

**Provincial Department of Education  
Northern Province**

**Second term Examination - 2019**

**Business & Accounting Studies**

**Part I – Answers**

**Grade 11**

1.	2	11.	2	21.	2	31.	4
2.	3	12.	3	22.	1	32.	2
3.	4	13.	1	23.	2	33.	1
4.	2	14.	2	24.	2	34.	1
5.	2	15.	1	25.	1	35.	4
6.	4	16.	3	26.	4	36.	4
7.	1	17.	2	27.	2	37.	1
8.	3	18.	2	28.	3	38.	3
9.	3	19.	3	29.	3	39.	1
10.	4	20	4	30.	1	40.	3

**Part II**

**Question No. 01**

- 1) (a) Private sector (01 mark)  
(b) Capital (01 mark)
- 2) (a) Peaceful situation in the country  
Increase in the number of women going to work  
Increase in elder's population  
Increase in the prices of imported milk powder ( 2× ½= 01 mark)
- (b) Knowledge of Vithyan about farming and milk processing  
Money saved ( 2× ½= 01 mark)
- 3) (a) Increase in the prices of imported milk powder ( 01 mark)  
(b) Planning-  
Idea of Vithyan to do business in future on himself.  
Additional investment of Rs. 100 000 by Vithyan to fulfill finance shortage.  
Organizing-  
Appointing an employee ( 2× ½= 01 mark)
- 4) (a) Incorporated company ( 01 mark)  
(b) Economic policy  
Favourable legal procedures for businesses ( 01 mark)
- 5) Rs. 10 70 000 ( 02 mark)  
or  
(155 000+35000+300000+500000+100000) - 20000= 10 70 000  
½ mark ½ mark  
or  
10 90 000 - 20000  
½ ½
- 6) Rs. 222 000 ( 02 marks) or

**Cash account**

Date	R.No.	Details	LF	Value	Date	V.No.	Details	LF	Value
1.6.2018		b/d	01	155000			Purchase	01	300000
		Sales	mark	400000			Salary	mark	18000
							Insurance		10000
							Milk collection		5000
							b/d		222000
				555000					555000

- 7) (a) Employee salary  
 Insurance  
 Electricity ( 2× ½= 01 mark)  
 (b) Sales income  
 Additional capital ( 1×1= 01 mark)
- 8) (a) Electricity account Dr.  
 Accrued electricity account Cr. (01 mark)  
 (b) Land and building  
 Delivery van  
 Milk processing utensils ( 2× ½= 01 mark)
- 9) Cash account, capital account  
 ( 2× ½= 01 mark)
- 10) Vithyan Business  
Income statement for the year ended 31.06.2018

Details	Rs.	Rs.
<b>Income</b>		
Cash sales	400000	550000
Credit sales <span style="float: right;">½</span>	150000	
Deduct:		
<b>Expenses</b>		
Credit purchase	50000	394000
Cash purchase	300000	
Employee salary <span style="float: right;">½</span>	18000	
Insurance	10000	
Milk collection expenses	5000	
Electricity charge	2000	
Building depreciation <span style="float: right;">½</span>	3000	
Delivery van depreciation	5000	
Milk producing utensils depreciation	1000	

## Part II

02. (01)
- (a) (i) Earning profit  
(ii) Fulfilling consumer needs and wants (2 X ½ = 01 mark)
- (b) Owner (2 X ½ = 01 mark)  
Employees  
Manager (2 X ½ = 01 mark)
- (02) (i) False (iii) True  
(ii) True (iv) False (4 X ½ = 01 mark)
- (03) (4 X ½ = 01 mark)
- (a) Labour  
Entrepreneurship
- (b) Labour – Helper  
Entrepreneurship – Balan (4 X ½ = 02 mark)
- (04) (a) As the name of the business is not related to the full name of Rathan, it should be (01 mark)  
Business Name Registration Ordinance of No. 6 of 1918.
- (b) (1) Capital investment by a single person  
(2) Profit and loss can be enjoyed by a single person.  
(3) Unlimited liability  
(4) No legal personality  
(5) No continued existence  
(6) No mandatory to register (2X ½ = 01 mark)
03. (01) (a) An activity of changing ownership of goods and services through purchase and sales is called trade. (01 mark)
- (b) (1) Providing goods and services to fulfill needs and wants of consumers.  
(2) Introducing new goods to customers  
(3) Selling goods on credit basis  
(4) Providing feedback of customers to producers and supporting to increase quality of goods (2X ½ = 01 mark)
- (02) (i) True (ii) True (iii) True (iv) False (4X ½ = 01 mark)
- (03) (a) Raman (01 mark)  
(b) Must be crossed (01 mark)
- (04) (a) Insurer – Ceylinco Insurance Company (01 mark)  
Insured – Kannan (01 mark)
- (b) (1) Insurance interest  
(2) Utmost good faith  
(3) Indemnity (2X ½ = 01 mark)
04. (01) (a) The market which includes the customers to whom a business can offer goods and services attractively and profitably. (01 mark)
- (b) Banking services

Insurance services  
 Transportation  
 Communication

(2X ½ = 01 mark)

(02) (i) True (ii) False (iii) True (iv) False (4X ½ = 02 mark)

(03) (i) Planning  
 (ii) Organizing  
 (iii) Controlling  
 (iv) Leading (4X ½ = 02 mark)

(04) Product - Different cake varieties  
 Quality of product  
 Various designs  
 Price – Rs. 280, Rs. 450  
 Place – Distribution to restaurants and retail trade centers  
 Promotion – Advertising in newspapers  
 Publishing in leaf-lets (4X ½ = 02 mark)

05. (01) (a) The payables by a business as a result of past transaction and events are called liabilities. (01 mark)

(b)	<u>Assets</u>	<u>Liabilities</u>
	Motor vehicle	Bank loan
	Fixed deposit	Bank overdraft
	Building	Creditors
	Debtors	Accrued expense
	(½ प्ढंढंढं)	(½ प्ढंढंढं)

(02) (i) Assets increase debit  
 Assets decrease credit  
 (ii) Liability increase credit  
 Liability decrease debit  
 (iii) Income increase credit  
 Income decrease debit  
 (iv) Expense increase debit  
 Expense decrease credi (4X ½ = 02 mark)

(03) (a) (i) False (ii) False (iii) True (iv) False (4X ½ = 02 mark)

Transaction	Account to be debited	Account to be credited
b	Cash account	Bank loan account
c	Purchase account	Creditors account
d	Electricity account	Cash account
e	Furniture account	Damro account

(4X ½ = 02 mark)

(04) (a) Current assets Rs. 65000  
 Non-current assets Rs. 190000  
 Current liability Rs. 50000  
 Non-current liability Rs. 60000

(4X ½ = 02 mark)

(b) Purchase journal

Date	Inv.No.	Supplier	Value Rs.	LF
6/15	110	Athavan	5500	
6/23	125	Kathiravan	11300	
6/30		Transferred to purchase account	16800	

Athavan account

Date	Details	LF	Value	Date	Details	LF	Value
				15/6	Purchase account		5500
							(½)

Kathiravan account

Date	Details	LF	Value	Date	Details	LF	Value
				23/6	Purchase account		11300
							(½)

Purchase account

Date	Details	LF	Value	Date	Details	LF	Value
30/6	Creditors account		16800				
			(½)				

06. (01) (a) A facility provided by bank to draft cheque exceeding the account balance

(01 mark)

- (b)
- (1) Not recording the transactions in the accounting books
  - (2) Recording incorrect amount for any transactions in the brome books
  - (3) Recording a transactions twice in the account books.
  - (4) Recording the transactions in incorrect account

(2X ½ = 01 mark)

Cash account

Date	R. No.	Details	LF	Value	Date	V. No.	Details	LF	Value
01/01/18		Capital	(½)	100000	5/1/18		Rent		5000
03/01/18		Sales	(½)	40000	7/1/18		Electricity		3000
					7/1/18		c/d		132000
				140000					140000

(½) (½)

03. (a)

General journal

Date	V.No.	Details	LF	Debit	Credit
		Furniture repair account Dr. Furniture account Cr. (To rectify furniture repair recorded in furniture account)		6000	6000 (01 mark)
		Electricity account Dr. Suspense account Cr. (To rectify electricity paid recorded only in cash account)		1200	1200 (01 mark)

(b)

Trial balance

Details	Debit	Credit
Debtors	40000	
Building	200000	
Creditors (01 டிராஸ்டரி)		100000
Discount allowed	10000	
Purchase	100000	
Discount received		6000
Sales		194000
Capital		50000
	350000	350000

(01 mark)

(02 marks)

04. (a) (1) Rs. 2400 (01 mark)  
(2) Rs. 2650 (01 mark)

- (b) (1) Unpresented cheque  
(2) Unrealized cheque  
(3) Direct deposit  
(4) Payments on standing order  
(5) Bank charges and cheque book charges

(2X ½ = 01 mark)

- (02) Direct deposit  
Payments on standing order  
Bank charges and cheque book charges

(2X ½ = 01 mark)

07. (01) (a) A report prepared on a particular date including balances of assets, liability and equity accounts to disclose financial position of a business (01 mark)

- (b) (1) Cost of assets  
(2) Useful life time of assets  
(3) Residual value of assets

(2X ½ = 01 mark)

(02) (a)

Expense account	Expenses paid in cash	Accrued expenses	Expense for the year after adjustment
Rent	Rs. 40000	Rs. 20000	Rs. 60000 (01 mark)
Electricity charges	Rs. 6000	Rs. 14000	Rs. 20000

(Provide 1 mark, if all four items are correct.)

3.

Saravanan Business

Profit and loss statement for the year ended 31.12.2018 (½mark)

Details	Value	Value	Value
Sales			670 000
(-) Cost of sales			
Stock on 01.01.2018		38 000	
Purchase	300 000		
Carriage inwards	22 000	322000	
Ready for sales		360000	
Closing stock	(½ mark) → (30000)		(½mark) (330000)
Gross profit	(½ mark) →		340000
Fixed deposit interest income			15000
Discount received			18000
<b>Distribution expenses</b>			373000
Bad debt	1000	½ mark	
Delivery van depreciation	50000	½ mark	
Sales employee salary	52000		
Discount allowed	15000		
Transportation expense	10000		
Advertising	6000	134000	
<b>Administrative expenses</b>			
Administrative salary	47000		
Electricity charges	13000		
Furniture depreciation	6000	66000	
<b>Financial expenses</b>			
Bank loan interest	½ 24000	24000	224000
Net profit transferred to capital account ½ mark			149000

Saravanan Business  
Statement of financial position as at 31.12.2018 (½mark)

Details (½ mark )	Cost	Acc.Dep.	Net value
<b>Non-current assets</b>			
Delivery van	500000	100000	400000
Furniture	60000	½ mark 18000	42000
	560000	118000	442000
Fixed deposit			½ 150000
<b>Current assets</b>			
Closing stock		30000	
Debtors		½ 74000	
		½ 15000	
Interest income receivable		50000	169000
Cash balance			
<b>Equity</b>			
Capital		310000	
Net profit		½ 149000	459000
<b>Non-current liability</b>			
Bank loan			200000
<b>Current liability</b>			
Accrued adm.salary		3000	
Accrued electricity charges		½ 5000	
Creditors		92000	
Bank loan interest		2000	102000
			761000