01. (A) **Select the correct word** from those given in the box to complete the following sentences. Write numbers (1) to (5) in your answer booklet, and the word selected for each sentence, against the relevant number.

| borrowings | demands | receivable | impact | resource |

(1) A strike was organized by the trade unions to win the .......... of the workers.

(2) A company’s human .......... is its most important asset as it is considered to be the back-bone holding the company together.

(3) The chairman of Sitros (Pvt) Ltd. said, “We will be able to perform better without paying interest with less ..........”.

(4) Unfavourable weather conditions had an adverse .......... on the tea plantations in Nuwara Eliya.

(5) Accounts .......... refer to amounts of money that are owed by clients or customers to a company.

(05 marks)

(B) **Construct five(05) sentences** using each one of the five words given below to bring out their meanings clearly.

| purchase | calculate | scheme | bankrupt | receipt |

(10 marks)
You are required to write the words which have the opposite meanings of the words in bold letters in the following sentences. Write numbers (1) to (5) in your answer booklet, and the words with the opposite meaning against each of the relevant numbers.

(1) Our institute is conducting several courses with the aim of building up a body of competent managers.

(2) Most of the advertisements in today’s newspapers are for jobs in the public sector, for example Government Corporations and State Banks.

(3) Over the past 20 years CAC (Pvt) Ltd. increased the extent of land under cultivation and invested in newer technology.

(4) All employees are encouraged to make effective contributions within their respective capabilities for the benefit of their institute.

(5) ‘Breeze’ has made a name for itself by delivering reliable, affordable and comfortable vehicles to the market.

02. Write a paragraph explaining the information presented in the chart given below. Include the following in your explanation. Use about 100 words.

- A short introduction on what the chart is about.
- The information presented sector-wise.
- Compare and contrast the percentages.
- Any other observations or points considered relevant.

**Foreign Direct Investment in Sri Lanka 2010**

![Chart showing Foreign Direct Investment in Sri Lanka 2010]

*Source: Central Bank Report*
03. Assume that you are the Marketing Manager of a company producing a fertilizer branded ‘Vegeta’, specially intended for small scale vegetable growers.

The following are some special features of ‘Vegeta’:

- Ideal for people who really care for the environment.
- Raw materials used: cow-dung, straw, green leaves.
- No chemicals added, harmless to living beings and protects the environment.
- Ingredients used in a proportionate mixture suitable for plant growth.
- Scientifically processed.
- Packeted in moderate sizes (easy to use in vegetable plots in home gardens).
- Has been tested and certification obtained from Agrarian Authorities.

An inquiry is made with regard to ‘Vegeta’ by Mr. Gamini Edirisinghe, a dealer of fertilizer. As the Marketing Manager of your company, you have to respond to this inquiry by sending a suitable reply (in the form of a descriptive paragraph) to be e-mailed to Mr. Edirisinghe. Write your reply using the above mentioned information. You may add any other relevant facts of your own. (Do not write a letter)

(15 marks)

04. You are the Accounts Assistant of Fazaal & Sons, Deal Place, Galle, a small company dealing with hardware items. Having followed a course in accountancy on weekends and passing accountancy examinations you have been successful in getting selected to the post of accountant in another larger company. You have therefore decided to resign from the present post to accept the new position.

Write a letter of resignation to the Director of Fazaal & Sons.

Include the following in your letter:

- A statement giving notice of your resignation (mention the date you intend to leave).
- The reason for resigning.
- Express your gratitude to the management and the staff for their co-operation, and for the experience gained from the company.
- Include any other matters considered relevant.
- Make a polite request for a service certificate as well.

(10 marks)
05. You are now the Accounts Executive of Thomas & Craig (Pvt) Ltd. You joined the company as an Accounts Assistant and were promoted to the Executive grade six months ago. You have not been paid the appropriate salary of the present grade, and the arrears of salary for the last six months.

You have started putting up your own house with a housing loan from a Bank. You are married and have two school going children. Your wife is not working.

Write a claim to be handed over to the management. Include the following:

- Thank the management for the recognition given to you by the promotion.
- Explain why the claim is submitted (give all the reasons mentioned above).
- Request for the salary appropriate to the present grade and also the arrears of your salary as you need money for the construction of your house.
- Emphasize the fact that your claim should not be misunderstood.

Do not write a letter. Design your own claim in the form of a memo. (10 marks)

06. Read the following text and answer the questions in your answer booklet. Your answers should be meaningful and in complete sentences.

The concept of capital maintenance is concerned with how an entity defines the capital that it seeks to maintain. It provides the linkage between the concepts of capital and the concepts of profit because it provides the point of reference by which profit is measured; it is a prerequisite for distinguishing between an entity's return on capital and its return of capital; only inflows of assets in excess of amounts needed to maintain capital may be regarded as profit and therefore as a return on capital. Hence, profit is the residual amount that remains after expenses (including capital maintenance adjustments, where appropriate) have been deducted from income. If expenses exceed income the residual amount is a loss.

The physical capital maintenance concept requires the adoption of the current cost basis of measurement. The financial capital maintenance concept, however, does not require the use of a particular basis of measurement. Selection of the basis under this concept is dependant on the type of financial capital the entity is seeking to maintain.

The principal difference between the two concepts of capital maintenance is the treatment of the effects of changes in the prices of assets and liabilities of the entity. In general terms, an entity has maintained its capital if it has as much capital at the end of the period as it had at the beginning of the period. Any amount over and above that required to maintain the capital at the beginning of the period is profit.
(1) The concept of capital maintenance provides a linkage according to this text. Briefly explain that linkage.

(2) What may be regarded as profit, and treated as return on capital?

(3) Which concept requires a basis of measurement? What is that basis?

(4) What is the main difference between the two concepts of capital maintenance mentioned in the text?

(5) Define “profit for a period” according to the conclusion in this text.

(15 marks)

07. Write an Essay on any one of the following topics. Use about 200 words.

(1) The best way to invest money. My opinion.

(2) Ethical behaviour for Accounting Technicians.

(3) The Social Responsibility of business enterprises.

(4) The internet and its many uses.


(20 marks)