

General Certificate of Education (Ord.Level) Examination, 2018 December
Supportive Seminars For the Students
Rehearsal Paper

Business and Accounting Studies I, II

Three hours

Business and Accounting Studies I

Instructions

1. Answer all questions.
2. Select the correct or the most suitable answer from the answers 1, 2, 3 & 4 in question number 01 to 40.
3. Mark (x) in appropriate circle with matching answer you selected among the circles of each question in the answer sheet you are provided.
4. Read and follow other instructions also in the back of the answer sheet.

- Answer the questions from 1 to 4 using the following scenario.

‘Dila Travels’ is a well reputed private company that supply transport services. Sanuki who worked at ‘Dila Travels’ was resigned and started her own company and named it as ‘Sanu Travels’. She said that there is a new high demand for buses during the 1st term of the year as most of the schools organizes their educational trips during these months as well as new high way road was also opened recently.

1. According to the above scenario, select the answer which includes a need and want that supply by ‘Sanu Travels’ respectively.
 - 1) Entertainment-Travel
 - 2) Health-Entertainment
 - 3) Transportation-Travel
 - 4) Travel-Transportation
2. Two parties interested on ‘Sanu Travels’ which indicates in the above scenario is;
 - 1) ‘Dila Travels’ company and Students
 - 2) Lending Institutions & Public
 - 3) Employees and Banks
 - 4) Bank and Government

3. Select the answer which includes a strength and opportunity of 'Sanu Travels' respectively.
- 1) Sanuki has worked in 'Dila Travels' and construction of highway roads
 - 2) Widening of roads and demand for buses
 - 3) Sanuki has adequate amount of capital and the her business knowledge
 - 4) School educational trips and capability of Sanuki
4. The factor of production which is most suitable to categorize the vehicles owned by 'Sanu Travels' is;
- 1) Land
 - 2) Capital
 - 3) Labour
 - 4) Entrepreneurship
5. Select the answer which includes only profit oriented organizations among following organizations.
- | | | |
|-----------------|-----------------------------------|-------------------------|
| A. Companies | B. Corporations of the Government | C. Sole Proprietorships |
| D. Partnerships | E. Departments of the Government | |
- 1) A,D,E
 - 2) A,B,C
 - 3) A,C,D
 - 4) B,C,E
6. The act which specify the maximum number of members in a partnership is;
- 1) Partnership Ordinance of 1890
 - 2) Companies Act No. 7 of 2007
 - 3) Fraud Prevention Ordinance
 - 4) Cooperative Society Act No. 5 of 1972
7. Nuwan Wimalasiri was advised to register the name of his business "Wimala Stores". The reason for this is because;
- 1) It is compulsory to get legal personality for the business
 - 2) It is a qualification to get government reliefs
 - 3) It is operates with another name other than his full name.
 - 4) It is operates with a name which issimilar to his name.
8. Following are some benefits which can be taken from an account operate by commercial banks.
- a) Receive security for cash
 - b) Receive an interest income
 - c) Can process payments through debit cards

The type of account which shows above characteristics is;

- 1) Current accounts
- 2) Fixed deposits accounts
- 3) Savings accounts
- 4) Term deposits accounts

9. Asanga has a current account in Bank of Ceylon - Ruwanwella branch. He has purchased a machine from Sivanathan, who has a current account in Seylan Bank – Awissawella branch and a payment for this transaction was done through a cheque. According to the above scenario, select the answer which includes cheque drawer, drawee and the barer respectively.

- 1) Asanga, Bank of Ceylon – Ruwanwella, Sivanathan
- 2) Sivanathan, Seylan Bank – Awissawella, Asanga
- 3) Asanga, Seylan Bank – Awissawella, Sivanathan
- 4) Sivanathan, Bank of Ceylon – Ruwanwella, Asanga

10. Select the most appropriate statement regarding life insurance.

- 1) The principle utmost trust is not considered in life insurances
- 2) The value of the life insurance policy is decided by the insuree.
- 3) The principle indemnity is considered in life insurances.
- 4) When a life insurance cover is obtained, the total risk for insuree's life will be disappeared

11. Following are some communication methods.

- | | |
|--------------------|-------------------|
| A. Skype | C. Circulars |
| B. Electronic mail | D. Digital boards |

The method/s which belongs to electronic, verbal and written media is/are;

- | | |
|-----------------|-----------------|
| 1) A only | 2) A and B only |
| 3) B and C only | 4) All of above |

12. Following are some advantages and disadvantages relates to one of the mode of transport

- A. Ability to carry larger volume of passengers and goods at once
- B. No road traffics
- C. Relatively consume less time
- D. Unable to reach the end destination (

The most suitable mode of transportation belongs to the above features;

- | | |
|-------------------------------|--------------------------------|
| 1) Air freight transportation | 2) water transportation system |
| 3) Road transportation | 4) Railway transportation |

13. The trading occurs between two or more countries is known as (1)_____ trade and selling rubber product to foreign countries by Sri Lankans is known as (2) _____ trade.

Select the answer which includes the most appropriate answers for above (1) and (2) respectively.

- | | |
|-----------------------|----------------------|
| 1) Foreign and Import | 2) Import and Export |
| 3) Foreign and Export | 4) Export and Import |

- Answer questions No. 14 and 15 using the following scenario.
- A business produce yogurt as its product .After investigating some reasons for declining demand of the product the business may arrange to introduce a yogurt with a new packing.

14. What is the management function which relates with identifying possible reasons for the declining demand for yogurt and taking remedial actions?

- | | |
|----------------|---------------|
| 1) Directing | 2) Organizing |
| 3) Controlling | 4) Planning |

15. According to the above incident, which marketing mix variable is used by the firm;

- | | |
|------------|--------------|
| 1) Price | 2) Promotion |
| 3) Product | 4) Place |

16. What is the investment opportunity for the individuals which can be taken capital gains;

- | | |
|-------------------|--|
| 1) Treasury bills | 2) Savings deposits |
| 3) Fixed deposits | 4) Purchasing ordinary shares of a company |

- Followings are some of the transactions occurred in an organization. Answer questions No.17 and 18 based on that information.

A – Additional capital employed by the owner	Rs.500 000
B – Purchase of goods on cash	Rs. 20 000
C – Paid electricity	Rs. 8 000
D – cost of stokes for Rs 8,000 sold for Rs. 10,000	

17. What is value of assets at the end of transactions A,B,C, and D?

- | | |
|---------------|---------------|
| 1) Rs.494 000 | 2) Rs.510 000 |
| 3) Rs.526 000 | 4) Rs.530 000 |

18. Transaction which causes for changes in equity is;

- | | |
|--------------|----------------|
| 1) A,B and C | 2) A,C and D |
| 3) B,C and D | 4) A,B,C,and D |

19. As a result of purchase of machine for Rs.2 000 000;

- | | |
|--|---------------------------------------|
| 1) Increase assets, increase liabilities | 2) Increase expenses, increase assets |
| 3) Increase equity, decrease assets | 4) Increase assets, decrease assets |

20. Following X, Y columns represents different types of accounts and some examples.

X	Y
1. Equity	A. Bank loan interest account
2. Liabilities	B. Accrued expenses account
3. Income	C. Drawings account
4. Expenses	D. Sales account

After matching type of accounts in column X with examples in column Y respectively, it will give the answer;

- | | |
|-----------------------|-----------------------|
| 1) 1-C, 2-A, 3-B, 4-D | 2) 1-C, 2-B, 3-D, 4-A |
| 3) 1-A, 2-B, 3-C, 4-D | 4) 1-A, 2-D, 3-C, 4-B |

21. Following mentioned transactions recorded in the primary books in a business.

Cash sales	Rs.15 000
Paid to creditors	Rs.14 000

What are the source documents which use when recoding above transaction respectively

- | | |
|------------------------------------|------------------------------------|
| 1) Sales invoice, purchase invoice | 2) Receipt, purchase invoice |
| 3) Receipt, paying voucher | 4) Paying voucher, journal voucher |

- Saduni has taken bank overdraft facility up to Rs, 15,000.The banker paid insurance premium for Rs. 10,000 as per the standing order. But there is favorable balance of bank account is Rs. 6,000.

22. Value of the bank overdraft which has been taken by Sanduni

- | | | | |
|--------------|--------------|-------------|-------------|
| 1) Rs.15 000 | 2) Rs.10 000 | 3) Rs.6 000 | 4) Rs.4 000 |
|--------------|--------------|-------------|-------------|

23. The journal entries to record payment of insurance premium.

- | | | | |
|--------------------------|-----------------------|-----------|-----------|
| 1) Bank a/c | Dr | Rs.10 000 | |
| | Insurance charges a/c | Cr | Rs.10 000 |
| 2) Insurance charges a/c | Dr | Rs.6 000 | |
| | Bank a/c | Cr | Rs.6 000 |
| 3) Insurance charges a/c | Dr | Rs.4 000 | |
| | Cash a/c | Cr | Rs.4 000 |
| 4) Insurance charges a/c | Dr | Rs.10 000 | |
| | Bank a/c | Cr | Rs.10 000 |

24. What is the relevant regulation that record total amount of discount column in the debit side to the discount allowed account?

- | | |
|-------------------------------|--------------------------------|
| 1) Income – Increase – Debit | 2) Expense - Increase – Debit |
| 3) Income – Increase – Credit | 4) Expense - Increase – Credit |

25. Petty cash imprest of a business was Rs.2 500. The cash remains with petty cashier as at 31.03.2018 was Rs.500 and the re-imburement amount on that date was Rs.3 000. What is the increased amount in petty cash imprest for month of March?

- | | | | |
|-----------|-------------|-------------|-------------|
| 1) Rs.500 | 2) Rs.1 000 | 3) Rs.2 000 | 4) Rs.2 500 |
|-----------|-------------|-------------|-------------|

26. Sales journal is a;

- | | |
|---------------------|-------------------|
| 1) Source document | 2) Ledger account |
| 3) Prime entry book | 4) Sales account |

27. Following information is provided for you.

- A. Rs.10 000worth of stock was sold on credit.
- B. A machine worth of Rs.20 000 was purchased on credit from Sepala.
- C. Rs.6 000 worth of stock was purchased on credit.
- D. Rs.5 000 worth of stock was taken by owner for his personal use..

According to the above information, the transactions which are recorded in general journal are;

- | | | | |
|--------|----------|--------|--------|
| 1) A,D | 2) A,C,D | 3) B,C | 4) B,D |
|--------|----------|--------|--------|

- Answer question no.28 and 29 using following information.

Discount received from a creditor was Rs.1 500. This has been debited to both discount received account and creditor account.

28. The true statement regarding the above transaction is;

- 1) It will not affect for the trial balance mathematically to tally
- 2) Rs.3 000 credit balance in suspense account
- 3) Rs.1 500 debit balance in suspense account
- 4) It has been correctly recorded in the discount received account

29. The double entry to rectify the above error is;

- | | | |
|------------------------------|----------|----------|
| 1) Debtor account Dr | Rs.1 500 | |
| Discount received account Cr | | Rs.1 500 |
| 2) Suspense account Dr | Rs.1 500 | |
| Discount received account Cr | | Rs.1 500 |
| 3) Suspense account Dr | Rs.3,000 | |
| Discount received account Cr | | Rs.3,000 |
| 4) Creditor account Dr | Rs.1 500 | |
| Discount received account Cr | | Rs.1 500 |

- Answer question no.30 and 31 using following information.

Sandali started a flower pot producing business; and following information are given for the month of January 2018.

- Direct material cost Rs.80 000
- Direct other expenses Rs.20 000
- Indirect expenses Rs.30 000

2 000 flower pots were produced within the month of January. Labour cost per pot is Rs.35

30. Primary cost is;

- | | |
|---------------|---------------|
| 1) Rs.100 000 | 2) Rs.130 000 |
| 3) Rs.170 000 | 4) Rs.200 000 |

31. Cost of production per flower pot will be;

- | | | | |
|----------|----------|----------|-----------|
| 1) Rs.50 | 2) Rs.65 | 3) Rs.85 | 4) Rs.100 |
|----------|----------|----------|-----------|

32. Following transactions has occurred in Super Hero sports club during this year.

- | | |
|---------------------------------|------------|
| A. Purchase of sports equipment | Rs. 50 000 |
| B. Received cash donations | Rs.100 000 |
| C. Sold old newspapers | Rs. 50 000 |
| D. Received member fees | Rs. 10 000 |

Among above items, identify the items which are considered in preparing income statement;

- | | | | |
|-------------|-------------|-------------|----------------|
| 1) A,B,C,&D | 2) B,C only | 3) B,D only | 4) B,C,&D only |
|-------------|-------------|-------------|----------------|

33. Number of members in super hero sport club are 150. Annual membership fees is Rs.100. All members except 15 members had settled the membership fee. The amount of received subscription will be.

- | | |
|---------------|---------------|
| 1) Rs. 15,000 | 2) Rs. 13,500 |
| 3) Rs. 1,500 | 4) Rs. 1,350 |

Maintenance cost	800			
Insurance cost	500	1 300		
<u>Finance and other expenses</u>				
Bank loan interest	500	500		
Net profit transfer to capital account		10 900		
		26 000		26 000

36. Cost of sales in VihangaRansara business for the year ended 31.12.2017 is;

- 1) Rs.42 000 2) Rs.43 300 3) Rs.42 800 4) Rs.42 500

37. The correct values for distribution expenses and administrative expenses respectively;

- 1) Rs.2 800 – Rs.10 500 2) Rs.3300 - Rs.10 500
3) Rs.10 500 - Rs.2 800 4) Rs.10 500 - Rs.3 300

38. The answer which contains correct gross profit and other income for this business respectively;

- 1) Rs.21 000 – Rs.5 000 2) Rs.20 500 - Rs.5 000
3) Rs.19 700 - Rs.5 000 4) Rs.20 200 - Rs.5 000

39. If the business paid interest on bank loan during the period for Rs. 300 and received income on investment was Rs1,800, what are the amount of accrued expenditure and accrued income respectively?

- 1) Rs.500 – Rs.3 000 2) Rs.300 - Rs.1 200
3) Rs.200 - Rs.3 000 4) Rs.200 - Rs.1 200

40. Cost of motor vehicle is Rs.100 000. The accumulated depreciation as at 01.01.2017 is Rs.10000. The caring value of motor vehicle which need to state in statement of financial position as at 31.12.2017 is;

- 1) Rs.20 000 2) Rs.80 000
3) Rs.90 000 4) Rs.100 000