

Sabaragamuwa Provincial Department of Education

**Second Term Test 2018**

**Grade 11**

**Business & Accounting studies I**

**One hours**

Chamara who followed pharmaceutical course started a pharmacy in Polgahawela town with the name of "Niroga" he provided medicines for patients from governments and private hospitals.

1. Human need fulfilled referring to above is,  
1. medicines                      2. foods                      3. health                      4. security
2. An opportunity relating to chamara's business is,  
1. chamara has followed a pharmaceutical course  
2. government decision to introduce new rules and regulations on medicine selling  
3. starting of new pharmacy in town  
4. medicine shortage in government hospitals
3. type of business relating to chamara's business is,  
1. public owned & profit oriented  
2. private owned & profit oriented  
3. private owned & not profit oriented  
4. public owned & not profit oriented
4. law related to registration of chamara's pharmacy with the name of "niroga"  
1. Companies Act No 7 of 2007  
2. partnership ordinance of 1890  
3. prevention of frauds ordinance  
4. business names registration ordinance
5. objective which is not going to be fulfilled by chamara from his business, is  
1. got security                      2. security of investment  
3. earn enough profit                      4. future growth of business
6. Government made arrangement to fine for the businesses who sell inferior quality polythene as removing polythene makes harmful effect on environment business environment applied is,  
1. Internal environment                      2. political environment  
3. legal environment                      4. economic environment
7. Having a trade name is help for future growth of a business trade name is,  
1. opportunity                      2. strength                      3. threat                      4. weakness
8. Service offered by Commercial bank given below,  
A. paying service  
B. overdraft facility  
C. standing order facility  
D. business loan facility  
service limit only for current account holder is,  
1. A and B                      2. B & D                      3. B & C                      4. A & D

9. Malaka maintains a current account in bank of ceylon and udara maintained his current account in sampath bank malaka issued a cheque to udara to settle a business transaction drawer, drawee and payee of the cheque are,
1. malaka , Boc , Udara ,
  2. malaka , Udara , smapath bank
  3. Udara , Sampath bank , Boc
  4. Udara malaka, Boc
10. Insurance principal relating to paying compensation only to recover the damage of property is,
1. Insurable interest
  2. utmost of good faith
  3. Indemnity
  4. close reason
11. Communication methods and examples are shown in X column & Y column in the table below

X	Y
1. verble	A. fax
2. Written	B. bell
3. Electronic	C. seminar
4. signs and symbols	D. banner

Correct mathcing of column X and Y is,

1. ABCD
2. CADB
3. CDBA
4. DCAB

12. pactors considoved in selecting a better method of transportation is
- 1.ways, mode, power,terminal
  - 2.ways, cost, safety, terminal
  - 3.capacity, road, power, availabiuty
  - 4.cost, capacity, safety, speed
13. Selling goods to a party with an aim of sell those again with profit is,
- 1.import
  2. whole sale
  - 3.expoart
  4. relatailing
14. Item which brings higher export income to Sri Lanka is,
- 1.Spperals
  - 2.coconut
  - 3.minoragri export
  - 4.tea
15. "leading " under the process of management means ,
- 1.using human resources in proper manner to achive the objectives as planned
  - 2.deciding alms and ways of achieving them
  - 3.distribution of tesaurces, desigtations and tasks to implement plans
  - 4.observe whether plans are implemented properly and take remedial actions for deviations.
16. variables relating to markting givan below
- |                    |              |
|--------------------|--------------|
| A. listed rice     | D. design    |
| B .quality         | E. discounts |
| C. loan conditions | F. transport |
- Variables not apply for marketing mix is,
- 1.BDF
  - 2.ABC
  - 3.ACE
  - 4.BEF
17. transactionocured in Sampath's business given below  
cash sale of Rs.25000  
due to his,
- 1.Assete and liablities were changed
  - 2.liabiuties and equity were changed
  3. Assent are changed only
  4. Liabiuties are changed only

18. Transaction which not caused to decrease equity is,  
 1. rent payment of Rs. 12000  
 2. cash drawing of Rs 5000  
 3. Insurance payment of rs 13500  
 4. Additional capital investment of Rs.75000  
 use following information to answer question 19 & 20 kavinda purchased good worth Rs. 30000 from sampath on credit

19. Prime entry book relating to above is,  
 1. cash book            2. Purchase journal                            3. general journal                            4. bank A/C

20 Double entry for above transaction is,  
 1. Purchase A/C Dr            30000    -    cash book or                            30000  
 2. Sampath Dr                30000    -    purchases or                            30000  
 3. sales Dr                    30000    -    kavinda or                            30000  
 4. Purchase Dr                30000    -    sampath or                            30000

21. Account which applies the double entry rule of account increase credit - decrease cr is,  
 1. discount allowed                            2. cash A/C  
 3. Purchase A/C                                 4. capital A/C

22. Drawings A/C is .....and purchase A/C is a .....  
 Suitable terms for A & B are,  
 1. income, equity                                2. expense, equity  
 3. equity, expense                                4. equity, income

23 discount offered when selling the due by debtor within credit period is,  
 1. discount allowed                            2. discount received  
 3. cash discount                                 4. trade discount

24. An item which not used in preparing adjusted bank account  
 1. bank charges of Rs. 500  
 2. direct remittance of Rs 15000 by debtor  
 3. deposited, but un-realized Rs 8000  
 4. Insurance paid due to standing order Rs. 2500

25. Rs 4650 as spend on one using petty cash imprest of Rs 5000 amount of petty cash imprest is  
 1. Rs 5000                            2. Rs 9650                            3. Rs 4650                            4. Rs 350

26. A book with dual performance as prime entry book and ledger account is,  
 1. Cash book                                    2. general journal  
 3. purchase journal                            3. sales journal

27. Prime entry which uses journal voucher as source document is,  
 1. general journal                                2. cash book  
 3. Sales journal                                 4. petty cash book

28. An account which uses to enter the gap of trial balance is,  
 1. profit or loss A/c                            2. suspense A/C  
 3. trading A/C                                    4. balance sheet

29. Rs 20000 paid for repairing Building was debited to building A/C by Anjalee correction entry for above errors,  
 1. motor vehical Rs 20000, cash book cr 20000  
 2. buliding repair dr 20000, buiding A/C cr  
 3. Buliding repair dr 20000, cash book dr 20000  
 4. Buliding A/C dr 20000, Buliding repair cr 20000

30. select the error which enter to suspense A/C
1. Rent paid Rs 5500 was amitted
  2. Insurance payment of Rs 8200 recorded only in cash book
  3. salary payment Rs 12500 was entered in to accounts as Rs 15200
  4. sales invoice was not recorded in sales journal
31. Suitable transaction that to be recorded in general journal is,
1. cash transactions
  2. credit purchase
  3. credit sales
  4. correction of errors
32. Indunil obined a bank loan and setteld it by monthly installment of Rs3000  
Rs 30000 was paid as loan installments with in the year. amount to be paid is to be ideatified in  
finantial statement as,
1. Maddent
  2. Accrued expense
  3. Depereciatian
  4. Accrued income
33. Factor which is not considred in calculating depreciatian expense is,
1. Current price of an asset
  2. cost of an asset
  3. Useful lifetime
  4. Salvage valuve
34. A machine which purchased for Rs820000  
was fixed by spending Rs 30000 salvage valuve was Rs 50000 at the end of 10 years useful life time  
Annual deprecitain of a machine is,
1. Rs 850000
  2. Rs 80000
  3. Rs 900000
  4. Rs 500000
35. Financial satatements of a business are
1. Trial balance and balance sheete
  2. Trial balance and trading account
  3. Trading account and income statement
  4. profit loss statement and statement of financial position

use following details to answer question 36-40 trial balance as at 31/12/2017 of Nuwan's business given below

	Dr Rs	cr Rs
sales		
stock 1/1/2017	14000	520000
carriage inward charges	4000	
purchases	230000	
machine - cost	80000	
motor vehical cost	600000	
Trade debtors	36000	
Trade creditors		44000
10% bank loan		120000
Bad debts	4000	
Accumulated deprecation		
1/1/2017		
-moter vehical		90000
-machines		16000
-Drawings	18000	
-fix deporsit	80000	
-Stationary	9000	
-electricity	12000	
- sales expense	35000	
-cash	18000	
-capital 1/1/2017		350000
	1140000	1140000

Additional information  
-stock as at 31/12/2017 was Rs. 24000

36. Cost of sales for the year ended 31/12/2017 was,  
1. Rs 260000                      2. Rs 244000                      3. Rs 248000                      4. Rs 224000
37. Gross profit for the year ended 31/12/2017 was,  
1. Rs 248000                      2. Rs 296000                      3. Rs 224000                      4. Rs 142000
38. Depreciation for machine to be entered under  
1. Distribution expenses                      2. finance expense  
3. Administration expense                      4. Distribution expense
39. bank loan interest for the year was,  
1. Rs 24000                      2. Rs 10000                      3. Rs 1200                      4. Rs 12000
40. Current assets as at 31/12/2017 was,  
1. Rs 78000                      2. Rs 62000                      3. Rs 56000                      4. Rs 36000

Sabaragamuwa Provincial Department of Education

**Second Term Test 2018**

**Grade 11**

**Business & Accounting studies II**

**Two hours**

Part II

Answer 5 Questions including questions select 2 questions from section another 2 from section 2'Answer question I -4 referring to case below.

Harshana who worked in a popular shoe manufacturing company in Sri Lanka for 10 years was resigned from his job and started his own business of shoe manufacturing on 1/1/2017. He followed a course on manufacturing shoes from the Industrial Ministry. He invested Rs.500,000 by cash and a building worth Rs.1,200,000 which he got from his father on 5/1/2017 he obtained a bank loan of Rs.100,000

Following transactions were taken place with in first month.

Raw material purchases	50000
Purchase equipment	10000
Paid salaries	12000
Sale of shoes	75000
Paid for transportation	5000

Building to be depreciated by 10% per annum. This business is succeeded due to the quality products and new designs and popular its name of "Style walk"

He is considering the possibility of expanding his business with more formal, fixed and legal status .

- i) a) Type of business in which " Style walk" can be included?  
b) State a strengths of this business
- ii) Is this business needed to register?  
Write down reasons:
- iii) Write down 2 stakeholders of this business and a reason why they interested?
- iv) Which type of business form is suitable as Harshana's expectation on business expanding.
- v) Write down the transaction's effect on 1/1/2017 to accounting equation.
- vi) Name to non current assets of this business with their values.
- vii) Write down the double entry for purchase of stock of Rs.5000
- viii) Calculate the cash balance at the end of first month
- ix) Amount of building depreciation for the month.
- x) Profit or loss for the month.

## Section I

2. i. Necessities to fulfill by human for living are the needs.  
a) Write down 2 examples for need  
b) State 2 features of wants.
- ii. State following statement are true/false  
a) Basic status of creating market was.  
b) Wants are complex due to current market changes.  
c) Main aim of profit oriented business is employee welfare.  
d) Communication is a human want while mobile phone is a need.
- iii) a) Resources used to manufacture goods and services are referred as factors of production.  
b) Name suitable examples for Land and capital considering a business of producing bags using tanned screw - pine.
- iv) a) Businesses use the technological changes to ease the business tasks. explain this.  
b) Name the business form with features of term continuity, legal personality and collect capital by issuing shares.
- 3) i) a) Name 2 examples for mobile retail trading.  
b) Name 4 countries for which Sri Lanka makes exports.
- ii) a) Write down 2 advantages of using e cash usage as it is popular.  
b) What is meant by cheque endorsement .
- iii) a) explain the " Insurable interest" and give example.
- iv) a) Businesses have to face difficulties if it is not used proper communication. explain one difficulty you identified.  
b) State 2 new trends in transport industry of Sri Lanka.
- 4) i) a) What is meant by management  
b) write 2 advantages having successful planning.
- ii) State the management function applied.  
a) Conducting welfare program for employees.  
b) Decide the aims of business.  
c) Distribution of resources available to required parties.  
d) Identify the weaknesses of plans.
- iii) a) Define " Trade"  
b) What is meant by cyber-market
- iv) a) State an usage of direct distribution method at daily consumer activities.  
b) Name 2 sales promotion methods for textile seller.

## Section II

- 5) i) a) What is meant by accounting  
b) Write down 2 reasons which caused to change equity
- ii) a) Write down 2 features of habits  
b) State 2 categories of habits.
- iii) Write down the effect on accounting equation for the transactions below.
1. Capital investment Rs. 500000
  2. Obtained a bank Loan Rs.200000
  3. Cash purchases Rs.50000
  4. Rent paid Rs.10000
- iv) Complete following table referring transactions given in (iii)

Transaction	Source Document	Account to be debited	Account to be credited
1			
2			
3			
4			

- 6) i) 1.Chirath maintains a current account to easier his business deals. Balance of the bank account at the end of May 2017 of Rs.16500 was not agreed with the bank statement balance due to following reasons
2. Deposited cheque (231324) Rs.16000 was not realized till 31/5/2017
  3. Rs.8000 was directly remitted to the bank.
  4. An issued cheque worth Rs.20000 (No 564358) was not presented to the bank till 31/5/2017
- Required,
- Adjusted bank account
  - Bank Reconciliation
- ii) Trail balance extracted 31/12/2017 was not tallied the totals. There was a shortage of Rs. 9000 in debit side. Following errors were found later.
1. Credit sales of Rs. 5600 was entered a sales journal as Rs. 65000
  2. Rs. 8500 paid for salaries recorded only in cash account.
  3. Insurance paid of Rs. 2500 was debited to Rates account.
  4. Rs. 12500 account as Rs.12000

Required,

Journal entries to correct errors given suspense account.



- 7) i) a) What is meant by bxd dents  
 b) Write down double entry for written off.

ii) Trial balance as at 31/12/2017 of probath's business given below.

Account	Dr.	Cr.
Opening stock	30000	
Capital		500000
Sales		450000
Purchases	300000	
Creditors		20000
Debtors	45000	
land and buildings (cost)	400000	
Machines - Cost	120000	
10% Bank loan		50000
Administrative salaries	30000	
Advertising	10000	
Drawings	5000	
Bank loan interest	4000	
Electricity	12000	
Distribution Expenses	2000	
Cash in hand	52000	
	1020000	1020000

Additional information

Stock as at 31/12/2017 was Rs.12500 machines to be depreciated 10% per annum Rs1000 to be antton off as had