

- ❖ Answer **all** the questions, the total time duration is **one hour**.
- ❖ In each of the question 1 to 40, underline one of the alternatives (1), (2), (3), (4) which you consider as **correct or most appropriate**.

Nirmala who is a housewife lived in a rural area, with lot of experience about agricultural activities, cultivates vegetables in her garden to provide fresh vegetables to her family members. Her daughter, Samadhi likes cucumbers and tomatoes very much. While holding the sufficient amount of vegetables for her family consumption Nirmala earns profits by selling the excess vegetables to the vendors in the nearby weekly fair.

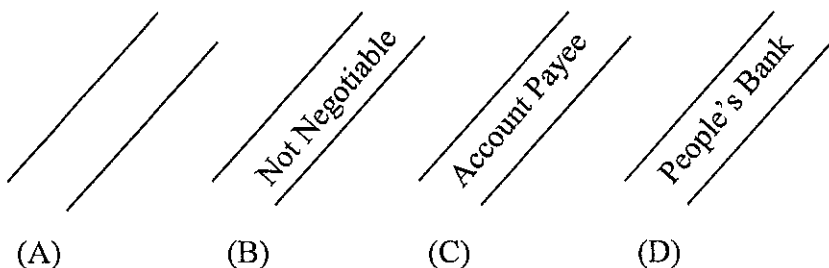
1. Select that shows a human need and want relevant to it in this case respectively.
 - 1) Tomatoes – foods
 - 2) Foods – health
 - 3) Foods – cucumbers
 - 3) Cucumbers – tomatoes
2. Select the correct statement about the above case.
 - 1) Nirmala is involved in direct production only.
 - 2) Nirmala is involved in indirect production only.
 - 3) Nirmala is involved in direct and indirect production.
 - 4) Samadhi is involved in indirect production.
3. An opportunity of Nirmala’s business mentioned in this case is,
 - 1) Nirmala’s experience on agricultural activities
 - 2) Nirmala being a housewife
 - 3) Nirmala having a big garden
 - 4) The existence a weekly fair close to Nirmala’s house
4. “Declaring a special day to the women” what is the business environment implied from this statement?
 - 1) Economic environment
 - 2) Political environment
 - 3) Social and cultural environment
 - 4) Technological environment
5. Business organizations can be categorized as profit making and non-profit making organizations. Among the following business organizations, select the organization that is not for profit.
 - 1) Public limited company
 - 2) Private limited company
 - 3) Cooperative societies
 - 4) State corporations
6. Given below are four licensed commercial banks. Out of these, what is the licensed foreign commercial bank?
 - 1) Standard Chartered Bank
 - 2) Hatton National Bank Limited



- 3) Nations trust Bank Limited 4) Commercial Bank of Ceylon Limited
7. The deposit account which does not receive an interest is,
1) Savings account 2) Current account
3) Fixed deposit account 4) Certificate of deposit account
8. A retailer sells a product which is under controlled price at a high price. An incident of this nature should be complained to the,
1) Sri Lanka standard institution 2) Consumer affairs authority
3) Department of internal trade 4) Local authority
9. A characteristics of a service can be seen when comparing to goods is,
1) Tangibility 2) Uniformity
3) Inseparability 4) Imperishability
10. Kapila kumarasinghe is conducting a business named ass "Kumara Stores". Select the correct statement about this business.
1) This a partnership
2) Registration of this business is compulsory
3) Registration of this business is not compulsory
4) It has legal personality
11. Who is not a mediator in the distribution process?
1) Consumer 2) Wholesaler
3) Retailer 4) Agent
12. A characteristic of a good piece of information is,
1) Quantitative 2) Completeness
3) Qualitative 4) Competitive
13. Select the correct statement about a debit card from the following,
1) A debit card is issued on credit basis
2) A bank account is not required to obtain a debit card
3) An interest is charged for the payments on debit card
4) A debit card is issued on the value of the deposit of the customer
14. Currently there is a high demand for a hybrid cars; a high fuel efficient vehicle. The elements of transportation included in this statement are,
1) Way and mode 2) Mode and power
3) Power and terminal 4) Way and terminal
15. What is the type of insurance that principle of indemnity is not affected?
1) Life insurance 2) Fire insurance
3) Marine insurance 4) Motor vehicle insurance



16. Following are some method of crossing.



Among them a special crossing is,

- | | |
|------|------|
| 1) A | 2) B |
| 3) C | 4) D |

17. Using resources without waste and at minimum cost is known as,

- | | |
|------------------|---------------|
| 1) Efficiency | 2) Organizing |
| 3) Effectiveness | 4) Control |

18. The process of distributing required resources, job roles and tasks in order to implemented the planned activities is,

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

19. Anything provided to fulfill the human needs and wants

- | | |
|------------|--------------|
| 1) Product | 2) Price |
| 3) Place | 4) Promotion |

20. Kumari who is doing a textile business has issued a cheque to Damith for purchasing a stock clothes of Rs. 100,000. To proceed in this transaction Kumari should have,

- 1) A savings account in the national savings bank
- 2) A current account in the national savings bank
- 3) A current account in the peoples' bank
- 4) A savings account in the peoples' bank

21. The basic accounting equation 'assets = capital + liabilities' is shown well by,

- | | |
|------------------------------------|----------------------------|
| 1) Cash book | 2) Profit and loss account |
| 3) Statement of financial position | 4) Trial balance |

22. Select the group which includes only liabilities

- 1) Office equipment, debtors, cash
- 2) Accrued electricity, creditors, bank loan
- 3) Plant and equipment, land and building, motor vehicles
- 4) Bank loan, creditors, trade stocks

23. Which of the following not considered as a capital expense?

- 1) 'Sandun enterprise' purchases a van to deliver goods Rs. 1,500,000.



- 2) 'Fresh fruit suppliers' makes a wood rack to exhibit fruits Rs. 10,000.
 - 3) 'Reconditioned car sellers' purchases two motor cars for resale Rs. 20,000,000.
 - 4) 'Sihina restaurant' builds a watch hut near the gate Rs. 100,000.
24. Two account which indicate the accounting principle decreasing debit and increasing credit are,
- 1) Capital A/C and Creditors A/C
 - 2) Bank A/C and Debtors A/C
 - 3) Stationery A/C Plant A/C
 - 4) Insurance A/C and Bank interest A/C
25. Which of the following is not recorded in the business accounts by Amara who runs a bookshop?
- 1) Receiving money from debtor Lal.
 - 2) Receiving a discount when purchasing goods for sale
 - 3) Donating a book in the bookshop to a student.
 - 4) Purchasing a rack to pack books.
26. The amount of Rs. 2,500 paid for the owner Ruwan's life insurance premium is included in the business insurance account. Select the journal entry to rectify this error.
- 1) Cash book A/C Dr 2,500 Insurance A/C Cr 2,500
 - 2) Suspense A/C Dr 2,500 Insurance A/C Cr 2,500
 - 3) Drawings A/C Dr 2,500 Insurance A/C Cr 2,500
 - 4) Profit & Loss A/C Dr 2,500 Insurance A/C Cr 2,500
27. Which of the following transactions affects only the assets?
- 1) Investing Rs. 100,000 to the business as additional capital
 - 2) Purchasing a machine to the factory Rs. 75,000
 - 3) Paying monthly electricity bill Rs. 3,000
 - 4) Getting a loan of Rs. 50,000 to the business
28. There is a credit balance of Rs. 150 in the suspense account. A reason for this can be,
- 1) Bad debt of Rs. 150 has not been written off
 - 2) An omission of sales of Rs. 150 from sales journal
 - 3) A purchase of Rs. 150 has been recorded twice in purchase account
 - 4) An electricity bill of Rs. 75 paid has been debited to bank account and credited to electricity expense account
29. The credit balance of bank column of the cash book is Rs. 5,000. The bank statement revealed the following.
- i. A cheque of Rs. 1,500 deposited in the bank has not been credited to the bank account.
 - ii. A payment of standing order for Rs. 750 has been debited to the bank account.

The correct balance of the cash book after preparing the bank reconciliation statement is,

- 1) Rs. (7,250)
- 2) Rs. (2,700)
- 3) Rs. (5,750)
- 4) Rs. (4,250)



30. Select the correct double entry relevant to the dishonoring of a cheque of Rs. 2,000 received from Piyal.

- 1) Piyal's A/C Dr 2,000 Cash book A/C Cr 2,000
- 2) Cash book A/C Dr 2,000 Piyal's A/C Cr 2,000
- 3) Piyal's A/C Dr 2,000 Sales A/C Cr 2,000
- 4) Purchase A/C Dr 2,000 Piyal's A/C Cr 2,000

31. A source to prepare a bank reconciliation statement is

- 1) Balance sheet
- 2) Trial balance
- 3) Bank statement
- 4) Work sheet

32. Commission paid Rs. 400 has been recorded as commission received. When rectifying this error, the Suspense A/C should be,

- 1) Debited Rs. 400
- 2) Credited Rs. 400
- 3) Debited Rs. 800
- 4) Credited Rs. 800

33. Petty cashier of a business had spent Rs. 650 at the end of a certain month and amount of Rs. 350 was in hand. Rs. 650 was reimbursed for the following month. The monthly petty cash imprest of this business is,

- 1) Rs. 350
- 2) Rs. 650
- 3) Rs. 1,000
- 4) Rs. 1,650

34. The influence of a transaction to the accounting equation is as follows,

$$\begin{array}{rcl} \text{Assets} & = & \text{Owner's Equity} + \text{Liabilities} \\ +25,000 & = & - \quad \quad \quad + 25,000 \end{array}$$

The transaction recorded in the above accounting equation is

- 1) Purchase of a stock of goods on credit Rs. 25,000
- 2) Payment to creditors Rs. 25,000
- 3) Repayment of the bank loan Rs. 25,000
- 4) Invest capital in cash by owner Rs. 25,000

35. Out of the following types of accounts, the drawings account belongs to

- 1) Assets accounts
- 2) Expenses accounts
- 3) Equity accounts
- 4) Income accounts

❖ Use the following information to answer questions no. 36-37.

Assets and liabilities of Rohan's business as at 31.03.2018 are given below.

Motor Vehicle	Rs. 150,000
Bank loan	Rs. 50,000
Debtors	Rs. 20,000
Creditors	Rs. 25,000
Cash	Rs. 12,000



36. The amount of capital of this business as at 31.03.2018 is

- | | |
|----------------|----------------|
| 1) Rs. 107,000 | 2) Rs. 132,000 |
| 3) Rs. 157,000 | 4) Rs. 207,000 |

37. The amount of current assets of this business as at 31.03.2013 is,

- | | |
|---------------|----------------|
| 1) Rs. 32,000 | 2) Rs. 37,000 |
| 3) Rs. 75,000 | 4) Rs. 182,000 |

❖ Using the following invoice prepared by Sumana Trade Centre on an order of Sara Traders, answer questions no. 38-40.

Invoice no. 256		Sumana Trade Centre, Main Street, Negombo. 15.11.2010		
Manager, Sara Trader, Negombo Road, Kurana.				
Serial No.	Type of goods	Quantity	Unit price	Amount
01.	Soap – Namal	500	20	10,000
02.	Tooth brush – smart	100	50	5,000
03.	Toothpaste – five guard	200	40	8,000
				23,000
	10% Discount			2,300
				20,700
				Sumanasiri Manager

38. What is the prime entry book that Sara Traders should record this transaction using the above invoice as a source document?

- | | |
|------------------|------------------------|
| 1) Purchase book | 2) Sales book |
| 3) Cash book | 4) Returns inward book |

39. When recording this transaction in Sara Trader's accounts, Sumana Trade Centre's account should be

- | | |
|-----------------------|------------------------|
| 1) Debited Rs. 23,000 | 2) Credited Rs. 23,000 |
| 3) Debited Rs. 20,700 | 4) Credited Rs. 20,700 |

40. The discount of 2,300 mentioned in this invoice

- | |
|---|
| 1) Should be debited to discount paid account |
| 2) Should be credited to discount received account |
| 3) Should be debited to Sumana Trade Centre's account |
| 4) Should not be recorded in accounts. |

Asian Grammar School
1st Term Assessment – March, 2019
Business and Accounting Studies – Grade 11
Paper II



Instructions:

- ❖ Including question **No.1**, answer **five** questions, selecting **two** questions from each of the part I and II.
 - ❖ Total time duration is **two hours**.
-

1. Banuka runs a food selling business named as “B Café” for many years. There is a sufficient demand for his food and there is an opportunity to expand the business further. Banuka expects to get his friend Nalaka to join his business. Nalaka has an education and experience in food preparation business by working for popular companies. Although they expect to modify the business, they don’t have a sufficient money at the movement. Therefore they hope to obtain a bank loan.
 - i. State the type of business organization of Banuka’s present business and mention two advantages of this kind of business organizations.
 - ii. If Nalaka join this business what is the type of business organization you suggest that they can start easily. Give two reasons to your suggestion.
 - iii. State two requirements that Banuka’s and Nalaka’s business should fulfill to obtain a bank loan.
 - iv. To increase the sales of ‘B Café’ Banuka decided to give 5%-20% discounts to his customers on every Sundays. Write examples to 4Ps in this case.
 - v. By referring to the case, highlight the factors that help to make Banuka’s and Nalaka’s business successful.

- ❖ Using the following information, answer question no. (vi)-(x)

Some transactions occurred in Raja’s business during the two weeks ended 31. 12.2018 are given below.

Invested capital	Rs. 50,000
Purchased goods in cash	Rs. 10,000
Sold all goods purchased in cash	Rs. 20,000
Purchased a building	Rs. 25,000
Paid salary	Rs. 5,000
Obtained a bank loan	Rs. 10,000



- vi. What is the cash balance of Raja's business as at 31.12.2018?
- vii. State the prime entry book and the relevant source documents used for recording the above transactions.
- viii. What is the net profit of this business as at 31.12.2018?
- ix. What is the capital of this business as at 31.12.2018?
- x. Indicate assets, capital and liabilities in this business as at 31.12.2018 in an accounting equation.

Part I – Business Studies
(Answer two questions only)

- 2.
- i. A businessman should conduct a thorough analysis regarding SWOT of his business. Give one example each for SWOT, in the business view of point.
(2 marks)
 - ii. Use of credit cards for transaction is more popular today. State two benefits to the card holder and to the businessman by using credit cards separately.
(2 marks)
 - iii. Compare and contrast a current account and a saving account.
(2x2 = 4 marks)
(Total 8 marks)
- 3.
- i. Business organizations can be classified according to the ownership and the aim. Show this classification in two flow charts.
(2x2 = 4 marks)
 - ii. "Management is process" explain briefly.
(4 marks)
(Total 8 marks)
- 4.
- i. What is meant by crossing a cheque?
(2 marks)
 - ii. Provide two examples for each of the following communication.
 - a. Oral medium
 - b. Written medium
 - c. Electronic
(2x3 = 6 marks)
(Total 8 marks)



Part II – Accounting
(Answer two questions only)

5.

- i. Indicate the effect of the following transactions on assets, liabilities and capital under basic accounting equation.
- A creditor is paid Rs. 8,500 in cash
 - The owner of the business introduced further Rs. 35,000 in to the business.
 - Credit purchase Rs. 38,000.
 - A loan received from the bank Rs. 75,000
 - Goods return to supplier Rs. 5,000
 - Purchased a machine for Rs. 25,000 paying by cheque.

(1x6 = 6 marks)

- ii. Complete the gaps in the following table.

	Assets (Rs)	=	Equity (Rs)	+	Liabilities (Rs)
a)	75,000	=	?	+	25,000
b)	80,000	=	50,000	+	?
c)	?	=	35,000	+	65,000
d)	145,000	=	?	+	55,000
e)	160,000	=	40,000	+	?
f)	?	=	150,000	+	150,000

(1x6 = 6 marks)

(Total 12 marks)

6.

- i. The trial balance of Roy and company did not balance. The difference, Rs. 790 was credited to a suspense account. Later following errors were noticed.
- The sales account has been under casted by Rs, 7,000.
 - The overpayment of electricity bill Rs. 500 had been correctly recorded in the electricity prepaid account but not credited to electricity account.
 - A payment of Rs. 2,500 to a supplier wrongly credited to the suppliers account.
 - A credit sale of Rs. 900 has been credited to the sales account and also to the relevant debtors account.
 - A purchase invoice of Rs. 890 has been posted from the day book to relevant suppliers account as Rs. 800.

Required,

- a. Write journal entries to rectify the above errors.

(1x5 = 5 marks)

- b. Suspense account

(2 marks)



ii. Prabha has produced following transactions for the month of January 2018.

- 01/01/2018 – Business purchased stationery worth Rs. 10,000 for the business use.
- 03/01/2018 – Goods worth Rs. 5,000 were purchased from Dasun for the purpose of office use.
- 08/01/2018 – Goods worth Rs. 14,000 were purchased from Nayana for the purpose of reselling.
- 14/01/2018 – Business purchased steel Almirah for Rs. 17,000 on cash basis for the purpose of reselling.
- 21/01/2018 – Goods worth Rs. 3,000 were purchased from Kalpani for the purpose of reselling.

Required,

- a. Purchase journal
- b. Ledger accounts

(5 marks)

(Total 12 marks)

7.

- i. The following information related to petty cash transactions of Ranuja's business occurred during the month of March 2017. Petty cash imprest was Rs. 30,000 and it was received on 01/01/2019.

Date 2019	Voucher No.	Description	Amount
02/01	01	Postal Charges	1,000
05/01	02	Travelling	2,500
07/01	03	Refreshment	2,000
10/01	04	Carriage inwards	1,500
12/01	05	Cleaning expenses	1,000
15/01	06	Stamps	500
18/01	07	Refreshments	1,050
19/01	08	Trishaw charges	2,000
20/01	09	Postal charges	500
23/01	10	Salary advance (Nayomi)	5,000
27/01	11	Pens & Pencils	500
28/01	12	Bus fare	200
31/01	13	Paid to Naveen	7,000
01/02		Expenses reimbursed	

Required;

- a. Petty cash book for the month of January 2019
- b. Relevant ledger accounts

(6 marks)



- ii. Samagi Traders has a favourable bank balance of Rs. 75,000 as at 30/04/2018. However the bank statement has a different balance. The following reasons were identified for the above differences.
- The following cheques have been issued during the month. They have not been presented to the bank for payment as at 30/04/2018.
 - Cheque no. 185 Rs. 15,500
 - Cheque no. 191 Rs. 10,000
 - The following cheques have been deposited. But have not been realized as at 30/04/2018.
 - Cheque no. 195 11,000
 - Cheque no. 410 18,000
 - The following items appeared in the bank statement.
 - The loan installment paid by the bank on a standing order of Rs. 10,000
 - The direct remittance of Rs. 28,000 including the interest income of Rs. 15,000
 - Bank charges deducted by the bank Rs. 1,000
 - Cheque book charges deducted by the bank Rs. 1,200

Required;

- a. Adjusted cash book
- b. Bank reconciliation statement as at 30/04/2018.

(6 marks)

(Total 12 marks)

