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| <p style="text-align: center;">ගම්පහ අධ්‍යාපන කලාපය Gampaha Education Zone</p> | | |
| <p style="text-align: center;">දෙවන වාර ඇගයීම - 2025</p> <p style="text-align: center;">Second Term Evaluation - 2025</p> <p style="text-align: center;">இரண்டாம் தவணைப் பரீட்சை - 2025</p> | | |
| <p>ශ්‍රේණිය Grade</p> <p style="border: 1px solid black; padding: 5px; text-align: center;">11</p> | <p>විෂයය Subject</p> <p style="border: 1px solid black; padding: 5px; text-align: center;">Business and Accounting Studies ii</p> | <p>කාලය Time</p> <p style="border: 1px solid black; padding: 5px; text-align: center;">Two hours</p> |
| <p>නම பெயர் Name</p> | | |

Notes:

Including question no.1 answer 5 questions, selecting 2 questions from each of the part i and ii.

01) Using the following case answer the questions (I) to (X)

Sadalee who passed the G.C.E. advance level examination have completed a beauty culture course at National Vocational Training Authority. on 2025/01/01 She started a beauty saloon called “Sadu Beauty Center “in a building worth of Rs.200 000 own by her father in Nittambuwa town, and invested RS.250 000 that she had saved and the Bank loan of Rs.200 000 at 12% interest which is given by the peoples bank under SME loan scheme. Her friend Madara was recruits as employee at a monthly salary of Rs.12 000.

- Following transactions occurred in the month of January

| | |
|--------------------------------|---------|
| Purchases cosmetics | 100 000 |
| Paid electricity charges | 10 000 |
| Insurance expenses | 5000 |
| Paid employee wages | 12 000 |
| Paid loan interest | 2000 |
| Purchasing equipment | 85 000 |
| Advertising expenses | 8000 |
| Service providing income | 285 000 |
| Purchasing cosmetics on credit | 35 000 |
- Sadu beauty center depreciate none current assets annually at 12%.
- Sadalee’s business has built a good reputation among customers due to the quality and friendly services provided by the business, so that sadalee has decided to open another branch in Gampaha area.

- i. a. What is the human need satisfied by Sadu beauty saloon?
b. state 2 strengths of this business.
- ii. a. what is the type of business organization that “Sadu Beauty Center” belongs to?
b. write advantage and disadvantage of the above mentioned business environment
- iii. a. write public sector business organization in the above case
b. write down the Act that business organization can start
- iv. a. write 2 management functions with examples in the above case.
b. write an opportunity that can be seen in the sadalee’s business
- v. write the accounting equation with values of Sadu’s beauty saloon as at 01.01.2025
- vi. a. Calculate the bank loan interest of the month of January?
b. Write the double entry with value relevant to record interest payment as at 2025.1.3
- vii. a. Calculate the building depreciation amount as at 31.1.2025
b. Write the double entry to record above depreciation?
- viii. Calculate cash balance as at 31.1.2025
- ix. Calculate net profit for the month ended 31.01.2025
- x. Calculate the equity as at 31.1.2025

(2x10)

Part I - Business studies

(Answer two questions only)

02)

- i. a. What is a business? (1marks)
b. Write 2 main objectives of a business (1marks)
- ii. State whether the following statements are true or false.
 - a) Opportunities and threats available for a business can be identified by analyzing internal environment ()
 - b) Increasing the quality of a good and service is a main objective of a business ()
 - c) Increase in loan interest rate creates good business opportunities for businessmen ()
 - d) Decision of the owners are implemented by customers ()
- iii. Government banning the use of polythene, Pasindu started a business of purchasing banana leaves from farmers in his area and making food packaging using them.
 - a. State 2 stake holders of this business (1marks)
 - b. Name a factor of production and write examples relating to it on above case(1marks)
- iv. Gagana was started a fruit drink business by obtaining a loan provided for small scale business under low interest rate settled from the regional development bank.
 - a. Name the external environmental factor that has affected this business(1marks)
 - b. Name opportunity for Gagana’s business(1marks)

03)

- i. Paying attention to the business environment is important to the success of a business.
 - a. What is business environment (1marks)
 - b. Show the business environment in a flow chart (1marks)
- ii. State whether the following statements are true or false.($\frac{1}{2} \times 4$)
 - a. The objective of any business organization is to make a profit ()
 - b. Registering the business name provides legal personality to the business ()
 - c. A co operative society is a democratically controlled organization ()
 - d. State co operations should be registered under companies act no 07 of 2007 ()
- iii. Chamuditha bought curd from a friend in Embilipitiya and sells them to school canteens in the Gampaha area.
 - a. What type of trade does Chamuditha engage in? (1marks)
 - b. Write 2 characteristics of that type of trade(1marks)
- iv. Nowadays, commercial banks provide various facilities to businessmen in conducting their business activities.
 - a. What is a commercial bank? (1marks)
 - b. Name 2 services that a commercial bank provides to its customers(1marks)

04. i) marketing mix is a set of variables used to achieve the marketing objectives of a business within the target market

- a) What is target market? (1marks)
 - b) Write four variables in the marketing mix (1marks)
- ii) State whether the following statement are true or false (1/2*4)
- a) Advances in communication technology have made business easier.
 - b) Insurance principals help to ensure the survival of insurance services.
 - c) The person who authorized to Singh a cheque is name as payee.
 - d) Interest rate of the fix deposit differ from maturity time and the amount of deposit
- iii) The government has announced that the construction work on the central expressway, which has stopped due to economic crisis, will be starting immediately. State two advantages and disadvantages of building expressways. (2marks)
- iv) management the process of planning, organizing, leading and controlling the resources owned by a business in order to achieve objectives of a business efficiently and effectively. Define the term efficient and effectives mentioned here. (2marks)

Part ii –ACCOUNTING

(Answer two questions only)

05) i) a. what is accounting (1mark)

c. What is the objective of accounting (1mark)

ii) following are the double entry related to two transactions in Naveen's business

a) Mashnery and equipment account debit 75 000
 Binury and company LTD credit 75 000

b) Creditor's account debit 22 500
 Cash book credit 20 000
 Discount received account credit 2 500

write the transactons related to above two double entries. (2 marks)

iii) Following are the cash balances of Himasha's business as at 2025/06/01

RS.

| | |
|---------------|---------|
| Motor vehicle | 250 000 |
| Cash | 35 000 |
| Stock | 65 000 |
| Debtors | 40 000 |
| Creditors | 45 000 |
| Bank loan | 200 000 |

Following transactions occurred n the last week of June 2025

1. Sold goods which cost Rs.45 000 at Rs.60 000 on credit basis
2. Purchasing Rs 25000 worth of stock on cash basis.
3. Paid Rs.15000of bank loan installment and interest of Rs.2 000

| | Assets (Rs.) | | | | Equity (Rs.) | Liability Rs. | |
|-------------|---------------|-------|---------|------|--------------|---------------|-----------|
| Transaction | Motor Vehicle | Goods | Debtors | Cash | Equity | Creditor | Bank loan |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Required,

a) Indicating how above transactions affect the accounting equation (use a format similar to one given below for answering questions) (2marks)

b) Indicating the balances of the following items as at 30/06/2025

1.total assets 2.equity (2marks)

iv) The purchase transactions occurred in pabasha's business during the month of May 2025 is given below

2025/05/05- purchasing stock of goods from sathsara on credit Rs.50 000(invoice no 901)

2025/05/09-purchasing goods from osadha in cash Rs. 35 000 (voucher no 230)

2025/05/15- purchasing stock of goods from sadaru on credit Rs.25 000(invoice no 357)
10%trade discount was given

Required:

- a) Record above transactions in the purchase journal (1mark)
- b) Prepare purchase account (1mark)

06) i) a) what is liability? (1mark)

b) State two situations that changing equity of the business (1mark)

ii) The information related to the thakshila's business cash transactions the month of June is given below

| Date | Receipt no | Voucher no | description |
|-------|------------|------------|------------------------------------|
| 06/04 | 102 | | Investing capital Rs.150 000 |
| 06/08 | | 356 | Paying salaries RS.15 000 |
| 06/14 | 103 | | Selling goods n cash Rs.52 000 |
| 06/20 | | 367 | Purchasing goods in cash Rs.30 000 |
| 06/25 | 104 | | Obtain bank loan Rs.25 000 |

Prepare cashbook of thakshila's business and indicating the cash balance as at 2025/06/30 (3mark)

iii) Following is the trial balance of nikini's business as at 2025/06/30

| Description | Debit | credit |
|----------------------|---------|----------|
| Building (cost) | 200 000 | |
| Motor vehicle (cost) | 150 000 | |
| sales | | 240 000 |
| Purchases | 122 000 | |
| Electricity | 5 000 | |
| Discount received | | 6 000 |
| Capital | | 280 000 |
| Other expenses | 8 000 | |
| Debtor | 75 000 | |
| Creditor | | 28 000 |
| Suspense account | | 6 000 |
| | 560 000 | 5 60 000 |

Following are the accounting errors identified in preparing above trial balance

- Paid Building repairing expenses Rs.6000 has been debited to building account
- The total of sales journal Rs.56 000 has been entered as Rs.50 000 in the sales account.

Required

A) Journal entries to recertify above errors (2marks)

b) Suspense account (2marks)

iv) The debit balance of the bank account of Ruvini's business, as at 30/06/2025 is Rs.15 000. however the balance of bank statement received on the same day differed to this.

Following reasons are identified for this

1. Insurance installment RS.5500 was paid by the bank on standing order, and bank charges not recorded was Rs.1500
2. Direct remittances received from debtors to the bank Rs.6 500
3. cheques deposited but not realized during the month is RS.23 000

Required

1. Adjusted bank account of the business 30/06/2025
2. Bank reconciliation statement.

07) i) what is the meaning of Noncurrent assets depreciation?(2 mark)

ii) Following are the information related to Hashen's business as at 31.12.2024

- a. Rs.25000 has been paid as the electricity expenses.
Electricity expenses of Rs.8000 has not been paid.
- b. Rs. 5000 has been write-off as bad debts.
Because of the instantity of debtor Kalindu.

Write the journal entries including value of the adjustment to be done as at 12.31.2024
(2mark)

iii) Given below is trial balance of Vnuri's business as at 31.12.2024

| | Debit (Rs.) | credit (Rs.) |
|--|---------------|---------------|
| Sales | | 468 000 |
| Opening stock 01.01.2024 | 28 000 | |
| Purchases | 256 000 | |
| Carriage in wards | 7 500 | |
| Land and building cost | 250 000 | |
| Motor vehicle cost | 200 000 | |
| 01.01 accumulated depreciation vehicle | | 40 000 |
| Debtors | 34 000 | |
| Creditors | | 29 000 |
| Discount allowed | 5 000 | |
| Discount received | | 7 000 |
| Bad debtors | 3 000 | |
| Advertising | 8 500 | |
| 10% Bank loan | | 80 000 |
| Electricity | 22 000 | |
| Employment salaries | 47 000 | |
| Rates | 6 000 | |
| Cash balance | 25 000 | |
| Capital | | 268 000 |
| | <u>892000</u> | <u>892000</u> |

Additional information,

- Cost of stock as at 31.12.2024 is Rs. 30000
- Motor vehicle should be depreciation annually 10% per annum.
- Accrued Rates as at 31.12.2024 is Rs. 4000

Required,

- I. The statement of profit and loss of Venuri's business for the year ended 31.12.2024
- II. The statement of final position of Venuri's business as at 31.12.2024