



**Provincial Department of Education
Northern Province**

**Third Term Examination - 2019
Business & Accounting Studies – Grade 11**



Marking Scheme

PART I

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

PART II

Question No.1

- (i) (a) Profit motive (½ mark)
(b) Service providing business (½ mark)
- No physical existence
- Intangible
- Perishable / Cannot be stored
- Verifiable (2×½ = 01 mark)
- (ii) Land – The plot of land where the shop is located
Labour – Two employees
Capital – Furniture, equipment, money
Entrepreneurship – Repairing skill of Rathan (4×½ = 2 marks)
- (iii) (a) Promotion – Advertising (01 mark)
(b) 1. Organizing
2. Planning (2×½ = 01 mark)
- (iv) (a) Partnership business (01 mark)
(b) - Easy to start
- More capital can be collected.
- Various skills can be used.
- Liabilities can be shared.
- Collective decision making (2×½ = 01 mark)
- (v) Rs. 170 000 (02 marks)
OR
(80 000 + 20 000 + 60 000 + 30 000) = 180 000
(½ mark) (½ mark)

OR

$$190\,000 - 10\,000 = 180\,000$$

(½ mark) (½ mark)

(vi) (a) Accrued rent paid Rs. 10 000 (01 mark)

(b) Accrued rent account Dr. Rs. 10 000
Cash account Cr. Rs. 10 000 (01 mark)

(vii) Telephone charge account Dr. Rs. 2 000
Accrued telephone charge account Cr. Rs. 2 000
(To record accrued telephone charge paid Rs. 2 000) (01 mark)

Furniture depreciation account Dr. Rs. 600
Provision for furniture depreciation account Dr. Rs. 600
(To record furniture depreciation Rs. 600) (01 mark)

(viii)(a) Rs. 76 000 (01 mark)

(b) General journal (01 mark)

(ix) (a) Equity account – Capital

(b) Income account – Income received from repairs

(c) Assets account – Repair equipment, furniture, debtors, cash balance

(d) Liability account – Accrued telephone charge (4 × ½ = 02 marks)

(x) Income statement of Air-condition repairing business for the year ended 31.01.2019

	Rs.	Rs.
Income:		
Repair income		150 000
Expense:		
Transport expense	30 000	
Electricity	5 000	
Telephone charge	5 000	
Advertising	6 000	
Rent	5 000	
Furniture depreciation	600	
Equipment depreciation	1 600	
Manager salary	15 000	
Employee salary	20 000	(88 200)
Net profit		61 800

(4 × ½ = 02 marks)

Question No. 02

1. (a) A. Food B. Cloth C. Communication C. Leisure

(01 mark)

(b) According to the answer provided by the students (01 mark)

2. (i) False (ii) True (iii) False (iv) False

(4 × ½ = 2 marks)

3. (a) Owner – Thesikan

Employee

Financial institution – People's Bank

Customer

(2 × ½ = 1 mark)

(b) Service providing business (01 mark)

4. (a) Urbanization (01 mark)
 (b) Capital (01 mark)

Question No. 03

1. (a) Selling goods for final consumption (01 mark)
 (b) Fixed deposit, saving deposit, current deposit (2× ½=1 mark)
2. (i) True (ii) True (iii) False (iv) False
 (4× ½=2 marks)
3. (a) Incorporated companies (01 mark)
 (b) **Advantages**
 1) More capital can be collected.
 2) Having legal personality
 3) Continuity
 4) Limited liability (1× ½ mark)
- Disadvantages**
 1) More legal strictions
 2) Profit and ownership can be shared. (1× ½ mark)
4. (a) A co-operative society is a democratically controlled independent organization. Further, it aims to achieve common needs of a group of individuals voluntarily gathered and enjoy a collective ownership. (01 mark)
 (b) Co-operative act No. 5 of 1972 (01 mark)

Question No. 04

1. (a) The process of planning, organizing, leading and controlling of organizational resources to achieve business objectives efficiently and effectively. (01 mark)
 (b) - Deposit of money at saving account
 - Deposit of money at fixed deposit
 - Purchase of properties
 - Investment in share market
 - Investment in treasury bills (2× ½=1 mark)
2. (a) True (b) False (c) True (d) True (4× ½=2 marks)
3. (a) Goods – Singer products, quality, loyalty for goods, Singer trade mart
 Promotion – Selling at showroom, personal selling
 Price – Installment basis, ready-cash sales (2 × ½ = 1 mark)
 (b) for mentioning goods (½ mark)
 for mentioning relevant target consumer (½ mark)
4. (a) 1. Objective of investment
 2. Nature of risk
 3. Benefits of investment (2 × ½ = 1 mark)
 (b) 1. Fixed interest income
 2. Can be converted into money at any time.
 3. Government security (2 × ½ = 1 mark)

Question No. 05

1. (a) Business transaction (01 mark)
 (b) The transactions which can be measured in terms of money. (01 mark)
2. (a) Current assets – Debtors, cash balance, stock, receivable income (01 mark)
 Non-current assets – Motor vehicle, furniture, equipment, machines (01 mark)
- 3.

	Motor van	Stock	Debtors	Cash	= Equity	Bank loan	Creditors
1.	300 000	100 000	75 000	100 000	300 000	200 000	75 000 → 01 Mark
2.		+50 000		+200 000	+200 000		} 2 1/2 mark
3.				+ 50 000			
4.			-30 000	-5 000	-5 000		
5.				+30 000			
	300 000	150 000	45 000	378 000	598 000	200 000	75 000 → 01 mark

(04 marks)

4. (a) Sales journal

Date	Invoice No.	Purchaser	Total amount
10.06.2018	201	Geethanchali	1/2 ← 4 500
22.06.2018	301	Kavithanchali	1/2 ← 11 400
30.06.2019		transferred to sales account	1/2 ← 15 900

(02 marks)

(b)

Details	Amount	Amount
Cash balance	50 000	
Investment	1/2 200 000	
Machine	75 000	
Other income		1/2 3 000
Rent	1/2 8 000	
Land and building	100 000	
Purchase	50 000	
Sales		262 000
Capital		250 000
Salary	8 000	
Discount received		2 000
Creditors	12 000	
Debtors	1/2 14 000	
	517 000	517 000

Question No. 06

- (a) A statement forwarded by bank to a current account holder commonly monthly. (01 mark)
 - (b) Yes. It functions a prime book because petty cash receipts and petty expenses are recorded first. As there are two sides such as debit and credit, it functions as a ledger. (01 mark)
- (a) - Time can be saved.
- More accuracy of account reports
- Updated information can be obtained. (2 × 1/2 = 1 mark)
 - (b) 1. Rectifying errors
2. Adjustment entries (2 × 1/2 = 1 mark)
- (a) i. Rs. 3 000 (1/2 mark)
ii. In debit column (1/2 mark)
iii. Rs. 28 600 (1 mark)
 - (b) **Administrative expense**
Rent Rs. 10 000

Salary	<u>Rs. 25 000</u>	Rs. 35 000	(½ mark)
Sales and distribution expense			
Advertising	Rs. 10 000		
Sales employee salary	<u>Rs. 5 000</u>	Rs. 15 000	(½ mark)
Financial expense			
Bank loan interest	<u>Rs. 8 000</u>	Rs. 8 000	(½ mark)
Other expenses			
Fire loss	<u>Rs. 2 000</u>	Rs. 2 000	(½ mark)

4. (a)

Transactions	Accrued expense	Accrued income	Total amount for financial year
I.		Rs. 60 000	Rs. 144 000 (½ mark)
II.	Rs. 20 000		Rs. 240 000 (½ mark)
III.		Rs. 100 000	Rs. 600 000 (½ mark)
IV.	Rs. 30 000		Rs. 100 000 (½ mark)

- (b) (1) Patent (½ mark)
- (2) Watcher salary
Insurance
Machine operator wages
Electricity charge
- } (1 ½ mark)

Question No. 07

1. 1) Rs. 28 500 (½ mark)
2) Rs. 20 000 (½ mark)
3) Rs. 2 000 (½ mark)
4) Expense exceeding income Rs. 7 000 (½ mark)

2. **Income statement of Varsha business for the year ended 31.12.2018** ½

	Rs.	Rs.	Rs.
Sales			210000
Cost of sales			
Opening stock		20000	
Purchase	110000		
+ Carriage inwards	6000	116000	
		136000	
- Closing stock		(35000)	½ 101000
Gross profit			½ 109000
Discount received			3000
			112000
Sales & distribution expense	2000		
Bad debt	5000		
Advertising	3500		
Discount allowed	20000	½ 30500	
Delivery van depreciation			
Administrative expense	10000		
Furniture depreciation	½ 12000		
Telephone charge	14000		
Administrative salary	2500	38500	
Electricity charge			

Financial and other expenses	7200	½	7200	76200
Bank loan interest				½ 35800
Net profit transferred to capital account ½				

Varsha business

Statement of financial position as at 31.12.2018 (½ mark)

Details (½ mark)	Cost	Acc.Dep.	Net value
Non-current assets			
Delivery van	200000	½ mark 60000	140000
Furniture equipment	100000	½ mark 20000	80000
	300000	80000	220000
Current assets			
Stock		½ mark 35000	
Debtors		40 000	109 000
Cash balance		34 000	329 000
Equity			
Capital		200 000	
Net profit		½ 35 800	235 800
Non-current liability			
Bank loan			½ mark 60000
Current liability			
Accrued telephone charge		½ 2 000	
Creditors		29 000	
Accrued bank loan interest		2 200	33 200
			329 000