



G.C.E. (O/L) Examination
Business and Accounting Studies II
De Mazenod College – Kandana
Grade 11 - 1st Term Test 2016

- *First question is compulsory*
- *Select two questions from part I and two questions from part II and answer five questions altogether*

(01) Mr. Karunarathna is a retailer. He decided to name his business as 'Karunarathna retail shop'. He is a person who engages in business activities in a fair manner. This business is now developing day by day due to higher attraction of the villagers. Therefore, he decided to start two new branches of his shop in two villages near by and to engage in the whole sale trade activities too.

- 1) (a) to which business organization this business belong?
(b) what can you tell about the registration of this business?
- 2) (a) what is a business?
(b) write two differences between human needs and wants
- 3) Show the categories of trade in a flow chart
- 4) Write two factors that differentiate whole sale trade from retail trade
- 5) Name two supportive services help to develop the above business
- 6) (a) what is name of the account that Mr.Karunarathna should start in the bank to ease his business activities
(b) write two benefits received by a businessman by starting that type of an account in the bank
- 7) (a) write the double entry to deposit money in the bank current account
(b) write the double entry to withdraw money from the bank current account by a cheque
- 8) Write two possible communication media that is used by this business. Give examples
- 9) (a) what are the type of insurance policies that should be obtained by this business to cover the risk?
(b) write the importance of insurance in two facts
- 10) Write two factors that should be considered by the above business when selecting a suitable transportation system
(2 x 10 = 20 marks)

PART I

(02) The businessmen say that the developed banking system is needed in their business activities

- 1) (a) what is the type of bank that give the most important benefits to a business?
(b) name two types of deposits that can be started in such a type of a bank
- 2) (a) write two facts that should be considered when writing a cheque
(b) what is meant by 'endorsing a cheque'?
- 3) State two famous plastic cards used under e-money and introduce one of them
- 4) (a) write two charges related to a current account
(b) what are known as standing orders?
- 5) Name the three main parties related to a cheque and explain them briefly (2x 5 = 10 marks)

(03) Dinesh Motors has become very famous in the field of transportation as they supply a good service. The well disciplined nature of the employees of this business is attracted by the customers. They have used busses for passenger travelling and lorries, trucks and tractors for goods transport. The objective of the owner is to supply a good service to the customers and become the first in the field and to start a better school van service.

- 1) State two elements of transportation with examples
- 2) Write two advantages of road transport than rail transport
- 3) Write two risks for this business and name two insurance policies that can be obtained to cover those risks
- 4) Name two parties related to insurance and introduce them
- 5) Write two advantages each sea travelling and air travelling

(2x 5 = 10 marks)

(04) The resources are limited when compared with the unlimited human needs and wants. The businesses have emerged to supply goods and services to fulfill the needs and wants under this situation. The management process is very much essential for the success of these businesses.

- 1) State two main tasks of the management process and introduce one of them
- 2) Write four factors that should be considered when selecting a communication method for the success of the management process
- 3) Show the communication process in a flow chart
- 4) Write two tasks related to marketing
- 5) Name the marketing mix

(2X 5 = 10 Marks)

PART II

(05)(i) cash transactions for the month of march 2016 taken place in Hansika's business started on 2016.03.01 are as follows

date	Receipt number	Voucher number	Description
2016.03.01	001		Started the business investing Rs.70 000
2016.03.02		01	Purchased stock worth Rs.25 000
2016.03.05	002		Obtained a bank loan Rs.50 000
2016.03.07	003		Cash sales Rs.15 000
2016.03.09		02	Cash purchases Rs.8 000
2016.03.09		03	Paid transportation Rs.500
2016.03.15		04	Purchased furniture for the use of the business Rs.20 000
2016.03.20		05	Paid wages Rs.10 000
2016.03.26	004		Received rent income Rs.7 000
2016.03.30	005		Received commission Rs.5 000
2016.03.31		06	Paid bank loan instalment Rs. 6 000

Required:

Prepare the cash book of this business and balance off it

(4 marks)

(ii) the bank account of Sandaruwan's business for the month of October 2015 is as follows

Bank account

Date	Description	bank	Date	Description	Bank
10.01	Cash balance	50 000	10.05	Cheques	
10.03	Cash deposit	9 000	10.10	-168400 (kapila)	5 000
10.07	Cheques		10.31	- 168401 (saman)	40 000
10.26	-323510 (Jayasiri)	15 000		-168402 (insurance)	5 000
	-236427 (Nuwan)	30 000		-168403 (rent)	10 000
	-348205(Kamani)	50 000		Balance c/d	94 000
		154000			154000

The bank statement sent by the bank to Sandaruwan is as follows

date	Description	Payments	receipts	balance
10.01	Balance b/f			50 000
10.03	Cash deposit		9 000	59 000
10.06	Cheque payment 168401	40 000		19 000
10.09	Cheque deposit 323510		15 000	34 000
10.10	Standing order	4 000		30 000
10.11	Cheque payment 168402	5 000		25 000
10.16	Direct remittances		7 000	32 000
10.25	Dividends		500	32 500
10.28	Bank charges	1 000		31 500

Required:

(i) Adjusted bank account

(ii) Bank reconciliation statement

(6 marks)

(06) (i) what is 'purchases journal'?

(2 marks)

(ii) Write two transaction recorded in the general journal

(2 marks)

(iii) Following are transactions of Tharaka's business for January 2016

Prepare the sales journal and related accounts for the information given

(6 marks)

date	Invoice number	customer	Amount
2016.01.03	22	Ramzi stores	6 000
2016.01.08	23	Sithum boutique	10 000
2016.01.12	24	Chithra stores	7 000
2016.01.22	25	Indiria garments	8 000
2016.01.30	26	Jayarathna stores	4 000

(07)(i) write two instances that accounting errors may occur (2 marks)

(ii) write two errors that do not affect the agreement of the trial balance (2 marks)

(iii) following errors are found in Appuhamy's business. Write the journal entrees to rectify those errors

- I. wages paid Rs.2000 is only recorded in the cash book
 - II. credit purchases Rs.5000 is recorded only in the purchases account
 - III. sales Rs.9500 is correctly recorded in the sales book but as Rs.5900 in the sales account
 - IV. interest paid Rs.4000 is not taken to the trial balance
- (6 marks)

Date	Description	Debit	Credit
10/01	Balance b/d		20,000
10/02	Cash deposited	9,000	29,000
10/05	Cheque payment	40,000	12,000
10/08	Cheque deposit	12,000	34,000
10/10	Banking error	4,000	30,000
10/11	Cheque payment	2,000	32,000
10/15	Interest received		2,000
10/20	Dividend		20,000
10/25	Bank charges	1,000	21,000
10/28	Interest received		1,000
10/30	Balance c/d		100,000

Date	Invoice number	Amount
2016/01/01	101	20,000
2016/01/08	102	10,000
2016/01/15	103	1,000
2016/01/22	104	8,000
2016/01/30	105	4,000