

A3 - 06
A4 - 02

Colombo Educational Zone - Western Province
Second Term Evaluation - 2016

Grade 11 Business and Accounting Studies - 1 Time - 1 Hour

Index No

Note:

- (i) Answer all questions.
- (ii) In each of the questions 1 to 40, pick one of the alternatives (1),(2),(3),(4) which you considered as **correct** or **most appropriate**.
- (iii) Mark a cross (x) on the number corresponding to your choice in the answer sheet provided.

1. The most appropriate statement which describes the term business is;

- (1) Any place where marketing the goods and services.
- (2) Any place where purchasing the products and distributing
- (3) Any activity which satisfying the human needs and wants
- (4) An economic activity which associating with manufacturing and distributing the goods and services to satisfy the human needs and wants.

2. There are few businesses mentioned in below.

- A. Education institute
- B. Garment factory
- C. Insurance company
- D. Bakery
- E. Beauty saloon

Select the answer which includes only the service providing businesses.

- | | |
|----------------|----------------|
| (1) A,B, and C | (2) A,C, and D |
| (3) A,C, and E | (4) A,D, and E |

3. The stakeholder who interests for business to ensure security of investment and enhancing the future growth of the business is,

- | | | | |
|--------------|------------|--------------------------|---------------|
| (1) Managers | (2) Owners | (3) Financial institutes | (4) Customers |
|--------------|------------|--------------------------|---------------|

4. Both positive and negative impacts have been arisen from global environment for the domestic businesses. Select such a negative impact among the followings.

- (1) Inflow of foreign capital
- (2) Domestic skilled workers migrating to foreign countries
- (3) Possibility to obtain latest technology
- (4) Possibility to obtain quality raw material

05. Select the answer which includes a strength and an opportunity respectively after studying the business environment.

- (1) Managers who have experiences and entitle for tax concessions
- (2) Constructing the highways and adequate capital amount
- (3) Skillful employees and adequate capital amount
- (4) Introducing the loan scheme at low interest rate by government and having the recognize brand name.

06. Which of the following legal condition is not relevant in conducting the partnership?

- (1) Partnership Ordinance 1890
- (2) Company Act No.07. Of 2007
- (3) Fraud Prevention Ordinance 1840
- (4) Co-operative Society Act No.05 of 1972

07. The deposit type which can be opened at a fixed interest rate for the certain period of time is known as;

- (1) Saving accounts
- (2) Fixed deposits
- (3) Current accounts
- (4) NRFC accounts

08. If you need to open a current account, which of the following bank you would select?

- (1) State mortgage and investment bank
- (2) People's bank
- (3) National Savings Bank
- (4) Sri Lanka Savings Bank

09. The first group of numbers in the MICR strip of every cheque indicates;

- (1) Cheque number
- (2) Bank number
- (3) Bank's branch number
- (4) Bank account number

10. Which of the following answer includes the examples correctly for the element of transportation?

- (1) Train, airways, fuel, capacity
- (2) Highways, motor vehicle, gas, railway station
- (3) Air ways, aero plane, bus, bus station
- (4) High ways, motor vehicle, cost, bus station

11. Concern the following communication methods.

- A. Intercom
- B. Electronic mail.
- C. Notice board
- D. Staff meetings

Select the answer which includes only verbal communication methods.

- (1) A and B
- (2) C and D
- (3) A and D
- (4) B and D

12. The management process of determining the objectives of a business and determining the activities to achieve these objectives is known as;

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

13. The variables of marketing mix are;

- (1) Product, Quality, Price, Promotion
- (2) Product, Price, Place, Advertising
- (3) Product, Price, Place, Promotion
- (4) Place, Promotion, Price, Quality

14. Which of the following is not belonged to the promotional variable in the marketing mix?

- (1) Advertising
- (2) Discounts and allowances
- (3) Personal selling
- (4) Sales Promotions

15. Which of the following is not an element of management process?

- (1) Organizing
- (2) Controlling
- (3) Leading
- (4) Efficiency

16. Which of the following is not a task belonged to the Organizing?

- (1) Communication
- (2) Division of work
- (3) Assigning to the job positions
- (4) Allocating resources

17. What is the main aim of the accounting?

- (1) Fulfilling the legal requirements
- (2) Calculating the profit of the business
- (3) Providing the required information for stakeholders in the business.
- (4) To calculate the financial position of the business

18. Akalanka started a business on 01-01-2015 by investing Rs.250, 000.00. The total income and expenses respectively for the year ended 31-12-2015 were Rs. 160,000.00 and Rs. 110,000.00 He has obtained Rs.25, 000.00 from the business for his personal use. Calculate the equity as at 31.12.2015.

- (1) Rs. 325,000.00
- (2) Rs.300,000.00
- (3) Rs. 225,000.00
- (4) Rs.275,000.00

19. Anil's business petty cash expenses for month of January 2015 was Rs. 2850.00. As at 1.1.2015 the petty cash in hand balance was Rs. 150. If the petty cash imprest was decided to be increased by Rs.500 on 01.02.2015, then how much will be the value of re-imburement?

- (1) Rs.2850.00
- (2) Rs. 3000.00
- (3) Rs.3350.00
- (4) Rs. 3500.00

20. Asanka sold Rs.50, 000 worth goods to Sanka and later he gave a cheque of Rs.50,000 for it. This cheque was deposited on a bank current account. Bank informed to Asanka that cheque was dishonored. Which of the following is not a reason affected to dishonor this cheque?

- (1) Insufficient balance in Asanka's current account
- (2) Insufficient balance in Sanka's current account
- (3) Cheque has been written disorderly
- (4) Signature is not included on the cheque

21. Which of the following bank statement items are needed to consider, when adjusting the bank account?

- (1) Direct remittances, payments on standing orders, the cheques issued but not presented
- (2) Direct remittances, Payments on standing orders, bank charges
- (3) The cheques deposited but not realized, bank charges, direct remittances
- (4) The cheques deposited but not realized, the cheques issued but not presented, Bank charges

22. Adjusted bank account balance as at 31.01.2016 is Rs. 310,000. The value of cheques deposited but not realized and issued but not presented cheques respectively were Rs. 85,000 and Rs. 45,000. What is the balance of bank statement as at 31.01.2016?

- | | |
|-----------------|-----------------|
| (1) Rs. 350,000 | (2) Rs. 310,000 |
| (3) Rs. 265,000 | (4) Rs. 270,000 |

23. Which of the following transaction can be recorded in the Purchase journal?

- (1) All the assets purchased on credit
- (2) Purchase of trade goods on credit with the intention of reselling.
- (3) Purchase of goods on credit
- (4) Cash purchases of trade goods

24. Which of the following is not a benefit gained from maintaining a current account?

- (1) Ability to obtain bank overdraft facilities.
- (2) To collect remittances
- (3) Ability to make payments via cheques
- (4) Bank charges

25. Sales invoice of Rs. 30,000 was completely neglected and prepared the trial balance through accounting process. This error was occurred when;

- (1) Recording the transactions in prime entry books.
- (2) Posting the transactions to the ledger.
- (3) Balancing off the ledger accounts.
- (4) Preparing the trial balance

26. Which of the following error affects the agreement of the trial balance?

- (1) Omission of sales invoice Rs. 20,000 completely from the books.
- (2) Credit purchase Rs. 20,000 has been entered as Rs. 2000 in ledger accounts
- (3) Receipt from debtors Rs. 10,000 has been reordered as Rs. 15,000 in the ledger accounts.
- (4) Recording the cash sale, Rs. 5000 only in the cash book.

27. Payment of Rs. 2000 for Akila who is a creditor, has been only recorded in the cash book but not recorded in Akila's account. Which of the following journal entry is relevant for the correction of above error?

- | | |
|----------------------------------|-------------------------------|
| (1) Akila's account debit 20,000 | Cash book credit 20,000 |
| (2) Akila's account debit 20,000 | Suspend account credit 20,000 |
| (3) Cash book debit 20,000 | Akila's account credit 20,000 |
| (4) Suspend account debit 20,000 | Akila's account credit 20,000 |

28. Following statement are said by an accounts clerk. Which of the following is the correct statement?

- (1) The total of purchase journal is debit to the purchase account.
- (2) All the purchases are recorded in the purchase journal.
- (3) The total of the expenses in petty cash book are debit to the sundry account.
- (4) Machine maintenance expenses are debit to the machine account.

29. Which of the following transaction is not recorded in the general journal?

- (1) Obtaining the machine on credit basis for the use of the business.
- (2) Purchases of trade goods on credit
- (3) Purchasing a land on credit basis
- (4) Owner has taken trade goods for his personal use.

30. Which of the following reason is affected to exceed the balance of bank statement than the balance of the bank account?

- (1) The value of cheques deposited but not realized.
- (2) The cheques issued but not presented to the bank for payment
- (3) Direct remittances
- (4) All of the above

31. Drawings account of a business is,

- (1) an assets account
- (2) an expenses account
- (3) an equity account
- (4) a liability account

32. Which of the following is a source document used to record the general journal?

- | | |
|----------------------|-----------------|
| (1) Journal voucher | (2) Receipt |
| (3) Purchase invoice | (4) Credit note |

33. The total of the sales journal is entered according to the double entry principle at the end of the period. The double entry for this would be;

- (1) Cash account Dr
 Sales account Cr
- (2) Debtors' account Dr
 Sales account Cr
- (3) Sales account Dr
 Debtor's account Cr
- (4) Sales account Dr
 Cash account Cr

34. Which of the following is a correct double entry followed when recording the credit purchases of goods?

- (1) Purchase account Dr
 Cash account Cr
- (2) Purchase account Dr
 Creditors' account Cr
- (3) Cash account Dr
 Purchase account Cr
- (4) Creditor's account Dr
 Purchase account Cr

35. Which of the following source document is used in cash payment?

- (1) Receipt
(2) Sales invoice
(3) Purchase invoice
(4) Voucher

Answer the question No.36- 40 using the following information.

	Dr (Rs.)	Cr(Rs.)
Capital		200,000
bank loan 12%		50,000
Land and buildings	200,000	
Stock as at 01.04.2009	16,000	
Purchase	50,000	
Sales		80,000
Debtors	17,000	
Creditors		11,000
Insurance	6,000	
salaries	15,000	
Bank loan interest	3,500	
drawings	2,000	
Cash in hand	31,500	
	<u>341,000</u>	<u>341,000</u>

Additional Information:

- ❖ Stock as at 31-03-2010 ; Rs. 8,000
- ❖ Accrued insurance expenses Rs. 1000
- ❖ 5% of debtors should be written off as bad debts.

36. The cost of sales of Sumudu's business for the year ended 31.03.2010 could be;

- | | |
|---------------|----------------|
| (1) Rs.56,500 | (2) Rs. 58,000 |
| (3) Rs.64,500 | (4) Rs. 66,000 |

37. The gross profit for the year ended 31.03.2010 could be;

- | | |
|----------------|----------------|
| (1) Rs. 13,500 | (2) Rs. 22,000 |
| (3) Rs. 21,500 | (4) Rs. 23,500 |

38. How much is needed to be included in the profit and loss account as the bank loan interest of this business for the year ended 31-03-2010?

- | | |
|---------------|--------------|
| (1) Rs.2,500 | (2) Rs.3,500 |
| (3) Rs. 6,000 | (4) Rs.9,500 |

39. What should be the net value of debtors included in the balance sheet as at 31-03-2010?

- | | |
|----------------|----------------|
| (1) Rs. 14,250 | (2) Rs. 14,520 |
| (3) Rs. 15,000 | (4) Rs. 16,150 |

40. The total value of all the assets stated in the balance sheet of this business as at 31.03.2010 could be;

- | | |
|-----------------|-----------------|
| (1) Rs. 253,750 | (2) Rs. 254,500 |
| (3) Rs. 254,750 | (4) Rs. 255,650 |

Colombo Educational Zone - Western Province
Second Term Evaluation - 2016
Business and Accounting Studies - II

Grade 11

Time - 2 Hour

Index No

Instructions;

- **Including question No.1 answer five questions selecting two questions from each parts (part I and II).**

1. Answer the question No.(i) to (x) by using the following case.

Manusha has started yoghurt distribution business called "Ruhunu Yoghurt" on the 01.01.2015 by employing Rs. 500,000 of his own money and his van of Rs.800,000. He purchases yoghurt from "Ranrasa Limited Company". Business has obtained the bank loan of Rs.100,000 on the 10.01.2015 and opened a bank current account at People's Bank on the 11.01.2015 by depositing that loan amount.

Following transactions have been occurred during the month of January,2015 were as follows:

12.01.2015 Purchased a refrigerator	Rs.30,000
15.01.2015 Purchased on cash	Rs. 28,000
16.01.2015 Paid monthly salary for van driver (by cheque)	Rs. 20,000
18.01.2015 Cash sales	Rs.50,000
20.01.2015 Credit sales	Rs. 8,000
25.01.2015 Fuel and other expenses	Rs. 6,300
26.01.2015 Deposited in the current account	Rs.40,000

Note: All yoghurt has been sold out as at 31.1.2015

- (i) a. Name Manusha's business type based on nature of the product. (01 mark)
b. To which type of business organization does Manusha's business belong to? (01 mark)
- (ii) Manusha's friend told him that it was compulsory to register Manusha's business. Give your idea about this statement. (02 marks)

- (iii) Separately state the type of trade carried by Manusha's business and Ranrasa Ltd Company. (02 marks)
- (iv) a. Write a name of an insurance policy obtained by Manusha for his business.(01 mark)
b. Draw the crossing, to ensure the maximum safety for receiving cheques by Manusha. (01 mark)
- (v) Write the accounting equation of Manusha's business as at 01.01.2015 (02 markS)
- (vi) Write 2 prime entry books and 2 relevant source documents used to record above transactions. (02 marks)
- (vii) State the cash books balance as at 31.01.2015. (02 marks)
- (viii) Calculate gross profit and net profit for the month ended 31.01.2015. (02 marks)
- (ix) Calculate the equity of Manusha's business as at 31.01.2015 (02 marks)
- (x) Name 2 current assets and 2 non-current assets of this business as at 31.01.2015. (02 marks)

Part-I - Business Studies

(Answer two questions only)

- 02) (i). State 4 differences between needs and wants.
- (ii). Name 2 stakeholders who are interested in the business activities and state one objective each stakeholder expected to fulfill from the business.
 - (iii). Nilantha Fernando who carried on the textile shop named "Vilasitha". Nilantha has expanded his business by joining his younger brother Amantha Fernando and named the business as "Fernando and sons". Write 2 types of business organizations mentioned here and state 2 benefits of one business organization.
 - (iv) State 2 benefits received from converting the above mentioned "Fernando and Sons" into an incorporated company. (2x4=8)
- 03) (i) Write down 2 differences between the co-operative societies and state corporations.
(ii) Name 2 criteria used to decide the scale of a business organization.
(iii) Write 4 advantages can be achieved from registering the business name of a sole-proprietorship.
(iv) State 4 advantages of maintaining a current account. (2x 4=8)
- 04) (i) a. State 2 principles relevant to insurance.
b. State 2 factors need to be considered, when selecting an appropriate medium of communication.
(ii) State 2 advantages and 2 disadvantages of railway transportation.
(iii) Name 4 main management functions.
(iv) Name 4 main variables of marketing mix (2x4=8)

Part-II-Accounting

(Answer two questions only)

05) (i). a. The assets of a business can be categorized into 2 types. What are them? (1 mark)

b. Name 2 stakeholders who interesting on accounting information. (1 mark)

(ii). The following accounting equation of Nilantha's business shows the impact of transactions occurred in May 2015.

	Assets(Rs.)					=Equity	+Liability	
	Land & Building	+Stock	+Debtors	+cash	+bank	=Equity	+Creditors	+bank loan
Balances	1000,000	+200,000	+20,000	+28,000	+74,000	=661,000	+61,000	+600,000
5.8		+100,000					+100,000	
5.10		-60,000		100,000		=40,000		
5.14			-8,000	+8,000				
5.16				-2,000		= -2,000		
5.20		-20,000	+32,000			=+12,000		
5.31	1000,000	220,000	44,000	134,000	74,000	=711,000	161,000	600,000

Note: Owner has not taken any cash drawings during the month.

Required: Describe the each transaction with related amount (5 marks)

(iii) Anusha's business has a debit balance in the bank account of Rs. 28100 as at the 31.01.2015. However, the bank statement shows different balance. Following were revealed as the reasons for this difference.

- (1) The value of deposited but not realized cheques Rs.5600.
- (2) The value of cheques issued but not presented to the bank for encashment were Rs.8000
- (3) Bank charges Rs. 3000
- (4) Debtors' remittances Rs. 18500
- (5) The insurance premium paid by the bank as a standing order Rs. 4000

Required:

(a) Adjust the bank account as at 31.01.2015 (3 marks)

(b) Prepare the bank reconciliation statement (2marks)

(Total marks 12)

(6) (i) (a). Name the relevant source documents for Purchase Journal and General Journal (1 mark)

(b). Write the dual role of cash book. (1 mark)

(ii) The trial balance of Wicrama's business prepared as at 31.12.2015 was not balanced. The difference was transferred to the suspense account. Later, following facts were revealed.

- 1) The total of purchase account has been understated by Rs.10,000
- 2) The total of travelling expenses column of in petty cash book Rs. 1500 has not been recorded in travelling expenses account.
- 3) The balance of the insurance expenses account of Rs. 20,000 has not been extracted to the trial balance.
- 4) The received rent income of Rs.40, 000 has been debited only in the cash book.

Required,

- (a) Write the journal entries for the correction of the above errors. (4 marks)
- (b) Write-up the suspense account and find the difference which had existed between the total of trial balance. (2 marks)

(iii) In Saimon's business, petty cash in hand balance was Rs.250 as at 01.08.2015. Petty cash expenses for the month of August 2015 were as follows.

<u>Date</u>	<u>Voucher No</u>	<u>Description</u>	<u>Value(Rs.)</u>
2015.08.01	.	Received cash from chief cashier	2500
2015.08.02	01	Postal and stamp fee	120
2015.08.04	02	Travelling expenses	150
2015.08.08	03	Stationary expenses	290
2015.08.16	04	Labour fee	550
2015.08.22	05	Paid for Perera	400

Answer following questions using the above information.

- (i) How much is the petty cash imprest in above business? (1 mark)
- (ii) How much will be reimbursement made by the main cashier as at 31.08.2015? (1 mark)
- (iii) If the petty cash imprest was decided to be increased by Rs.500 on 01.09.2015, then how much will be the value of reimbursement? (2 marks)

(Total Marks 12)

- 07) (i)(a). Name 2 main financial statements which prepare to show the financial position and operational performances of a business. (1 mark)
- (b). Name 2 items can be seen in the debit side of bank statement (1 mark)

(ii) Trial Balance of Nadun's business as at 31.12.2015 is as follows.

Description	Debit (Rs.)	Credit(Rs.)
Capital		210,000
Investment 10%	10,000	
Bank loan 10%		100,000
Salafy- administration	100,000	
Electricity expenses	10,000	
Insurance	8,000	
Sales		385,000
Cost of sales	136,000	
Debtors	25,000	
Discount allowed	16,000	
Creditors		12,000
Bank	150,000	
Cash	250,000	
	<u>707,000</u>	<u>707,000</u>

Additional Information:

- 1) Accrued electricity expenses as at 31.12.2015 Rs. 2000
- 2) Investment income and bank loan interest relevant for the given accounting period which are accrued as at 31.12.2015
- 4) Rs.3000 of debtors should be written off as bad debts.

Required:

- (a) Profit and loss statement for the year ended 31.12.2015
- (b) Journal entries relating to the above adjustments.

(marks 6)

(marks 4)

(Total marks 12)