



Royal College - Colombo 07

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Grade 11 - First Term Test - - June 2021

පළමුවාර පරීක්ෂණය - 2021 - ජූනි - 11 ලේඛනය

කාලය : පැය තුනයි
Time: Three hours

Business and Accounting Studies - I, II

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Name:..... Class:..... Index No:.....

Business and Accounting Studies - I

Note - Answer all questions.

In each of the questions 1 to 40 pick one of the alternatives (1), (2), (3), (4) which you consider as correct or most appropriate.

Answer from question no. 01 to question no. 04 by considering, following information.

Upeka who followed a sewing diploma course started a small ready made garment known as 'Vilasitha' which produces garments for small kids and ladies in her house. She supplied her products to neighbouring shops, but at present she receives more orders from other cities too. She recruited two skilled workers to her garment.

01. What is the need full filled by Upeka's business.

- | | |
|-------------------|-------------------|
| (1) Ladies frocks | (2) Kids trousers |
| (3) Clothes | (4) Housing |

02. According to the nature of products, Upeka's business is belong to;

- | | |
|--|----------------------------------|
| (1) partnerships | (2) service providing businesses |
| (3) commodity manufacturing businesses | (4) Profit oriented businesses |

03. An opportunity of Upeka's business is,

- (1) Having supporting workers.
- (2) being followed a sewing diploma course
- (3) having shops closed by
- (4) Receiving orders from shops in other cities.

04. Select the accurate statement from the followings
- (1) Upeka's business should be registered.
 - (2) Upeka doesnot have skills to saw dresses
 - (3) The demand for her garments decreases
 - (4) There are barriers to develop the business.
05. What is the business organization which suits for a collective management by all owners of a business.
- (1) A sole proprietorship
 - (2) A partnership
 - (3) Incorporated companies
 - (4) Associations
06. The objectives of suppliers as stakeholders
- (1) To receive an adequate profit
 - (2) To decide the prices of products
 - (3) To take accurate management decisions
 - (4) To get continuous orders
07. Select the statement which includes external environmental factors,
- (1) Customers, employees, Competitors
 - (2) Owners, employees, managers
 - (3) Owners, employees, competitors
 - (4) Customers, suppliers, competitors
08. What is the law which decides the maximum partners of a partnership.
- (1) Partnership ordinance of 1890
 - (2) Praud prevention ordinance no. 07 of 1840
 - (3) Business names ordinance no. 06 of 1918
 - (4) Companies act no. 07 of 2007
09. Column X indicates the description of types of trades and column Y indicates the types of trades.
- | Column X | Column Y |
|--|---------------------|
| (1) Selling goods for the purpose of reselling | A. Import Trade |
| (2) Selling a stock of tea to America | B. Whole sale Trade |
| (3) Selling goods for final consumption | C. Export Trade |
| (4) Purchasing a stock of dual from India | D. Retail trade |

The accurate statement when column X matched with the column Y.

- (1) BCAD (2)CBAD (3) BCDA (4) CBDA

10. The types of accounts which facilitate to do transactions for a business man;
 (1) A current account (2) Dhanayojana accounts
 (3) A savings account (4) Fixed deposits
11. Select the statement which shows the numbers of MICR column of a cheque respectively.
 (1) Bank number cheque number, Branch number, bank account number
 (2) cheque number, bank number, branch number, bank account number
 (3) cheque number, branch number, bank number, bank account number
 (4) Bank account number, cheque number, bank number, branch number.
12. The lorry worth of Rs. 2000 000 of Chathura which has obtained an full insurance coverage from Sri Lanka Insurance Corporation had a damage of Rs. 500 000 by an accident, The maximum compensation that chathum can obtain to the damage is,
 (1) Rs. 500 000 (2) Rs. 150 000 (3) Rs. 2000 000 (4) Rs. 250 000
13. Anjana studies about natural disasters from a lecture conducted by the Central Environmental Authority. He further watched an educational programme of natural disasters via Rupavahini and read another related a newspaper article of Dinamina news paper The communication methods used by Anjana to study about natural disasters respectively are.
 (1) Electronic, written, verbal (2) Electronic, verbal, written
 (3) Verbal, electronic, written (4) Verbal, Written, Electronic
14. Select the statement which contains elements of transportation.
 (1) Way, Power, Motor vehicles, Aircrafts
 (2) Way, medium, power, terminal
 (3) Medium, Ship, harbour, Power
 (4) Power, Terminal, Bus, Train
15. What is the function of appointing managers for production and marketing section of a beverages manufacturing company in the management process?
 (1) Planning (2) Organizing (3) Leading (4) Controlling
16. "It is decided to organize the national Volley ball tournament of 2021 by a popular foot ware manufacturing company in Sri Lanka" What is the variable which indicates in the above statement?
 (1) Advertising (2) Personal selling
 (3) Public relations (4) Sales promotions
17. The basic objective of accounting is,
 (1) To know the profit earned by the business
 (2) To know the financial situation of the business
 (3) To provide information to stake holders
 (4) To fulfill legal requirements

18. Following is the accounting equation for a transaction in a business.
 Assets (Rs) = Equity (Rs) + Liabilities (Rs)
 + 5000 + 5000
 The correct transaction which indicates above equation is,
 (1) Sold stock of Rs. 5000 to Saman on credit basis
 (2) Received a rent income of Rs. 5000
 (3) Invested additional capital Rs. 5000
 (4) Purchased stocks of Rs. 5000 by Kelum.
19. The transaction which increases equity from following transactions.
 (1) Paid electricity bill Rs. 3000
 (2) Paid bank loan interest Rs. 2000
 (3) Paid Rs. 7000 to creditors by the owner
 (4) Purchased furniture of Rs. 8000
20. The double entry for a dishonoured cheques of Rs. 4000 which was deposited after receiving from debtors
 (1) Bank account Dr. Rs. 4000
 Debtors account Cr. Rs. 4000
 (2) Debtors account Dr. Rs. 4000
 Bank account Cr. Rs. 4000
 (1) Cash book Dr. Rs. 4000
 Debtors account Cr. Rs. 4000
 (2) Debtors account Dr. Rs. 4000
 Cash book Cr. Rs. 4000
21. Column X indicates the types of accounts and column Y indicates the examples for types of accounts.
- | Column X | Column Y |
|---------------------|----------------------|
| (1) Assets A/C | A. Drawings |
| (2) Expenses A/C | B. Bank loan |
| (3) Equity A/C | C. Motor Vehicles |
| (4) Income A/C | D. Discount received |
| (5) Liabilities A/C | E. Electricity bill |
22. The answer when column X matches with column Y.
 (1) CEADB (2) BAECD (3) ABCDE (4) ECADB
23. The account which represents the double entry "increasing is debit and decreasing is credit"
 (1) Discount received account (2) Capital account
 (3) Creditors account (4) Debtors account
23. The relevant source document and the prime entry book for purchasing a lorry to the shakthi furniture shop from Yamuna motors at Rs. 15 Laks on credit basis are;
 (1) Purchase invoice, purchase journal
 (2) Purchase journal, purchase invoice
 (3) General journal, Journal voucher
 (4) Journal voucher, General journal

- | | | | |
|--|----------------------------|--|----------------------------|
| | Creditors a/c Cr. Rs. 4800 | | Purchases a/c Cr. Rs. 4800 |
|--|----------------------------|--|----------------------------|
36. Because of computerised accounting;
- | | |
|------------------------|--------------------|
| (1) time can be saved | (2) Cost decreases |
| (3) Accuracy increases | (4) All above |
37. Sugandi handunkuru company sold 1000 packets of incense sticks each at Rs. 30 and gave 10% discount in the month of 2020. Total value of sales in this business is;
- | | | | |
|----------------|----------------|----------------|----------------|
| (1) Rs. 22 500 | (2) Rs. 25 000 | (3) Rs. 27 000 | (4) Rs. 30 000 |
|----------------|----------------|----------------|----------------|
38. What is the transaction which is recorded in the general journal?
- (1) Ashoka hardware sold 1000 bags of cement each at Rs. 900
 - (2) Shanthi constructions acquired a concrete mixture machine at Rs. 20 laks on credit basis
 - (3) Tharusha Real Estate company donated Rs. 10 000 to 'Sarana' or fanage.
 - (4) Reimbursing of petty cash imprest of Hasareli book shop by the main cashier to the petty cashier.
39. What is the accounting error which is affected to the agreement of the trial balance.
- (1) No records for a purchase invoice of Rs. 3000 in books
 - (2) Building repairs of 7500 has been debited to the building account.
 - (3) Cash sales of Rs. 500 has been debited to the sales account.
 - (4) Receiving Rs. 2000 by the debtor Amal has be credited to Vimal's account.
40. The amount of Rs. 5000 received from Isuru has been correctly recorded in the cash book, but it is recorded in the wrong side of Isuru's account. The double entry for correct this accounting error is;
- | | |
|-------------------------------|--------------------------------|
| (1) Isuru's a/c Dr. Rs. 5000 | (2) Suspense a/c Dr. Rs. 5000 |
| Cash a/c Cr. Rs. 5000 | Isuru's a/c Cr. Rs. 5000 |
| (3) Isuru's a/c Dr. Rs. 10000 | (4) Suspense a/c Dr. Rs. 10000 |
| Suspense a/c Cr. Rs. 10000 | Isuru's a/c Cr. Rs. 10000 |



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Business and Accounting Studies - I, II

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Business and Accounting Studies - II

Answer 05 questions including questions number 01 and 02 questions from part I and 02 questions from part II.

01. Answer question no. 01 to no. 10 using following case study.

Kanthi who had a diploma in cookery had an idea of commencing a business. A national school was started in her area recently. She started a canteen called a Rasapiyasa closed to the school by investing Rs. 200,000 and her threewheel worth of Rs.300 000 as there is no canteen in side the school yet. On the same day she obtained a bank loan of Rs. 100,000 and recruited an assistant for her work.

Kanthi purchased bakery products from bakeries as well as from small scale food producers in her area on cash basis and on credit basis. She sold food on cash basis only. Following are the transactions related to the month of January 2020.

	Rs.
Purchasing of equipments	30 000
Purchasing of foods	15 000
Credit purchases	10 000
purchasing of gas	3 000
Rent payment	5 000
Salary payment	8 000
Maintenance of the threewheel	6 000
other expenses paid	2 000
Sales for the month	10 000

- (1) (a) What is the business category that 'Rasapiyasa' belongs to according to the nature of the product ?
- (b) What is the need fulfilled by the business and name two related wants

- (2) (a) What is the business organization that this business belongs to
 (b) Should this business be registered. Give reasons.
- (3) (a) State an occasion where a whole sale trade happens?
 (b) What is the management function that recruiting of a worker belongs to ?
- (4) State two businesses mentioned in the above case and state the type of business organizations those belong to
- (5) Write down the accounting equation as at 01 - 01 - 2020.
- (6) (a) What the capital as at 01 - 01 - 2020.
 (b) Calculate the value of non - current assets of this business as at 31 - 01 - 2020.
- (7) State two prime entry books and relevant source documents used in this business.
- (8) Write down the double entry with value for purchasing of equipments at Rs. 30 000.
- (9) Calculate the cash in hand as at 31 - 01 - 2020.
- (10) Prepare the purchases Journal of this business and post in to the ledger.
 (2 marks x 10 = 20)

Part - I - Business studies

Answer two questions only.

- (2) (i) (a) What is a business?
 (b) Write two difference between human needs & wants.
- (ii) State whether following statements are true or False.
 (a) The whole world has become an Universal village due to electronic media.
 (b) The aim of suppliers is obtaining a fair salary as state holders.
 (c) Increasing of fuel price relates to the economic environment.
 (d) All retail shops are service providing businesses.
- (iii) Karunadasa produces lunch sheet by using banana leaves which are purchased from farmers of banana. He sells his products to canteens.
 (a) Name two stakeholders of Karunadasa's business.
 (b) State an objective of above stated stake holders.
- (iv) (a) Demand for ready made dresses has been increased due to increasing of women employment. Nilmini started a small garment with a skilled helper. Nilmini's business got popular as presenting of quality ready makes.

(b) Write a strength and an opportunity of Nilmini's business.

03. (i) (a) What is a cheque ?

(b) Write two types of crossing a cheque.

(ii) State whether following statements are true or false.

(a) Principle of indemnity affects to the life assurance.

(b) The way of reacting by the receiver over the message is feed back in communication.

(c) Buying 100 kg of rice for the wedding of the daughter is a retail trade.

(d) The place where the medium of transportation are handed is the terminal.

(02 marks)

(iii) Amal, Kamal and Vimal are three talented mechanics in motor vehicles repairing. They had a thought of commencing a business and agreed to bear profit and losses gained by themselves. They hope to participate all activities of the business.

(a) What is the business organization you propose to Amal, Kamal and Vimal.

(b) Write down one advantage and one disadvantage of above stated business organization.

(02 marks)

(iv) Nihantha obtained an insurance coverage for his motor vehicle of Rs. 2000 000 from Sri Lanka Insurance corporation. One day the motor vehicle met an accident and had a damage of Rs. 500 000.

(a) State the names of insured of the insurer separately.

(b) How much will be received to Nishantha as the compensation and what is the principle affected to it.

(02 marks)

(Total marks 08)

04. (i) (a) State the functions of management.

(b) What is marketing.

(02 marks)

(ii) State whether the following statements are true or false.

(a) Any form in which a buyer and seller meets is considered as a market.

(b) Providing information and instructions to workers by managers is controlling.

(c) Price in the marketing is an important variable to businessmen as well as to consumers.

(d) Manufacturer and whole seller act as intermediaries in distribution of product.

(02 marks)

03. Following are some activities of a manufacturing company of drinking water bottles.

- Recruiting machine operators.
- Providing information and instruction to machine operators.
- Deciding the shape of drinking bottles.
- Comparing drinking bottles with the standards.

Name the function of management of above activities. (02 marks)

04. Baladewa runs a business of Manufacturing cement bricks. He distributes this production by himself.

- (a) What is the market mix in which cement bricks belong to
- (b) Name the system of distribution by Baladewa.

Part II - Accounting

Answer two questions only.

05. (i) (a) State two stakeholders of the business.
 (b) State the similarity of an assets and a liability. (02 marks)

(ii) Following are some transactions in the business of Sajith for the month of January 2020.

1. Invested Rs. 50 000 as capital
2. Purchased stocks of Rs. 10 000 on credit basis.
3. Sold stocks which was purchased Rs. 2000 at Rs. 3000.
4. Paid electricity bill of Rs. 4000.

Indicate above transactions by using below table and state the balances of each item.

Transaction	Assets		= Equity +	Liabilities
	Stocks	Cash	Capital +	Creditors
1				
2				
3				
4				

(6 marks)

(iii) Cash transactions of Nisal's Business for the month of January 2020 are given below cash balance as at 01 - 01 - 2020 is Rs. 10,000

Date	Receipt No.	Voucher No.	Description	Value Rs.
02 - 01 - 2020	01		obtained a bank loan	15000
05 - 01 - 2020		01	cash purchases	7000
10 - 01 - 2020	02		cash sales	3000
15-01-2020		02	paid electricity bill	2000
20-01-2020	03		received cash from debtors	1000

Required to prepare the cash book as at 31 - 01 - 2020 and balance off. (04 marks)
(Total mark - 12)

06. (i) Explain petty cash imprest. (01 marks)
(ii) Following are double entries of two transaction of a business.
(a) Debtors account debit Rs. 6000
(b) Creditors account debit Rs. 9000
Discount received A/C credit Rs. 1000

Write the transaction occurred for above transactions. (01 mark)

- (iii) Following information indicates petty cash expenses of Rathnasiri's business for the month of January.

Date	Description	Value (Rs.)
01-03-2020	Received imprest	3000
02-03-2020	Stationery expenses	150
06-03-2020	Travelling expenses	200
09- 03-2020	Purchasing office equipment	500
11-03-2020	Entertainment expenses	130
14-03-2020	taxi fee	180
18-03-2020	carriage inwards	160
21-03-2020	Labour cost	200
23-03-2020	Pens, pencils	210
25-03-2020	Entertainment expenses	170
25-03-2020	Clearing charges	220
01-04-2020	Reimbursement of petty cash imprest.	

Required to prepare petty cash book by including stationery expenses.

Travelling expenses. Travelling expenses, Entertainment expenses columns.
(5marks)

(iv) Following information is related to Wickrama's business for the month of 2020.

Date	Invoice No.	Buyer	Net value (Rs.)
07 - 06 - 2020	610	Kusal	13, 500
07 - 06 - 2020	611	Visal	8, 200
18 - 06 - 2020	612	Nayomi	5, 300
28 - 06 - 2020	613	Mayuri	9, 250

Required to prepare sales journal and the relevant account. (5 marks)

(Total mark 12)

07. (i) (a) What is bank overdraft.

(b) What are the transactions recorded in the General Journal. (2 marks)

(ii) Balance of the bank account of Kirthi's business as at 31 - 01 - 2020 is Rs. 30 000.

It differs from the balance in the bank statement. Following reasons were revealed.

01. Cheques deposited but not realized Rs. 5000

02. Direct remittances Rs. 3000

03. Cheques issued but not presented to the bank Rs. 7000

04. Standing order Rs. 2000 (Insurance payment)

Prepare; 1. Adjusted bank account

2. Bank reconciliation as at 31-01-2020 (4 marks)

(iii) Debit balanced of the trial balance of Ravindu's business was less than Rs. 28,000 compared to the credit balance. Following errors were revealed.

01. A purchased invoice of Rs. 5000 was not recorded in books.

02. Total of sales journal has been increased by Rs. 12000

03. Transport payment of Rs. 16 000 is not recorded in the transport account.

04. The payment for Amal of Rs. 9000 has been debited to Vimal's account.

Required; 1. Journal entries to rectify above errors.

2. Suspense account. (6 marks)

(Total marks 12)