



(iv) Receiving an identity and recognition, Ensure the ownership of the business name,  
 Qualify to obtain incentives given by the government, Easy to obtain loan  
 (02 marks)

(v) Asset = Equity + Liability  
 300000 = 200000 + 100000  
 (02 marks)

(vi) Cash book, Sale journal (02 marks)

(vii)

**Cash book**

Capital	200000	Machine	75000
Bank loan	100000	Fabric and thread	2000
Sales	50000	Electricity	3000
		Rent	1000
		Balance c/f	269000
	350000		350000
Balance b/f	269000		

(02 marks)

(viii) Non current Asset - Machine 75,000 (02 marks)

(ix) Bank account debit Rs. 25,000  
 Cash account credit Rs. 25,000 (02 marks)

(x) Purchase a machine Rs.75,000 (02 marks)

(Total 20 marks)

**Part II - Business Studies**

(02) (1) (a) Exchange excess good with other excess goods called barter system (01 mark)

<p>(b) <b>Needs</b></p> <ul style="list-style-type: none"> <li>★ common</li> <li>★ essential</li> <li>★ primary</li> <li>★ can not be created</li> <li>★ simple</li> </ul>		<p><b>Wants</b></p> <ul style="list-style-type: none"> <li>being diverse</li> <li>not essential</li> <li>secondary</li> <li>can be created</li> <li>being complex</li> </ul>
--	--	--

(01 mark)

(2) a) ★ Earning profit  
 ★ Increasing customer satisfaction  
 ★ Increasing quality of goods  
 ★ Generating employment  
 ★ Employee welfare (01 mark)

(b)	Goods	Service
	★ Visible	Invisible
	★ Tangible	Intangible
	★ Homogenous	divers
	★ can be counted	can not be counted
	★ can be stored	can not be stored
		(01 mark)

(iii) (a) ✗ (b) ✓ (c) ✓ (d) ✗ (02 marks)

- (4) (a) Bank - depositors / customers,  
Government/ central bank  
competitors, others banks, employees, manager, owner
- (b) Factory - Owners, government, community, employees, investors,  
customers (02 marks)

(Total 08 marks)

(03) (i) (a) Parties and forces outside the business and affecting a business are known as external environment (01 mark)

(b) Owners, managers, employees

(ii) (a) To protect the consumers, to protect the environment, to protect the domestic manufacturers, to protect the business community (01 mark)

(b) Use modern machine instead of simple manual machines, use e-mail instead of snail mail, computer and information system used to record accounting information instead of manual accounting book, use machine instead of human labour (01 mark)

(iii) (a) ✓ (b) ✓ (c) ✗ (d) ✗ (02 marks)

(iv) (a) If a sole proprietorship is conducted in a name other than the full name of its owner, it should be registered under the business name ordinance of respective provincial council. Obtain the relevant application form from the respective divisional secretarial office and application should be presented with relevant payment to register the business name within 14 days of business started. (01 mark)

(b) Business name ordinance no 06 toe 1918 (01 mark)

(Total 08 marks)

(04) (i) (a) Small and medium scale business, Large scale business (01 mark)

(b) Advantages - Easy to commence, Ability to collect more capital, can utilize different skills of partner, shared liability among partners, can take collective decision

Disadvantages - unlimited liability, conflicts among partners, no continued existence, no legal personality, profit shared among partners (01 mark)

- (ii) (a) Incorporated under the company act, continued existence, can raise capital by issuing shares, limited liability (01 mark)  
 (b) Disadvantages - limited capital, should be adhere only to the stipulated corporative policies. (01 mark)
- (iii) (a) ✗ (b) ✓ (c) ✓ (d) ✓ (02 marks)
- (iv) (a) Amount of capital invested, number of employees, amount of energy used, market share of the business (01 mark)  
 (b) Based on the objective, Based on the scale, Based on the ownership. (01 mark)
- (Total 08 marks)

### Paper II - Accounting

- (5) (i) (a) Exchange of resources between a business and other parties (01 mark)  
 (b) For correct event (01 mark)
- (ii) (a) Providing information required by the interested patties of a business for their decision making (01 mark)  
 (b) Arouse as a result of past transaction  
 Having a current obligation  
 Outflow of economic resources when settlement is made (01 mark)
- (iii) 5/2 Purchase Rs. 5,000 goods on credit  
 5/4 do expenses/cash withdraw (should be correct transaction)  
 5/5 received money Rs. 6,000 from debtors  
 5/7 selling goods on credit Rs. 10,000 cost was Rs. 8,000 (4 marks each carries 01 mark)

(iv) (a)

1/1 capital		250,000
+ Additional capital income	75,000½ 165,000½	240,000
- Expenses		490,000 (45,000)½
2019/12/31 equity		445,000½

(1/2 x 4 - 2 marks)

- (b) Debtor account debit Rs. 25,000  
 Sales account credit Rs. 25,000  
 Cash account debit Rs. 150,000  
 Bank loan account credit 150,000 (02 marks)
- (Total 12 marks)
- (6) (i) (a) 1 mark for two correct answers (01 mark)  
 (b) 1 mark for correct reason (01 mark)
- (ii) (a) Perform as a prime entry book and a ledger account (01 mark)  
 (b) Discount given and discount received (01 mark)
- (iii) 4 marks each correct transaction carries

(iv)

Petty cash book

Receipt	I/f	Date	Description	v.n	Payment	Travelling	Postage	Stationary	Miscella	Ledger	I/P
470		1/1	b/b/f								
1530		1/1	cash								
1/2		1/2	travailing		200	200½					
		1/3	pencil		150			150½			
		1/4	pefeshment		300				300½		
		1/5	sameera		200					200½	
		1/6	registered post		100		100½				
		1/7	taxi		450	450½					
					1400	650	100	150	300	200	
					600½						
					2000						
2000											
600		2/1	b/b/f								

(1/2 x 8 = 4 marks)

(Total 12 marks)

(07) (i) (a) Sage, ASSPAC, MYOB, QUICKBOOK

(1 mark for 2 answer)

(b) 1/2 advantage 1/2 dis advantage

(ii) (a) The situation where bank allows their customer to issue cheques for more than the existing balance in their current account

(b) 1 mark, for each 1/2 marks. (01 mark)

(iii) (a) Saranapalas's business

Bank reconciliation statement for the month May 2019

Bank balance adjusted		15000½
+		
Issued but not presented to the bank		6000½
-		
Deposited but not yet realized cheque		21,000
Bank balance as at 31st May 2019		(5000)½
		16,000½

(1/2 x 4 = 2 marks)

(b)

General Journal

Date	v.n	Description	l.p	Debit	Credit
3/5		Office equipment account Ranweli company (recording purchase equipment from Ranweli company on credit) ½		40000	40000½
		Drawing account purchase account (withdraw goods for personal use)½		2000	2000½

(1/2 x 4 = 2 marks)

(iv)

Purchase account

Date	Description	I/f	Value	Date	Description	I/f	value
1/31	Creditors		37,000				

Muditha account

Date	Description	I/f	Value	Date	Description	I/f	value
				1/5	Purchase		12,500

Uditha account

Date	Description	I/f	Value	Date	Description	I/f	value
				1/12	Purchase		10,000

Suditha account

Date	Description	I/f	Value	Date	Description	I/f	value
				1/31	Purchase		14,500

(1 mark for each account, total 4)

(Total 12 marks)