

Western Provincial Department of Education

Year End Evaluation 2019

Business and Accounting studies

Grade 10

Marking scheme

Paper I

1. 01	11. 03	21. 04	31. 03
2. 02	12. 02	22. 03	32. 04
3. 04	13. 02	23. 03	33. 02
4. 03	14. 03	24. 04	34. 03
5.03	15. 01	25.01	35. 04
6. 04	16. 03	26. 02	36. 04
7. 01	17. 02	27. 03	37. 03
8. 02	18. 04	28. 04	38. 03
9. 03	19. 03	29. 02	39. 04
10. 03	20. 03	30. 03	40. 04

(01 * 40 = 40 Marks)

Paper II

01)

- I. a) good manufacturing business
- b) Partnership business

II. Opportunity

Business is located near the school

There is no other bookshop near the business

Strength

Having experience of working in a bookshop

Financial strength

Son has followed a computer course

b) Ability to collect more capital

Collective decision making

Ability connect different skillful people to the business

Shared liability among partners

Shared losses among partners

III. Registered is compulsory. According to the business name ordinance should be registered under the respective provincial council

IV. Stakeholders of the business reasons to be interested

Owners

security of investment

Earning sufficient profit

Suppliers
 Growth of the business
 securing orders continuously
 Obtaining money without delay

V.	Asset		= equity	+	
	liability				
	Cash	1,000,000			
	Equipment	500,000	= 1,500,000	+	2,000,000
	Van	2,000,000			
	3,500,000		= 1,500,000	+	
	2,000,000				

VI. Cash book, purchase journal, sales journal, general journal

VII. Non current asset
 Equipment 500,000
 Van 1,000,000
 Photocopy machine 300,000
 Current asset
 Debtors 20,000
 Cash 1028000

VIII. Liability account bank loan creditors
 Asset account - cash book, debtors, equipment account, van account
 Expense account - building rent account, electricity expense

IX. Cash book debit 1,000,000
 Bank loan account credit 1,000,000

X.

Cash account			
Capital	1,000,000	Van	2,000,000
Bank loan	2,000,000	Purchase	50,000
Sales	70,000	Building rent	10,000
Income	30,000	Electricity	5,000
		Fuel	7,000
		Balance c/d	1028000
	3100000		3100000

If cash balance has written 2 marks. If not cash account has drawn , ½ for 3 correct factors, total 1 ½

(02*10=20 Marks)

Part I

02) i) a) Earning profit

Increasing customer satisfaction

Increasing the quality of goods and services

Generating employment opportunities

Employee welfare

(1 for 2 objectives, 1 only ½ mark)

b) **Goods**

Services

Physically existence

No any physically existence

Measurable

Can't be measured

Can be seen

Can't be seen

Can be stored

Can't be stored

hHomogeneous

Heterogeneous

Manufacturing and consuming
not happen at the same time

Manufacturing and consuming happen
at the same time

Can be transported

Can't be transported

(½ for each difference, 1 mark for two differences,)

(ii) a) False b) False c) True 4) False

(½ mark*4=02marks)

(iii) Principal – to know the progress of the school, to know the competency level of the students

Teachers – to know the pass rate of the students

Government – to know expected objectives are achieved

Students – to know required education is received

Parents - to know the progress of their children

Community – to know increasing the education level of the students in the area

(Naming two parties, 1 mark – appropriate 2 reasons 1 mark)

(iv) a) Opportunity – increasing demand for organic foods

Threat – natural disasters (insect diseases / drought)

(½ mark*2=01mark)

b) Capital – factor of production

(01mark)

(Total 08 marks)

3) i) a) Having a talent for crane craft (01mark)

b) Area having natural abundant of natural resources for crane craft (01mark)

- ii) a) False b) True c) True d) True

(½ mark*4=02marks)

- iii) a) Economic environment factor – Employment

Political environment - Infrastructure facilities (½ mark*2=01 mark)

- b) Possibility to obtain latest technology

Possibility to obtain quality raw materials

Inflow of foreign capital

Creating highly competitive environment (½ mark*2=01 mark)

- iv) a) incorporated under the companies act

Having continuous existence

Ability to register with limited liability

Collecting capital by issuing shares

Having legal personality (1 mark for 2 characteristics)

- b) Amount of capital of the business

Number of employees

Amount of energy used

Market share of the business (1 mark for 2 criteria)

(Total 08 marks)

- 4) i) a) Easy to start

All the profit belongs to the owner

Ability to use own skills at the best

Independent decision making

Privacy of the information is secured (1 mark 2 characteristics)

- b) Unlimited liability

No legal personality

No continuous existence

Registration procedure is equal (1 mark 2 facts)

- ii) a) True b) False c) True d) True

(½ mark*4=02marks)

- iii) a) Fisheries cooperative societies, Cooperative societies act no 5 of 1972 (1 mark)

- b) Advantages-
- Democratic control
 - Acting for the well-being of the members
 - Government provide various incentives for conducting cooperative societies
 - Shared economic benefits
- Disadvantages
- Limited capital
 - Should adhere only to the stipulated cooperative policies (1 mark for 2 criteria)
- iv) a) Government department, Government corporations, State companies
(3 answers 1 mark, one answer ½ mark)

b) **State Corporation**

Disadvantages

- Absence of independence in decision making
- Need to adherence to the financial regulations of the government

Advantages

- Appropriate for the provision of essential services
- Profits owned by the public

Government department

Advantages

- Provide services for the well-being of the general public
- Intervene for the long term development

Disadvantages

- No independence of decision making
- High labour cost (1 mark for 2 criteria)

(Total 08 marks)

Part II

- 5) i) a) The process of providing information required by the interested parties of a business for their decision making (01 mark)
- b) Asset account - increasing debit – decrease credit
- Expense account – increasing debit – decreasing credit
- Income account – increasing credit – decreasing credit

Liability account – increasing credit – decreasing debit

Equity account – increasing credit – decreasing debit

(01 mark)

ii) ii) Cash received from debtor Rs 5,000, purchased goods Rs 10,000

iii) Cash drawing Rs 15,000, paid electricity charges Rs 2,000

iv) Obtained bank loan Rs 50,000 purchased goods on credit Rs 15,000

v) Rs 5,000 goods sold to Rs 7,500

(Total 4 marks – 1 mark for each appropriate transaction with value)

iii) Capital as at 2018.01.01

Rs 400,000

(1/2 marks)

+ Annual income 100,000 (1/2 marks)

Invested capital 150,000 (1/2 marks)

250,000

650,000

_ annual expense

(50,000) (1/2 marks)

Equity/capital (2018.12.31)

600,000

(02 marks)

Cash Account

Date	Description	L/F	Cash	Date	Description	L/F	Cash
1/1	Capital account 1/2		300,000	½	Equipment1/2		50,000
¼	Sales account 1/2		50,000	1/3	Purchase1/2		40,000
				1/5	Balance c/d		260,000
			350,000				350,000
1/5	Balance b/f		260,000				

Capital account

Date	Description	L/F	Value	Date	Description	L/F	Value
1/5	Balance c/f		300,000	1/1	Cash 1/2		300,000
			300,000				300,000
				1/5	Balance b/f 1/2		300,000

Equipment account

Date	Description	L/F	Value	Date	Description	L/F	Value
1/1	Cash		50,000	1/5	Balance b/f		50,000
			50,000				50,000
1/5	Balance b/f		50,00				

	1/2						

Purchase account

Date	Description	L/F	Value	Date	Description	L/F	Value
1/3	Cash		40,000	1/5	Balance c/d		40,000
			40,000				40,000
1/5	Balance b/f 1/2		40,000				

Sales account

Date	Description	L/F	Value	Date	Description	L/F	Value
1/5	Balance c/d		50,000	1/4	Cash		50,000
			50,000				50,000
				1/5	Balance b/f 1/2		50,000

(4 marks – ½ for correct double entry, ½ for balance off)

(Total 12 marks)

06) 1) a) cash book – receipt, payment voucher

Bank account – deposit counter foil, payment voucher, bank statement, notice of cheque dishonored

Petty cash book – petty cash voucher

Purchase journal – purchase invoice

Sales journal – sales invoice

General journal – journal voucher

(Correct naming ½, 1 mark)

b) Can be used as an initial document for a transaction

Can be used as a written evidence of the transaction

Can be used for recording transaction in the prime entry books

Additional information on transactions can be obtained

Responsibility can be assigned to a specific officer as it is authorized by the person

(Two correct answers, 1 mark)

iii) Cash inflow sources – invested capital, cash sales, cash received from debtor, obtained loans, received extra income, received cash donations

Cash outflow sources - repayment of loans, cash purchase, cash paid to creditors, paid expenses, purchase asset, cash drawings, cash losses)

(1 mark for each source, 02 marks)

iv) a) As prime entry book, As a ledger account (1 mark)

b) Cash book (1/2 each 3 marks)

Date	l/f	Description	Discount	Value	Date	l/f	Description	Discount	Value
4/1		Balance b/f		50,000	4/7		Samithu	2,500 1/2	22,500
4/4		Kamithu	2,000	18,000	4/10		Rent	1/2	5,000
			1/2				Balance c/f	1/2	40,500
		1/2	2,000	68,000				2,500	68,000
		Balance		40,500				1/2	

Debtor account - Kamithu

Date	Description	Value	Date	Description	value
4/1	Balance b/f	40,000	4/4	cash	18,000
				Discount allowed	2,000

Creditor - Samithu

Date	Description	Value	Date	Description	value
4/5	cash	22,500	4/1	Balance b/f	35,000
	Discount received	2,500			

Rent account

Date	Description	Value	Date	Description	value
4/10	cash	5,000			

iv) Adjusted bank account

Balance	50,000	Bank charges 1/2	1,000
	1/2		
Direct remittance	7,500	Balance c/f 1/2	56,500
	1/2		
	57,500		57,500
Balance b/f	56,500		

Bank reconciliation statement

Adjusted bank balance		56,500 1/2
Add Cheque issued but not yet presented to the bank	10,000 1/2	10,000
		66,500
Less Deposited but not realized cheque	8,000 1/2	(8,000)
Bank balance as per the bank statement		58,500 1/2

(4 marks – each 1/2)

(Total 12 marks)

7) i) a) Bank loan, Mortgage (1 mark)

b) Advantages of mobile banking / Telebanking

Ability to control the funds without going to the bank at anytime

Easy to conduct transactions

Financial transactions can be fulfilled quickly

Save time and effort

Reduce risk of carrying money (01 mark for 02 facts)

ii)

Sales Journal

Date	Invoice number	Buyer	Total value	Ledger page
2019.01.01	20	Anil	9,500	
2019.01.10	25	Nimal	20,000	
		Credit to the sales account ½	29,500	

Sales account

Date	Description	Value	Date	Description	value
			1/1	Debtor ½	29,500

Anil Account

Date	Description	Value	Date	Description	value
1/1	Sales ½	9,500			

Nimal account

Date	Description	Value	Date	Description	value
1/10	Sales ½	20,000			

(½ *4 = 02 marks)

iii)

Petty cash book

Received	l/f	Date	Description	Voucher	Payments	Stationaries	Travel	Sundry	Ledger account	Ledger page
3,000		2/1	cash							
		2/1	Stationaries	01	250	250				
		2/2	Travel expense	02	350		350			
		2/3	refreshment	03	500			500		
		2/4	Carbon paper	04	100	100				
		2/5	Harsha	05	500				500	
		2/6	Purchase chair	06	800				800	

					½ 2,500	350	350	500	1300	
			Balance b/f		500		½			
3,000					3,000					
½										
500		2/7								
2500		2/7								
½										

(2 marks)

iv)

Trail balance

Date	Description	Debit	Credit
2018/12/31	Bank loan		10,000
	Purchase	50,000 ½	
	Sales		100,000 ½
	Debtor	65,000	
	creditor		15,000
	Electricity bill	1,000	
	Furniture	75,000 ½	
	Capital		66,000 ½
		191,000	191,000

(2 marks)

General journal

Description	Debit	credit
Sales account	500 ½	
Debtor		500 ½
(correction of error of recording Rs 500 sales invoice twice in the account)		
Rent account	9,000 ½	
Suspense account		900 ½
(Correction of error of recording rent paid Rs 10,000 as Rs 1,000 in the accounts)		
Electricity charges account	3,000 ½	
Cash account		3,000 ½
(correction of error of omission of electricity charges Rs 3,000 from the books)		

Suspense account

Balance b/f	9,000 ½	Rent	9,000 ½
	9,000		9,000

(4 marks)

(Total 12 marks)