Chamara who followed pharmaceutical course started a pharmacy in Polgahawela town with the name of "Niroga" he provided medicines for patients from governments and private hospitals.

1. Human need fulfilled refering to above is,
   1. medicines  
   2. foods  
   3. heath  
   4. security

2. An opportunity relating to chamara's business is,
   1. chamara has followed a pharmaceutical course  
   2. government decision to in traduce new rules and regulations on medicine selling  
   3. starting of new pharmacy in town  
   4. medicine shartage in government hospitals

3. type of business relating to chamara’s business is,
   1. public owned & profit oriented  
   2. private owned & profit oriented  
   3. private owned & not profit oriented  
   4. public owned & not profit oriented

4. lair related to registration of chamara’s pharmacy with the name of "niroga"
   1. Companies Act No 7 of 2007  
   2. partnership ordnance of 1890  
   3. prevention of frands ordnance  
   4. business names registration ordnance

5. objective which is not going to fulfilted by chamara from his business, is
   1. got security  
   2. security of investment  
   3. earn enough profit  
   4. future growth of business

6. Government made arrangement to fine for the businesses who sell infcrior quality polithene as removing polythene makes harmful effect on environment business environment applied is,
   1. Internal environment  
   2. political environment  
   3. legal environment  
   4. economic environment

7. Having a trade name is help for future growth of a business trade name is,
   1. opportunity  
   2. strength  
   3. threat  
   4. weakness

8. Service offered by Commercial bank givan below,
   A. pawing service  
   B. over draft facility  
   C. standing order facility  
   D. business loan facility
   service limit only for current account holder is,
   1. A and B  
   2. B & D  
   3. B & C  
   4. A & D
9. Malaka maintains a current account in Bank of Ceylon and Udara maintained his current account in Sampath Bank. Malaka issued a cheque to Udara to settle a business transaction. The drawer, drawee, and payee of the cheque are:
   1. Malaka, Boc, Udara
   2. Malaka, Udara, Sampath Bank
   3. Udara, Sampath Bank, Boc
   4. Udara, Malaka, Boc

10. Insurance principal relating to paying compensation only to recover the damage of property is:
   1. Insurable interest
   2. Utmost of good faith
   3. Indemnity
   4. Close reason

11. Communication methods and examples are shown in X column & Y column in the table below.

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Verbale</td>
<td>A. Fax</td>
</tr>
<tr>
<td>2. Written</td>
<td>B. Bell</td>
</tr>
<tr>
<td>3. Electronic</td>
<td>C. Seminar</td>
</tr>
<tr>
<td>4. Signs and symbols</td>
<td>D. Banner</td>
</tr>
</tbody>
</table>

Correct matching of column X and Y is:
   1. ABCD
   2. CADB
   3. CDBA
   4. DCAB

12. Factors considered in selecting a better method of transportation is:
   1. Ways, mode, power, terminal
   2. Ways, cost, safety, terminal
   3. Capacity, road, power, availability
   4. Cost, capacity, safety, speed

13. Selling goods to a party with an aim of sell those again with profit is:
   1. Import
   2. Whole sale
   3. Export
   4. Relating

14. Item which brings higher export income to Sri Lanka is:
   1. Specials
   2. Coconut
   3. Minor agrif export
   4. Tea

15. "Leading" under the process of management means:
   1. Using human resources in proper manner to achieve the objectives as planned
   2. Deciding aims and ways of achieving them
   3. Distribution of resources, designations, and tasks to implement plans
   4. Observe whether plans are implemented properly and take remedial actions for deviations.

16. Variables relating to marketing given below:
   A. Listed rice
   B. Quality
   C. Loan conditions
   D. Design
   E. Discounts
   F. Transport

Variables not apply for marketing mix is:
   1. BDF
   2. ABC
   3. ACE
   4. BEF

17. Transaction occurred in Sampath's business given below:
   Cash sale of Rs. 25000
   Due to his,
   1. Assets and liabilities were changed
   2. Liabilities and equity were changed
   3. Assets are changed only
   4. Liabilities are changed only
18. Transaction which not coused to decrease equity is,
   1. rent payment of Rs. 12000
   2. cash drawing of Rs 5000
   3. Insurance payment of Rs 13500
   4. Additional capital investment of Rs 75000

19. Prime entry book relating to above is,

20. Double entry for above transaction is,
   1. Purchase A/C Dr 30000 - Cash book or 30000
   2. Sampath Dr 30000 - Purchases or 30000
   3. Sales Dr 30000 - Kavinda or 30000
   4. Purchase Dr 30000 - Sampath or 30000

21. Account which applys the double entry
   rule of account increase credit - decrease cr is,
   1. Discount allowed
   2. Cash A/C
   3. Purchase A/C
   4. Capital A/C

22. Drawings A/C is .................................. and Purchase A/C is a ........................................

   Suitable terms for A & B are,
   1. Income, equity
   2. Expense, equity
   3. Equity, expense
   4. Equity, income

23. Discount offered when selling the due by debtor with in credit period is,
   1. Discount allowed
   2. Discount received
   3. Cash discount
   4. Trade discount

24. An item which not used in preparing adjusted bank account
   1. Bank charges of Rs. 500
   2. Direct remittance of Rs 15000 by debtor
   3. Deposited, but un realized Rs 8000
   4. Insurance paid due to standing order Rs 2500

25. Rs 4650 as spend on une using petty cash imprest of Rs 5000 amount of petty cash imprest is
   1. Rs 5000
   2. Rs 9650
   3. Rs 4650
   4. Rs 350

26. A book with dual performance as prime entry book and ledger account is,
   1. Cash book
   2. General journal
   3. Purchase journal
   4. Sales journal

27. Prime entry which uses journal voucher as source document is,
   1. General journal
   2. Cash book
   3. Sales journal
   4. Petty cash book

28. An account which uses to enter the gap of trial balance is,
   1. Profit or loss A/C
   2. Suspense A/C
   3. Trading A/C
   4. Balance sheet

29. Rs 20000 paid for repairing Building was debited to building A/C by Anjalee correction entry for above errors,
   1. Motor vehicle Rs 20000, Cash book Cr 20000
   2. Building repair Dr 20000, Building A/C Cr
   3. Building repair Dr 20000, Cash book Dr 20000
   4. Building A/C Dr 20000, Building repair Cr 20000
30. select the error which enter to suspense A/C
   1. Rent paid Rs 5500 was amitted
   2. Insurance payment of Rs 8200 recorded only in cash book
   3. salary payment Rs 12500 was entered in to accounts as Rs 15200
   4. sales invoice was not recorded in sales journal

31. Suitable transaction that to be recorded in general journal is,
   1. cash transactions
   2. credit purchase
   3. credit sales
   4. correction of errors

32. Indunil obtain a bank loan and settled it by monthly installment of Rs3000
    Rs 30000 was paid as loan installments with in the year. amount to be paid is to be ideatified in
    financial statement as,
    1. Madden
    2. Accrued expense
    3. Depereciation
    4. Accrued income

33. Factor which is not considred in calculating depreciation expense is,
    1. Current price of an asset
    2. cost of an asset
    3. Useful lifetime
    4. Salvage valuve

34. A machine which purchased for Rs820000
    was fixed by spending Rs 30000 salvage valuve was Rs 50000 at the end of 10 years useful life time
    Annual depreciacion of a machine is,
    1. Rs 850000
    2. Rs 80000
    3. Rs 900000
    4. Rs 500000

35. Financial satatements of a business are
    1. Trial balance and balance sheete
    2. Trial balance and trading account
    3. Trading account and income statement
    4. profit loss statement and statement of financial position

    use following details to answer question 36-40 trial balance as at 31/12/2017 of Nuwan’s business
    given below

<table>
<thead>
<tr>
<th>sales</th>
<th>Dr Rs</th>
<th>cr Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>stock 1/1/2017</td>
<td>14000</td>
<td>520000</td>
</tr>
<tr>
<td>carriage inward charges</td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td>purchases</td>
<td>230000</td>
<td></td>
</tr>
<tr>
<td>machine - cost</td>
<td>80000</td>
<td></td>
</tr>
<tr>
<td>motor vehical cost</td>
<td>600000</td>
<td></td>
</tr>
<tr>
<td>Trade debitors</td>
<td>36000</td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>44000</td>
<td>120000</td>
</tr>
<tr>
<td>10% bank loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debts</td>
<td>4000</td>
<td></td>
</tr>
</tbody>
</table>

Accumulated deprecation

| -motor vehical            | 90000 |
| -machines                 | 16000 |
| -Drawings                 | 18000 |
| -fix deposit              | 80000 |
| -Stationary               | 9000  |
| -electricity              | 12000 |
| - sales expense           | 35000 |
| -cash                     | 18000 |
| -capital 1/1/2017         | 350000|
|                            | 1140000| 1140000|
Additional information
- stock as at 31/12/2017 was Rs. 24000

36. Cost of sales for the year ended 31/12/2017 was,
   1. Rs 260000  2. Rs 244000  3. Rs 248000  4. Rs 224000

37. Gross profit for the year ended 31/12/2017 was,
   1. Rs 248000  2. Rs 296000  3. Rs 224000  4. Rs 142000

38. Depreciation for machine to be entered under
   1. Distribution expenses  2. Finance expense
       3. Administration expense  4. Distribution expense

39. Bank loan interest for the year was,
   1. Rs 24000  2. Rs 10000  3. Rs 1200  4. Rs 12000

40. Current assets as at 31/12/2017 was,
   1. Rs 78000  2. Rs 62000  3. Rs 56000  4. Rs 36000
Part II
Answer 5 Questions including questions select 2 questions from section another 2 from section 2
'Answer question 1-4 referring to case below.
Harshana who worked in a popular shoe manufacturing company in Sri Lanka for 10 years was resigned from his job and started his own business of shoe manufacturing on 1/1/2017. He followed a course on manufacturing shoes from the Industrial Ministry. He invested Rs.500000 by cash and a building worth Rs.1200,000 which he got from his father on 5/1/2017 he obtained a bank loan of Rs.100,000
Following transactions were taken place with in first month.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material purchases</td>
<td>50000</td>
</tr>
<tr>
<td>Purchase equipment</td>
<td>10000</td>
</tr>
<tr>
<td>Paid salaries</td>
<td>12000</td>
</tr>
<tr>
<td>Sale of shoes</td>
<td>75000</td>
</tr>
<tr>
<td>Paid for transportation</td>
<td>5000</td>
</tr>
</tbody>
</table>

Building to be depreciated by 10% per annum. This business is succeeded due to the quality products and new designs and popular its name of "Style walk"
He is considering the possibility of expanding his business with more formal, fixed and legal status.

i) a) Type of business in which "Style walk" can be included?
   b) State a strengths of this business

ii) Is this business needed to register?
   Write down reasons:

iii) Write down 2 stake holders of this business and a reason why they interested?

iv) Which type of business from is suitable as Harshana's expectation on business expanding.

v) Write down the transaction's effect on 1/1/2017 to accounting equation.

vi) Name to non current asset of this business with their values.

vii) Write down the double entry for purchase of stock of Rs.5000

viii) Calculate the cash balance at the end of first month

ix) Amount of building depreciation for the month.

x) Profit or loss for the month.
Section I

2. i. Necessities to fulfill by human for living are the needs.
   a) Write down 2 examples for need
   b) State 2 features of wants.

ii. State following statement are true/false
   a) Basic status of creating market was.
   b) Wants are complex due to current market changes.
   c) Main aim of profit oriented business is employee welfare.
   d) Communication is a human want while mobile phone is a need.

iii) a) Resources used to manufacture goods and services are referred as factors of production.
   b) Name suitable examples for Land and capital considering a business of producing bags using tanned screw - pines.

iv) a) Businesses use the technological changes to ease the business tasks. explain this.
   b) Name the business form with features of term continuity, legal personality and collect capital by issuing shares.

3) i) a) Name 2 examples for mobile retail trading.
   b) Name 4 countries for which Sri Lanka makes exports.

ii) a) Write down 2 advantages of using e-cash usage as it is popular.
   b) What is meant by cheque endorsement.

iii) a) Explain the "Insurable interest" and give example.

iv) a) Businesses have to face difficulties if it is not used proper communication. explain one difficulty you identified.
   b) State 2 new trends in transport industry of Sri Lanka.

4) i) a) What is meant by management
   b) Write 2 advantages having successful planning.

ii) State the management function applied.
    a) Conducting welfare program for employees.
    b) Decide the aims of business.
    c) Distribution of resources available to required parties.
    d) Identify the weaknesses of plans.

iii) a) Define "Trade"
    b) What is meant by cyber-market

iv) a) State an usage of direct distribution method at daily consumer activities.
    b) Name 2 sales promotion methods for textile seller.
Section II

5) i) a) What is meant by accounting  
b) Write down 2 reasons which caused to change qnity

ii) a) Write down 2 features of habiuties  
b) State 2 categories of habiuties.

iii) Write down the effect on accounting equation for the transactions  below.  
1. Capital investment Rs. 500000  
2. Obtained a bank Loan Rs.200000  
3. Cash purchases Rs.50000  
4. Rent paid Rs.10000

iv) Complete following table refering transactions given in (iii)

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Source Document</th>
<th>Account to be debited</th>
<th>Account to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6) i) 1. Chirath maintains a current account to easier his business deals. Balance of the bank account at the end of May 2017 of Rs.16500 was not agreed with the bank statement balance due to following reasons  
2. Deposited cheque (231324) Rs.16000 was not realized till 31/5/2017  
3. Rs.8000 was directly remitted to the bank.  
4. An issued cheque worth Rs.20000 (No 564358) was not presented to the bank till 31/5/2017  
Required,  
- Adjusted bank account  
- Bank Reconciliation

ii) Trail balance extracted 31/12/2017 was not tallied the totals. There was a shortage of Rs. 9000 in debit side. Following errors were found later.  
1. Credit sales of Rs. 5600 was entered a sales journal as Rs. 65000  
2. Rs. 8500 paid for salaries recorded only in cash account.  
3. Insurance paid of Rs. 2500 was debited ro Rates account.  
4. Rs. 12500 account as Rs.12000

Required, 
Journal entries to correct errors given suspense account.
7) i) a) What is meant by bxd dents
   b) Write down double entry for written off.

   ii) Trial balance as at 31/12/2017 of probath's business given below.

<table>
<thead>
<tr>
<th>Account</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening stock</td>
<td>30000</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td>500000</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>450000</td>
</tr>
<tr>
<td>Purchases</td>
<td>300000</td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
<td>20000</td>
</tr>
<tr>
<td>Debtors</td>
<td>45000</td>
<td></td>
</tr>
<tr>
<td>land and buildings (cost)</td>
<td>400000</td>
<td></td>
</tr>
<tr>
<td>Machines - Cost</td>
<td>120000</td>
<td>50000</td>
</tr>
<tr>
<td>10% Bank loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative salaries</td>
<td>30000</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>10000</td>
<td></td>
</tr>
<tr>
<td>Drawings</td>
<td>5000</td>
<td></td>
</tr>
<tr>
<td>Bank loan interest</td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>12000</td>
<td></td>
</tr>
<tr>
<td>Distribution Expenses</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>52000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1020000</td>
<td>1020000</td>
</tr>
</tbody>
</table>

Additional information
Stock as at 31/12/2017 was Rs.12500 machines to be depreciated 10% per annum Rs1000 to be antton off as had