



Negombo Educational Zonal
Second Term Evaluation – 2024

Grade 11

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வணிகக் கல்லியும் கணக்கடும் I, II
Business and Accounting Studies I, II

පැය තුනයි.
மூன்று மணித்தியாலம்
Three hours

අමතර කියවීමේ කාලය – මිනිත්තු 10 යි.
மேலதிக வாசிப்பு நேரம் – 10 நிமிடங்கள்
Additional Reading Time – 10 minutes

Use additional reading time to go through the question paper, select the questions and decide on the questions that you give priority in answering.

Business and Accounting Studies I

Instructions:

- Answer all questions.
- In each of the questions 1 to 40, pick one of the alternatives 1, 2, 3, 4 which is correct or most appropriate.
- Make a cross (x) on the number corresponding to your choice in the given answer sheet.
- Further instructions are given on the back of the answer sheet. Follow them carefully.

01. Vidura, who works as a **watchman** in an Ella tourism company, went to visit his **sick** mother on the weekend with **nutritious** food.

Select the answer that shows the events in bold respectively of above case.

- | | |
|-------------------------------------|-----------------------------|
| 1) transportation, medicine, food | 2) security, health, food |
| 3) transportation, health, security | 4) security, food, medicine |

02. It is **not** a threat for tourism industry.

- 1) Abundance of businesses in the tourism industry.
- 2) Lack of Language knowledge of employees.
- 3) The existence of a peaceful environment in the country.
- 4) Increasing the domestic commodity prices.



03. The answer includes the reasons that affect the government and owners are interested in a business respectively,

- 1) generating job opportunities, growth of jobs and job satisfaction.
- 2) growth of jobs and job satisfaction, taking decisions and implementing those decisions.
- 3) increasing the domestic production, job security
- 4) collecting taxes due, growth of the business operations in future.

04. An economic environmental factor is,

- | | |
|--------------------|-------------------------|
| 1) Fiscal policies | 2) laws and regulations |
| 3) Inflation | 4) information systems |

05. The number of partners in a partnership is determined under,

- | | |
|---|--------------------------------------|
| 1) The partnership ordinance of 1890 | 2) The prevention of Fraud Ordinance |
| 3) The companies act No. 07 th of 2007 | 4) The business name ordinance |

06. The **incorrect** statement relates to business organizations is,
 1) All the profits belong to the owner is a characteristic of a sole proprietorship.
 2) According to the partnership ordinance of 1890, if the initial capital is greater than Rs. 1,000 , a partnership is required to be conducted under a written agreement.
 3) Acting of the well being of members' is an advantage of a cooperative society.
 4) 'Profits and ownership are shared' is a advantage of an incorporated company.
07. Negombo Multi Purpose Cooperative society is a(1)..... sector(2)..... business organization. The correct answer for above blanks (1) and (2) respectively are,
 1) Private, profit motive
 2) Private, not for profit
 3) Public, profit motive
 4) Public, not for profit
08. Following are some facilities provide by a commercial bank.
 A - Providing bank overdraft facilities.
 B - Paying interests to the deposits.
 C - Implementing standing orders
 D - Paying through cheques
- The facilities that could be received only to a current account holder from the above are,
 1) A and C
 2) A and D
 3) B and D
 4) C and D
09. "Last week, the Sri Lanka petroleum Corporation revised the fuel prices which caused a great controversy" The transportation medium mentioned about statement is,
 1) The way
 2) The medium
 3) The power
 4) The terminal
10. "The cheques issued by every commercial bank have a magnetic ink character recognition space". The numbers printed respectively on this space are,
 1) Bank account number, Bank branch number, Bank number, Cheque number
 2) Cheque number, Bank number, Bank branch number, Bank account number
 3) Cheque number, Bank account number, Bank number, Bank branch number
 4) Bank number, Bank branch number, Bank account number
11. Punchibanda has a leg disability since birth. He submitted an insurance proposal for a life insurance policy and answered 'no' to the question of whether he has a disability.
 The violated insurance principle is
 1) Indemnity
 2) Contribution
 3) Insurable interest
 4) Utmost good faith
12. Tikiri sells the fruits grown in his garden to Bindu who runs a business. Vidura's wife says that the fruits bought from Bindu are very tasty.
 The correct statement relates to above case is,
 1) Bindu purchased fruits from Tikiri is a wholesale trade.
 2) Vidura purchased fruits from Bindu is a wholesale trade.
 3) Bindu sold fruits to Vidura is a wholesale trade.
 4) Tikiri sold fruits to Bindu is a retail trade.

13. According to the 2022 annual plan of Parakrama Maha Vidyalaya, the expected average pass percentage was 90%. But the 2022 pass percentage was 70%. The non-observance of expected results was finding out.

The management function relates to above statement is,

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

14. Mihiri produces various spices from her house and sell them to home visitors in a safe packages. Large orders are given to the credit basis and arranged to be transported to their homes. A banner is displayed in front of the house by saying the various spices are being sold.

What are the variable of marketing mix for above dashed terms respectively,

- | | |
|-------------------------------------|--|
| 1) product, price, place, promotion | 2) distribution, promotion, product, price |
| 3) promotion, price, place, product | 4) quality, price, place, promotion |

15. Kalpa who runs a flower shop, purchased a stock of flowers from Chamara Rs. 50,000 and it was settled by his Peoples Bank cheque. Chamara deposited the cheque in his Bank of Ceylon current account.

The drawer, payee and the drawee of this cheque are respectively as,

- | | |
|--------------------------------|-----------------------------------|
| 1) Kalpa, Chamara, People bank | 2) Chamara, Kalpa, Bank of Ceylon |
| 3) Kalpa, People bank, Chamara | 4) Chamara, Bank of Ceylon, Kalpa |

16. Ariyaratne, who introduced a freckle-removing product to the market. Appointing managers for the sales activities relates to and finding out whether the products are sold as planned relates to

The suitable managements functions for the above blanks respectively are,

- 1) organizing , controlling 2) planning , organizing 3) leading , controlling 4) planning , controlling

17. Select the transaction that affects to increase the equity

- | | |
|--|------------------------------------|
| 1) paying electricity charges Rs. 4,000 | 2) receiving rent income Rs. 5,000 |
| 3) receiving cash from a debtor subject to 5% discount | 4) owner's drawings Rs. 1,000 |

18. "Owner has taken Rs. 15,000 from the business for his personal uses."

The impact of the above transaction to the accounting equation is,

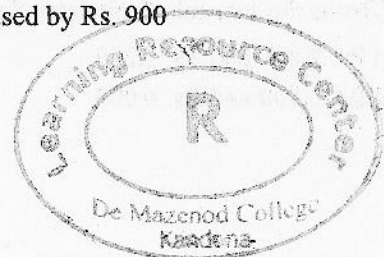
- 1) assets increase Rs. 15,000 – equity increase Rs. 15,000
 2) assets decrease Rs. 15,000 – equity decrease Rs. 15,000
 3) assets increase Rs. 15,000 – equity decrease Rs. 15,000
 4) liabilities increase Rs. 15,000 – equity increase Rs. 15,000

❖ Using following information answer the questions no. 19 and 20.

Harendra's business sold a trade stock Rs. 10,000 on credit and deducted trade discount 10%. When receiving cash it was deducted 10% cash discount.

19. When recording above transactions in the accounting equation of Harendra's business what is the impact to the equity?

- | | |
|----------------------------|---------------------------|
| 1) increased by Rs. 10,000 | 2) decreased by Rs. 1,000 |
| 3) decreased by Rs. 900 | 4) increased by Rs. 900 |



20. What is the correct double entry for receiving cash to the business?

- | | |
|--|---|
| 1) cash account debit 9,000
debtors account credit 8,100
discount allowed account credit 900 | 2) cash account debit 10,000
debtors account credit 9,000
discount allowed account credit 1,000 |
| 3) cash account debit 8,100
discount allowed account debit 900
debtors account credit 9,000 | 4) cash account debit 9,100
discount allowed account credit 9,000 |

21. Match the column 'X' with 'Y'

- | X | Y |
|------------------------------|----------------------|
| 1. sales account | A. equity account |
| 2. drawings account | B. income account |
| 3. insurance charges account | C. expenses account |
| 4. accrued salaries account | D. liability account |
- 1) B, A, C, D 2) A, C, D, B 3) C, A, D, B 4) C, D, A, B

22. Sandamali's business purchased equipment Rs. 70,000 on credit for the use of the business. The related source document and the prime entry book that is recorded the above transaction are respectively,

- | | |
|-------------------------------------|------------------------------------|
| 1) Invoice, General Journal | 2) Invoice, Purchases Journal |
| 3) Journal voucher, General Journal | 4) Cash payment voucher, Cash book |

❖ Using following information answer the question no. 23 and 24.

The balance of the bank account of Mahima business was Rs. 6,700 as at 31st August 2023. But the balance of the bank statement was not tally on that day. Following reasons caused to the difference.

- A - deposited but unrealized cheques Rs. 2,000
- B - direct remittances received to the bank Rs. 500
- C - Insurance charges paid on standing orders Rs. 1,000

23. The reason / reasons that the balance of the bank account is less than the balance of the bank statement.

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

24. The adjusted bank balance of the business as at 31st August 2023 was,

- | | | | |
|--------------|--------------|--------------|--------------|
| 1) Rs. 6,200 | 2) Rs. 4,200 | 3) Rs. 7,200 | 4) Rs. 8,200 |
|--------------|--------------|--------------|--------------|

25. The reimbursement of petty cash imprest is known as,

- 1) giving the related cash amount of the period.
- 2) giving the amount equivalent to the amount of payment during the period.
- 3) giving the amount equivalent to the remaining amount at the end of the period.
- 4) giving the amount of cash demanding of the period.

26. The petty cash expenses of Rahul's business was Rs. 2,800 for the month of August and the end of the month the petty cash balance was Rs. 1,200/-.

What is the amount of reimbursed and the petty cash imprest respectively as at September 01st,

- | | |
|----------------------------|----------------------------|
| 1) Rs. 2,800 and Rs. 1,200 | 2) Rs. 1,200 and Rs. 2,800 |
| 3) Rs. 2,800 and Rs. 4,000 | 4) Rs. 1,200 and Rs. 4,000 |

27. A cheque has been dishonored that was issued to a creditor Rs. 1,000 of a certain business. Select the related double entry for recording it,
- 1) Cash account debit Rs. 1,000 – Creditors account credit Rs. 1,000
 - 2) Creditors account debit Rs. 1,000 – Bank account credit Rs. 1,000
 - 3) Creditors account debit Rs. 1,000 – Cash account credit Rs. 1,000
 - 4) Bank account debit Rs. 1,000 – Creditors account credit Rs. 1,000
28. 'Shehan's business purchased a trade stock Rs. 25,000 on credit.'
The related double entry for above transaction is,
- 1) Stock account debit Rs. 25,000 – Debtors account credit Rs. 25,000
 - 2) Purchases account debit Rs. 25,000 – Cash account credit Rs. 25,000
 - 3) Purchases account debit Rs. 25,000 – Creditors account credit Rs. 25,000
 - 4) Cash account debit Rs. 25,000 – Purchases account credit Rs. 25,000
29. Match the column 'X' with the column 'Y'.
- | X | Y |
|--|----------------------|
| 1. Transactions related to the receipts and payments of cash | A. Sales Journal |
| 2. Purchases of trade goods on credit | B. Purchases Journal |
| 3. Sales of trade goods on credit | C. Petty cash book |
| 4. Petty cash transactions | D. Cash book |
- 1) D, B, C, A 2) B, D, A, C 3) D, B, A, C 4) C, D, B, A
30. Select the transaction that is caused to increase discount allowed by Rs. 1,000 of a business
- 1) paying cash Rs. 10,000 to a creditor Supun subject to 10% discount.
 - 2) sold a good that is listed price Rs. 5,000 to Rs. 4,000 on cash.
 - 3) receiving cash from a debtor Nipuna that the due amount Rs. 10,000 subject to 10% discount.
 - 4) receiving cash Rs. 1,000 from a debtor Sahan who is having the due amount Rs. 10,000
31. Following double entry relates to rectify an accounting error occurred in a business.
- | | |
|-------------------------|-----------|
| Purchases account debit | Rs. 1,000 |
| Drawings account credit | Rs. 1,000 |
- The error should be,
- 1) purchases Rs. 1,000 has been debited to the drawings account.
 - 2) it is recorded in drawings account Rs. 1,000
 - 3) it is not recorded in drawings account Rs. 1,000
 - 4) purchases Rs. 1,000 has been not recorded in books.
32. On 01.01.2023 a certain business purchased a motor vehicle Rs. 99,000 and its useful life time is estimated as 10 years. The residual value is estimated as Rs. 9,000
The amount of depreciation should be recorded in profit or loss statement for the year ended 31.12.2023 is,
- 1) Rs. 18,000 2) Rs. 9,000 3) Rs. 9,900 4) Rs. 19,800
33. Raju's business has been paid the bank loan interest Rs. 9,000 as at 31.12.2023 and the monthly bank loan interest is Rs. 1,000/-. In this business for the year ended 31.12.2023,
- 1) The balance of the bank loan interest paid account is Rs. 1,000
 - 2) The accrued bank loan interest Rs. 3,000 is recorded in SOFP
 - 3) The accrued bank loan interest Rs.12,000 is recorded in SOFP
 - 4) The balance of the bank loan interest account is Rs. 10,000

❖ Using following information answer question no. 34 – 40.

Following information are extracted from a Trial Balance prepared by Madhura's business as at 31.12.2023

	Rs. '000
capital	300,000
purchases	150,000
sales	300,000
discount received	5,000
electricity	15,000
advertisements	5,000
insurance	10,000
debtors	40,000
creditors	25,000
cash	40,000
bank over draft	10,000
10% bank loan	60,000
motor vehicle	250,000
carriage inwards	10,000
bank loan interest	3,000

additional information :

* motor vehicles should be depreciated annually 10% on cost.

* stock as at 31.12.2023 was Rs. 20,000

34. The cost of sales of this business for the year ended 31.12.2023 is,
 1) Rs. 140,000 2) Rs. 130,000 3) Rs. 170,000 4) Rs. 160,000
35. The gross profit of this business for the year ended 31.12.2023 is,
 1) Rs. 140,000 2) Rs. 130,000 3) Rs. 160,000 4) Rs. 170,000
36. Select the answer that indicates a distribution expense, an administration expense and a financial expense respectively,
 1) advertisement expenses, bank loan interest, insurance expense
 2) advertisement expenses, insurance expenses, bank loan interest
 3) electricity expenses, insurance expenses, bank loan interest
 4) bank loan interest, electricity expenses, advertisement expenses
37. The net profit of this business for the year ended 31.12.2023 is,
 1) Rs. 690,000 2) Rs. 109,000 3) Rs. 104,000 4) Rs. 107,000
38. The net value of motor vehicles of this business as at 31.12.2023 is,
 1) Rs. 200,000 2) Rs. 250,000 3) Rs. 225,000 4) Rs. 275,000
39. The amount of accrued bank loan interest should be recorded in the statement of financial position as at 31.12.2023 of this business is,
 1) Rs. 1,000 2) Rs. 3,000 3) Rs. 6,000 4) Rs. 9,000
40. Total liabilities should be recorded in the statement of financial position as at 31.12.2023 of this business is,
 1) Rs. 38,000 2) Rs. 88,000 3) Rs. 95,000 4) Rs. 98,000

Business and Accounting Studies - II

Instructions:

- Including question no. 01 answer five questions selecting two questions from each of the parts I and II
- As instructed, answer five questions only. Any extra questions answered, if not struck off by the candidate himself/herself, will be crossed out by the examiner, without being marked.

01) Using following case answer question No. (i) to (x).

Amila who has followed a food and beverage course and gained a good education, then he worked in a tourist hotel for 03 years. With the construction of the new bus station in the city, he got the idea to open a restaurant nearby. He commenced the restaurant on 01.01.2023 by investing his own building Rs. 1,000,000 and Rs. 600,000 in cash by naming "Tope Top". He recruited 02 employees for the assistance of the restaurant.

- On 03.01.2023 he obtained a bank loan Rs. 400,000 and purchased furniture Rs. 100,000 from "Shanika Furnitures" on credit. On that day the equipment used to prepare food has purchased Rs. 500,000
- During the month of January purchased food material Rs. 85,000 and earned Rs. 200,000 by selling food.
- As at 31.01.2023 there is no remaining food material at the restaurant, all are sold.
- During the month of January the business has been paid following expenses.

Salary Rs. 20,000, water bill Rs. 1,000 and transportation expenses Rs. 2,000

- He expects to open an bank account to get easy for his business activities.
- As at 31.01.2023, electricity charges Rs. 3,000 has not yet paid.



- i) (a) What is the type of business that "Tope Top" business relates to according to the nature of product produced?
(b) Write a strength and an opportunity can be seen in this business.
- ii) (a) What is the type of business organization relates to above business?
(b) Should this business be registered? Give reasons.
- iii) (a) What is the type of business organization relates to above business according to objective?
(b) Write an example for management function 'organizing' can be seen in this business.
- iv) (a) What is the type of bank account should this business be opened?
(b) Write 02 advantages of maintaining such account to a business.
- v) Write the accounting equation as at 01.01.2023 with values.
- vi) What is the opening capital of this business?
- vii) Write 02 source documents and 02 prime entry books related to those source documents that are used to record transactions of above business.
- viii) Write the double entry for accrued electricity charges.
- ix) (a) State a non current liability as at 31.01.2023 of this business.
(b) Write a transaction that relates to increases assets and increases liabilities of this business.
- x) Calculate the operational result of this business for the month ended 31.01.2023

(02 x 10 = 20 marks)



Part I – Business Studies

• Answer 02 questions only.

- 02) i) (a) What is a business?
(b) What are the 02 main objectives that can be seen in a business?
- ii) State whether the following statements are true or false.
A - Needs and wants can be created by the businessmen.
B - Owners, managers, employees and competitors are internal environmental factors.
C - Consumers, businessmen and other businesses are protected by the Consumer Affairs Authority Act.
D - 'Difficulties in adapting new technological methods' is a weakness of a business.
- iii) (a) State 02 quantitative criteria that classify business organizations according to scale.
(b) Classify the following businesses according to ownership.
A - Gamini Company Limited
B - Education Employees Co-Operative Thrift & Credit Society Limited
C - Sri Lanka Rupavahini Corporation
D - Sri Lanka Bureau of Foreign Employment
- iv) (a) Write 02 advantages of registering the business name of a sole proprietorship.
(b) Name 02 advantages that can be seen in an incorporated company compared to a partnership.
(02 x 4 = 08 marks)
- 03) i) Write 02 differences that can be seen between the retail trade and the wholesale trade.
- ii) State whether the following statements are true or false.
A - In property insurance, it will not be received bonuses in addition to compensation.
B - Speed is an element of communication.
C - Debit cards are issued by Commercial banks on credit basis.
D - The growth of supporting services are very important to the growth of trade.
- iii) Write 02 differences between life insurance and the property insurance.
- iv) Piyadasa went to the Sri Lanka insurance company and paid the insurance premium for his car. He also contracted with 'Star Com Private Limited' on his mobile phone and discussed the prices required to create a web page for his business.
(a) Name the related first party and the second party in insurance of the above case respectively.
(b) Name the method of communication mentioned in the above incident and the communication medium related to it respectively.

(02 x 4 = 08 marks)

- 04) i) Define a cheque.
- ii) State whether the following statements are true or false.
- A - 'Clarity' is an element of a communication process.
 - B - Efficiency means the achievement the expected business objectives.
 - C - The share of the market consisting of consumers that a business can satisfy in a more attractive and profitable way is the target market.
 - D - The most suitable transportation method to import fuel from Iraq is Air way transportation.
- iii) A business of selling different types of clothes, shoes and handbags according to modern fashion, it was decided to get new designs on online method and to increase advertising expenses to the growth of sales.
- (a) Write 02 variables of marketing mix include in above case.
 - (b) Write an example each for above mentioned variables from above case.
- iv) Vidura who produced a hygienic water bottle for school children, expressed his views as follows.
- A - The height of the bottle is 20 cm
 - B - Initial introduction will be done near schools.
 - C - Pricing will be done with the 10% profit margin on cost.
 - D - Advertisements are done through the television.
- Write the variables of marketing mix for above mentioned A, B, C and D.

(02 x 4 = 08 marks)

Part II – Accounting

- 05) i) (a) What is the main objective of accounting? (01 mark)
- (b) State the type of account for following accounts.
- | | |
|----------------------|---------------------|
| 1. purchases account | 2. drawings account |
| 3. bank loan account | 4. rent account |
- (02 marks)
- ii) Write the double entry for following transactions.
- (a) Paid Rs. 8,000 to a creditor Asela by issuing a cheque
 - (b) Peiris has withdrawn goods Rs. 400 from his business for his personal uses. (02 marks)
- iii) Following transactions occurred in Deshan's business for the month ended 31.08.2024
- Received a bank loan Rs. 100,000
 - Purchases on cash Rs. 25,000
 - Withdrew goods Rs. 2,000 for the owner's private uses.
 - Sold stock Rs. 30,000 which cost Rs. 20,000



- (a) State the impact of above transactions to the following accounting equation.

Transaction	Assets			=	Equity	+	liabilities
	Equipment	Stock	Cash			Bank loan	Creditor
01.08 balances	100,000	80,000	90,000		150,000	50,000	70,000
1							
2							
3							
4							

- (b) State the total of current liabilities and current assets of this business as at 31.08.2024 (02 marks)

- iv) Following information relates to petty cash of Isari's business.

01.06.2024 The petty cash balance Rs. 400

The amount of petty cash imprest Rs. 5,000

02.06	Stationary expenses	1,000
04.06	Travelling expenses	400
10.06	Refreshment expenses	200
12.06	Bus fare	500
20.06	Salary advance paid to Wickrama	1,200
25.06	Paid to a soft drink bottle	700
28.06	Stationary expenses	800
01.07	Reimbursed the petty cash imprest.	

Required

Prepare the petty cash book with the analysis columns travelling charges, stationary charges, refreshment and ledger.

(03 marks)

(Total marks - 12)

- 06) i) (a) What is dishonouring a cheque?

(01 mark)

- (b) Write 02 occasions that a cheque will be dishonoured.

(01 mark)

- ii) Following balances can be seen for the year ended 31.12.2023 of Tharanga's business.

Land & building	50,000
stock	12,000
electricity expenses	2,000
employees salary	10,000
creditors	25,000
debtors	14,500
bank overdraft	8,000

Required

Calculate the capital as at 31.12.2023 by preparing a Trial balance of Tharanga's business. (02 marks)

iii) Following accounting errors revealed from a certain business after preparing the Trail Balance as at 31.12.2023.

1. A purchase invoice Rs. 8,000 has been completely omitted from books.
2. Paid to creditor Sampath Rs. 2,600 has not been recorded in cash book, but it has correctly recorded in his account.
3. The total of the sales journal has been overcast by Rs. 900
4. The balance of the insurance expenses account Rs. 2,000 has not been extracted to the Trial Balance.

Required

- i) The rectifying journal entries. ii) The suspense account (04 marks)

iv) Following bank account has been prepared by Ashan's business for the month of September 2023.

Bank Account

Date	Description	Amount (Rs.)	Date	Description	Amount (Rs.)
09.01	B.B.F.	28,000	09.20	Kasun (C.N. 080100)	12,000
09.03	Cash	15,000	09.23	Lasantha (C.N. 080101)	18,000
09.14	Silva (C.N. 00276)	12,000	09.30	B.C.F.	25,000
		<u>55,000</u>			<u>55,000</u>
10.01	B.B.F	25,000			

Bank Statement

Date	Description	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
09.01	B.B.F.	-	-	28,000
09.03	Cash deposit	-	15,000	43,000
09.10	Dividend – remittance	-	6,000	49,000
09.25	Cheque no. 080100	12,000	-	37,000
09.29	Standing orders (bank loan)	4,500	-	32,500
09.30	Bank charges	1,500	-	31,000

Required

- (a) Adjust the bank account of this business as at 30.09
 (b) Prepare the bank reconciliation statement as at 30.09

(04 marks)

(Total marks – 12)



- 07) i) (a) What is depreciation? (01 mark)
 (b) Name the 02 types that the non current assets could be depreciated. (01 mark)
- ii) Write the related double entry for following adjustments.
 (a) Accrued electricity Rs. 2,000
 (b) Write off Rs. 3,000 as bad debts from debtors. (02 marks)
- iii) Following Trial balance prepared by Aravinda's business as at 31.12.2023

	Debit (Rs.)	Credit (Rs.)
Purchases	225,000	
Sales		350,000
Furniture and equipment (cost)	100,000	
Stock as at 01.01.2023	10,000	
12% bank loan		100,000
Rates	8,000	
Carriage inwards	6,500	
Advertisements	7,500	
Land and buildings (on cost)	500,000	
Discount received		8,000
debtors	25,000	
Creditors		22,000
Bank loan interest	9,000	
Salaries	12,000	
Cash in hand	8,500	
Bank balance	25,000	
Capital		460,000
Discount allowed	3,500	
	<u>940,000</u>	<u>940,000</u>

Following information provides you.

- The stock as at 31.12.2023 is Rs. 25,000
- Furniture and equipments should be depreciated on cost 10% on straight line method.
- Write off as bad debts Rs. 2,000 from debtors.
- Accrued rates Rs. 1,500 as at 31.12.2023

Required

- The profit or loss statement for the year ended 31.12.2023
- The statement of financial position as at 31.12.2023 of Aravinda's business.

(08 marks)

(Total marks - 12)