) Cash account

Date	Description	Value	Date	Description	Value
1/1	Capital✓	500,000✓	1/5	Electricity charges	3,000
1/8	Debtor	8,000	1/15	Travel expense	6,000
1/12	Bank loan✓	25,000✓	1/15	Balance c/d✓	524,000✓
		533,000			533,000
1/16	Balance b/f	524,000			

### Capital Account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
				1/1	Cash		500,000

### Electricity charges account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
1/5	Cash✓		3,000✓				

### Debtor account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
				1/8	Cash✓		8,000✓

Bank loan account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
				1/12	Cash		25,000

Travel expense account

Date	Description	L/ F	Value	Date	Description	L/ F	Value
1/15	cash		6,000				

( each  $\sqrt{1/2}$  mark total 5 mark)

(Total 12 Marks)

06. 01) a) the list which is prepared at the end of the period by including all the debit and credit balances of the ledger account is called trial balance (2 marks)

b) 1. The values debited to the account are equal to the valued credited to the accounts

2. Ledger accounts have been balanced correctly (that is there is mathematical accuracy)

(2 mark for 2 factors)

(ii)

Trial balance

Sales		150,000
Purchase	30,000	
Discount allowed	5,000 $\sqrt{}$	
Creditors		40,000 $\sqrt{}$
Debtors	5,000	
Furniture	30,000 $\sqrt{}$	
Discount received		10,000
Electricity charges	5,000 $\sqrt{}$	
Machinery	150,000	
Bank loan		100,000
Investment	20,000 $\sqrt{}$	
Commission Income		15,000
Salaries and wages	40,000	
Shop rent income		20,000 $\sqrt{}$
Motor vehicle	500,000	
Capital		450,000
	785,000 $\sqrt{}$	785,000 $\sqrt{}$

(each  $\sqrt{1/2}$  mark total 4 mark)

(iii)

Petty Cash book

Received Rs	L / F	Date	Description	Vo . Nu	Paym ents Rs	Post al Rs	Tra veli ng	Stati onar y	Mis cell ane ous	Ledg er acco unt	P a g e n o
400		1/1	Cash Balance								
2,100√		1/1	Cash								
		1/3	Bus fare		60		60				
		1/5	Stamps and envelopes		80	80					
		1/6	Carriage inwards		300					300	
		1/6	Pen and pencils		70			70			
		1/8	Taxi fare		150		150				
		1/9	Book shelf		400					400	
		1/11	A4papers		100			100			
		1/12	Letter registered		40	40					
		1/14	Cleaning charges		120				120		
		1/14	Salary advance to Gayan		500					500	
		1/15	Refreshment		100				100		
					1920	120	210	170	220	1200	
		1/15	Balance c/d		580√	√	√	√	√	√	
2500					2500						
580		1/16	Balance b/f								
1920√											
			Cash								

(Each √ ½ mark total 4 marks)

(Total 12 marks)

07) i) a) The financial statements prepared to understanding on the financial performance of the business during a specific period and the financial position as at a particular date of the business called financial statements. (1 mark)

b) Profit or loss statements

Statements of financial position (1 mark)

(ii)

Distribution expense	Administrative expense
Advertisements	Electricity
Employee salary and wages	Telephone charges
Bad debts	
Carriage inwards	

(02 Marks)

a)

Uditha business

For the year ended 31.12.2018√

Profit or loss statement

Sales			350,000
(-) Cost of sales			
Opening stock		40,000	
Purchase		80,000	
Carriage inwards		6,000	
The value of goods presented for sale		126,000√	
(-) closing stock		(5000)√	(121000)
Cost of sales			229,000√
Gross profit			
Discount received		5,000	
Income investments		25,000	30,000
			259,000
Distribution expenses			
Bad debts	2,000√		
Advertisements	4,000		
Discount allowed	5,000	11,000	
Administrative expenses			
Machinery depreciation	40,000√		
Electricity charges	7,000		
Telephone charges	5,000	52,000	
Financial expenses			
Loan interest	3,000	3,000	(66000)
Net profit transferred to the capital account			193,000√
√			

(Each √ ½ mark for total 04)

b)

Uditha business

As at 31.12.2018✓

Statement of financial position✓

Non-current asset	Cost	Accumulated Dep.	Net book value
Building	500,000	100,000	400,000
Machinery	400,000	40,000	360,000
	900,000	140,000	760,000✓
Current asset			
Closing stock		5,000✓	
Debtors		28,000✓	
Cash		20,000	53,000
			813,000
Equity and liability			
Capital		480,000	
(+) net profit		193,000✓	673,000
Non-current liability			
Bank loan			100,000✓
Current liability			
Bank overdraft		15,000	
Creditors		25,000	40,000
			813,000

(each ✓ ½ mark total 04)

(Total 12 marks)