

Devi Balika Vidyalaya – Colombo 8
1st Term Test - 2016

Business & Accounting Studies - I

Grade - 11

Time : 1 hr.

Name :

❖ Answer all Questions.

- (1) Business is,
- Process of producing and distributing of goods.
 - Any activity of fulfilling human needs and wants.
 - Any activity performed with profit motive.
 - An agreement among individuals regarding trade.
- (2) Select the false statement.
- Needs arise naturally and can not be created.
 - Various wants can be used to satisfy one need.
 - Generating job is a purpose of profit motive businesses.
 - Food, clothing & shelter are considered as basic human needs.
 -
- (3) Anything produced by man in order to facilitate manufacturing process.
- Enterprise membership Entrepreneurship
 - Capital
 - Mental effort
 - Physical effort
- (4) They party who needs to collect tax due, generate employment opportunities, increase the domestic production is,
- Owners
 - Employees
 - Government
 - Suppliers
- (5) Not a party include in external environment
- Employees
 - Customers
 - Suppliers
 - Political environment
- (6) Select the incorrect statement.
- Strength – Experience of managers
 - Weakness – Negative attitudes of workers
 - Opportunity – Designing new cities
 - Threat – knowledge about new technologies not been updated.

(7) Scale of a business organization depends on different criteria. Business employee less than 25 employers according to the department of census & statistics are considered as,

- i. Partnership
- ii. Small & scale business
- iii. State companies
- iv. Large scale business

(8) Sri Lanka ports Authority and Sri Lanka Bureau of foreign employment which are established under a general or special Act of the parliament are known as,

- i. Cooperative society
- ii. Government Department
- iii. Incorporated companies
- iv. State corporations

(9) Not an organization operating to protect consumers, local producers and business community.

- i. Central environmental Authority.
- ii. Labour Tribunals.
- iii. Multi-purpose cooperative society
- iv. Consumer affairs authority

(10) Select the matching combination of "A" and "B"

- | | <u>A</u> | <u>B</u> |
|------|------------------------|---------------------------------|
| 1. | Cooperative societies | A- started on a special Act. |
| 2. | State corporations | B- not having legal personality |
| 3. | Incorporated companies | C-democratic control |
| 4. | Partnerships | D-limited liability |
| i. | 1-A, 2-B, 3-C, 4-D | |
| ii. | 1-B, 2-C, 3-D, 4-A | |
| iii. | 1-C, 2-D, 3-A, 4-B | |
| iv. | 1-C, 2-A, 3-D, 4-B | |

(11) Not a feature of retail trade.

- i. Close proximity to customers.
- ii. Unit selling price is relatively low
- iii. Selling goods for final consumption
- iv. Providing a variety of goods

(12) Buying crude oil from middle east countries and buying automobiles from Japan are included in,

- i. Export trade
- ii. Re export trade
- iii. Import trade
- iv. Whole sale trade

(13) Special features of a fixed deposit

- i. Can obtain a loan by providing fixed deposit as collateral.
- ii. Receiving a monthly interest
- iii. Can draw cheques
- iv. Can pay transactions using debit cards.

(14) Type of account which can receive bank overdrafts.

- i. Senior citizens account
- ii. Savings account
- iii. Fixed deposit accounts
- iv. Current account

(15) The source document can be used to prove the issue of a cheque by the account holder,

- i. Bank statement
- ii. Counter foil
- iii. Receipt
- iv. Cheque book

(16) Not a number included in the magnetic zone of a cheque,

- i. Cheque book number
- ii. Cheque number
- iii. Bank branch number
- iv. Current account number

(17) Main objective of crossing a cheque

- i. To get money over the counter easily by payee.
- ii. To transfer the cheque to another person.
- iii. To provide more security to the cheque.
- iv. To encash the cheque without having a current account.

(18) Select the false statement.

- i. It is not essential to have a bank account in order to obtain a credit card.
- ii. Can withdraw money from savings account using automated teller machine
- iii. It is not essential to have a current account in order to obtain a debit card.
- iv. The account of the transaction paid by the debit card will be transferred through account of both parties.

(19) If a damage occurred to an insured property, a sufficient compensation is paid to reinstate the damage to previous state, this principal is called.

- i. Indemnity
- ii. Utmost good faith
- iii. Insurable interest
- iv. Contribution

(20) Not a common element in communication process.

- i. Message
- ii. Response
- iii. Medium
- iv. Cost

(21) Select the answer which shows the effect of paying insurance premium Rs.12,000/- by cash on accounting equation of Manuwansha's business.

Assets	=	Equity	+	Liability
-	=	-12000		+12000
-	=	+12000		-12000
-12000	=	-12000		-
+12000	=	+12000		-

- (22) Creditors account is a (1) _____ while discount allowed account is a (2) _____

Select the answer which include answer for (1) and (2) respectively.

- i. Asset account, Expense account
- ii. Asset account, Income account
- iii. Liability account, Income account
- iv. Liability account, Expense account

- (23) A column of the following table shows some transactions of a business B column shows some source documents.

<u>A</u>	<u>B</u>
1) Credit sales of furniture Rs.30,000	K – Payment voucher
2) Receipt from a debtor cash Rs.25,000	L- Sales invoice
3) Selling goods to manula Rs.5000	M-Journal voucher
4) Paying electricity bill by cash Rs.5000	N-Receipt

When B column is matched according to the order of A column,

- i. L, K, N, M
- ii. M, N, L, K
- iii. M, K, L, K
- iv. N, M, K, L

- (24) Select the correct statement regarding prime entry books.

- i. When there is an absence of special prime entry book these transaction are recorded in petty cash book.
- ii. When selling used furniture of the business it is recovered in the sale journal.
- iii. All purchases on credit basis are recorded in the purchase journal.
- iv. Credit purchase of a vehicle for the use in business is recorded in the general journal.

- (25) Select the correct double entry of recording following transaction.

Selling a stock worth of Rs.25,000/- to Kumara

- i. cash book dr. 25000
sales a/c cr. 25000
- ii. Sales a/c dr. 25000
Kumara' a/c cr. 25000
- iii. Kumara's a/c dr.25000
sales a/c cr. 25000
- iv. Creditor's a/c dr.25000
Sales a/c cr 25000

- (26) The source documents which is used to adjust the bank book balance of a business is,

- i. Cheque counterfoil
- ii. Bank reconciliation statement
- iii. Cheque deposit slip
- iv. Bank statement

(27) Petty cash imprest of Chathumadura Business is Rs.2000/- at 30/01/2016 petty cashier has Rs.200/- in hand. On same day imprest was reimbursed. Correct double entry regarding reimbursement of petty cash imprest is,

- | | | | |
|------|---------------------|-----------------|------|
| i. | Cash book dr. | 2000 | |
| | | Petty cash book | 2200 |
| ii. | Cash book dr. | 2200 | |
| | | Petty cash book | 2200 |
| iii. | Petty cash book dr. | 1800 | |
| | | Cash book cr. | 1800 |
| iv. | Petty cash book dr. | 2000 | |
| | | Cash book cr. | 2000 |

(28) Credit balance of the bank a/c of the business is

- An asset
- A liability
- An income
- An expense

(29) As at 31/01/2016 balance of the business bank a/c was Rs.25000/-but the balance as per bank statement was Rs.260500/-. Reason for this difference might be,

- Value credited incorrectly to the business bank a/c was Rs.1500/-
- The bank credited Rs.1500/- incorrectly to the current a/c
- Bank chargers not recorded in the bank book Rs.1500/-
- Un realized cheques Rs.1500/-

(30) Recorded in the debit side of the cash book

- Discount allowed
- Trade discount
- Discount received
- Cash discounts

(31) Following information are related to Samanal's Business for the year 2015

<i>Capital as at 01/01/2015</i>	<i>Rs.215,000.00</i>
<i>Income of the year</i>	<i>Rs.110,000.00</i>
<i>Expenses of the year</i>	<i>Rs. 60,000.00</i>
<i>Additional capital invested during the year</i>	<i>Rs.40,000.00</i>

Entry as at end of the year is,

- Rs. 90,000.00
- Rs.125,000.00
- Rs.205,000.00
- Rs.305,000.00

(32) Transactions are recorded in accounts,

- According to assets principal
- Increased debit and decrease credit.
- According to double entry system.
- Decrease debits and increase credit.

(33) Dual function of the cash book is,

- i. Recording cash receipts & cash payments
- ii. Recording debit & credit according to double entry system
- iii. Prime entry book and ledger a/c
- iv. Recording transactions using receipts & vouchers

(34) By agreeing total of debit & credit of the trial balance, says-

- i. Process of keeping accounts was done correctly.
- ii. The values debited to the accounts & equal to the values credited to the accounts.
- iii. All the transactions on prime entry books were recorded in the ledger a/c
- iv. Transactions were recorded correctly according to double entry principle

(35) Susantha purchased a computer for the use of business from Amara for Rs100,000/-. Which prime entry book can be used to record this transaction.

- i. Cash book
- ii. General
- iii. Purchase journal
- iv. Creditors' a/c

➤ Using following information answer the questions 36 & 37

- ✱ *Favorable balance of the adjusted cash book as at 31/03/2015 is Rs.12500/-*
- ✱ *Unrealized cheques Rs. 2500/-*
- ✱ *Bank charges Rs.250/-*
- ✱ *Debitors remittance Rs.1250/-*
- ✱ *unpresented cheques Rs.5000/-*

(36) Balance of the bank a/c as at 31/03/2015

- i. Rs.12750/-
- ii. Rs.14000/-
- iii. Rs.13750/-
- iv. Rs.11500/-

(37) Bank balance as per bank statement

- i. Rs.10000/-
- ii. Rs.15000/-
- iii. Rs.14000/-
- iv. Rs.13750/-

➤ Following are some accounting errors using them answer the question no. 38,39 & 40.

A – Insurance premium paid Rs.2000/- was not recorded in the ledger.

B – Purchase of stationary Rs.5000/- recorded only in the cash book.

C- Discount allowed Rs.4000/- recorded in books as Rs.4400/-

D- Over casing of the sales journal by Rs.2500/-

E- Motor vehicle repair expenses Rs.2000/- was debited to motor vehicle a/c

(38) Out of above which errors are not affecting the agreement of trial balance.

- i. A, B & E
- ii. A, C & E
- iii. B, C & E
- iv. B, C & D

(39) Out of above which error affect the agreement

- i. B & E
- ii. A & E
- iii. B & D
- iv. C & D

(40) What is the error occurred in "E"

- i. Error of commission
- ii. Error of principle
- iii. Recording incorrect amount
- iv. Recording twice

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Business & Accounting Studies - II

Grade - 11

Time :2 hrs.

Name :

- ❖ **Question number one is compulsory. Answer five questions selecting two questions from each part I & II**

(1) Use following case to answer questions 1 to 10.

Aruni and Piyumi who are the agriculture graduates passed out recently have decided to start their own business. They searched about various opportunities within the sector, and realized that there is an increasing demand for organic fertilizer and hybrid fruit plants. According two friends invested Rs.30,000/-each and started business in a land owned by Piyumi.

Business purchased Rs.10,000/- worth of fruit plants with an intention of reselling and purchased pots for 5,000/-. Also spent Rs.15,000/- to build a greenhouse for plants and purchased equipments for Rs.6,000/- Business purchased materials to produce organic fertilizer worth of Rs.15,000/-. They made an attractive name board having the name "Haritha Plants" spending Rs.3000/-.

In addition to earning profit they expect to provide jobs opportunities for un employed youth.

- i. Define business
- ii. State a strength and an opportunity can be identified in above case
- iii. Name two media which can used by Piyumi&Aruni to explore the business world.
- iv. What is the type of business organization
- v.
 - a) Is it needed to register this business? Give your reason.
 - b) If it is needed what is the act related to register above business.
- vi. What are the advantages can be gained by carrying out business by two friends.
- vii. If Piyumi&Aruni expects to open a bank a/c for the business which type of a/c is suitable?
- viii. Give your reasons for above (vii) answer.
- ix. What are the objectives "haritha Plants".
- x. Prepare the cash of "Haritha Plants" and balance it.

Part I – Business Studies

❖ Answer & two questions only.

(2) "All business run with a special objective or with a few objectives"

- i. Name two common objectives of a business.
- ii. Name two sub objective under above.
- iii. Compare commodity producing and service providing business.
- iv. Define managers and employees and give reasons for their interest on business.
- v. Name internal environment forces of a school.

(3) "Today entire world has become a global village due to development in information communication technology."

- i. List negative impacts of globalization.
- ii. Give two examples each for strength & weakness of a business.
- iii. When classifying business according to scale what are the quantitative criteria used.
- iv. Give two features and two advantages of a sole proprietorship.
- v. Compare a partnership and a limited company.

(4) i. Classify trade using a flow chart

- ii. Name factors affecting to foreign trade and benefits of it to a country.
- iii. Write the services of a commercial bank.
- iv. Define a cheque and name parties of it.

v. Sunil Ekanayaka has his current a/c at Peoples Bank Mawanella branch. He needs to give a cheque in order to settle a transaction to Musthafa Mohamed who has opened his current a/c at Hatton National Bank Mahiyanganaya branch. Further Susil Needs to give this cheque with maximum safety. Draw up a suitable crossed cheque.

Part II – Accounting

❖ Answer & two questions only.

(5) Rumana started a textile business on 01/01/2015 by investing Rs.50,000/- following are the transactions accrued during the year ended 31/12/2015.

1. Acquired machinery & equipment's worth of Rs.100,000/-
2. Purchased a stock of garments for Rs.190,000/-
3. Paid building rent for the year. Monthly rent is Rs.10,000/-.
4. Paid electricity bill Rs24,000/-.
5. During the year garments worth of Rs.50,000/- sold on credit basis for Rs.75,000/- and garments worth of rs.25,000/- sold on cashe for Rs.40,000/-.

6. During the year credit purchase were Rs.100,000/-
 7. During the year paid to creditors Rs.50,000/-

Required-

- Present above information using bellow accounting equation
 $\text{Machinery} + \text{stock} + \text{debtors} + \text{cash} = \text{capital} + \text{creditors}$
- Balance the final accounting equation.

(6) Following bank statement and bank a/c is related to Charika Enterprises for the month of January.

		Dr, (Rs)	Cr (Rs)	Balance
01/01	Balance b/f			23,000.00
01/03	3333	12000.00		11000.00
	Cash		13,500.00	24500.00
1/11	3335	1200.00		23000.00
1/12	3334	12400.00		10900.00
1/13	Cheque - Perea		6700.00	17600.00
	Bank charges	800.00		16800.00
1/25	3337	3200.00		13600.00
1/28	4444	600.00		13000.00
	ChequeSaman		4900.00	17900.00
	ChequeSarath		5400.00	23300.00
1/30	cash		4500.00	27.800.00

Bank a/c

01/01	b/lb/f	23000.00	01/01	Purchases 3333	12000.00
01/03	Cash	13500.00	01/03	Drawing 3334	12400.00
01/13	ChequePerera	6700.00	01/03	Lease 3335	1200.00
01/14	Chequecooray	2500.00	01/15	Purchase 3336	5600.00
01/28	ChequeSaman	4900.00	01/24	Electricity 3337	3200.00
01/28	ChequeSarath	5400.00			
01/30	cash	4500.00	01/31	b/l c/d	26100.00
		<u>60500.00</u>			<u>60500.00</u>

Required,

- Prepare adjusted cash book for month ended 31/12/2015
- Prepare bank reconciliation statement for the month ended 31/12/2015

(7) A) The trial balance of Sarita Ltd as at 31/12/2015 was not agreed. The difference Rs.2300/- was debited to a suspense a/c. Subsequently following errors were revealed.

- i. Cash book had a credit balance of Rs.1,250/- due to not recording additional capital Rs.3000/- invested by the owner only in the cash book.
- ii. Under casting of the electricity a/c by Rs.2000/-
- iii. Cash sales Rs.15,260/- recorded in the sales a/c as Rs.12,560/-
- iv. Discount allowed Rs.2,250/- mistakenly debited in discount received a/c but correctly recorded in debtors account.

Required-

- i. Journal entries to rectify above errors.
- ii. Suspense a/c

(08 marks)

(8) State whether following accounts a/c assets, liabilities equity, invoice or expenses,

- i. Purchases
- ii. Machinery
- iii. Drawings
- iv. Fixed deposit interest

(02 marks)