

SRI JAYEWARDENEPURA EDUCATIONAL ZONE

FIRST TERM TEST- MARCH 2019

BUSINESS AND ACCOUNTING STUDIES I, II

BUSINESS AND ACCOUNTING STUDIES I

GRADE- 11

TIME -1 HOUR

Note-

- **Answer all questions**
- **In each of the questions 1 to 40 , mark the correct or most appropriate answer from the alternative (i), (ii) , (iii), (iv)**

Answer question No 1 to 5 from the case given below.

Praveen is doing a business of supplying attractively packed seeds of “Madatiya”, “Olinda”, “Rubber” and “Birds’ feather” which were collected from the forest. He supplies them to the bookshops in the city. Praveen carries out the business under the tittle of “Praveen Multi Products” and there is a high demand for these products among the Primary school students.

01. The basic need that will be fulfilled by the Praveen’s business is,
(i) Food (ii) Activities (iii) Education (iv) Entertainment
02. The production factor that the materials collected from the jungle are belonged to
(i) ALand (ii) Labour (iii) Capital (iv) Entrepreneurship
03. An opportunity of this business is.
(i) Praveen’s entrepreneurial ability
(ii) Existence of bookshops in the city
(iii) An requirement of these materials for the activities of primary school
(iv) The ability of packaging these materials in an attractive way
04. The correct statement regarding the above case is,
(i) “All school children” are the stake holders of this business
(ii) The target market of Praveen is the children of primary school
(iii) Praveen involves in retail trading
(iv) The attractive packaging belongs to the variable of promotion in the marketing mix

05. The incorrect statement regarding “Praveen Multi Product” is,

- (i) No legal personality status
- (ii) The liability of the owner is unlimited
- (iii) A sole proprietorship
- (iv) A continuous existence

06. Following are some of the objectives which are expected by the stake holders from businesses

- A- Obtaining quality products
- B- Collecting the debts given
- C- Earning an adequate profits
- D- Decision making and activating

Select the answer which contains the interested parties of a business which expect to fulfill the above objectives respectively

- (i) Customers/financial institutions/Managers/Owners
- (ii) Suppliers/government/employees/customers
- (iii) Customers/financial institutions/owners/managers
- (iv) Employees/owners/competitors/managers

07. The answer which consists of only the internal environment factors is,

- (i) Owners/ managers/suppliers
- (ii) Managers/employees/customers
- (iii) Employees/owners/managers
- (iv) Customers/ owners/managers

Following are some of the characteristics of certain business organizations

- A- No continuous existence
- B- legal personality status
- C- Mandatory to register
- D- Unlimited liability of owners
- E- The collective ownership of the members

08. The answer which represents the characteristics of a sole proprietorship is,

- (i) ABC (ii) BCD (iii) ADE (iv) ABD

09. Which one is the false statement regarding the State Departments ?

- (i) Existence of legal personality
- (ii) Operated under a ministry
- (iii) Ownership and control of the government
- (iv) Functioning accordance with the financial regulations of the government

10. The Drawer of a cheque refers to

- (i) the bank which maintains the current account
- (ii) the person who writes and signs the cheque
- (iii) the person whose name is written on the cheque
- (iv) the person who has the right to receive the payment mentioned in the cheque

11. Column X represents the categories of trade and column Y represents the examples for these categories of trade

Column X	Column Y
(i) Retail trade	A- Getting down foot wear from India to Sri Lanka
(ii) Import trade	B- Purchasing 100 number of coconuts for a 'Dansela'
(iii) Whole sale trade	C- Selling ready made garments to America
(iv) Export trade	D- Selling 10 Kg of potatoes to a retail trader

The correct combination of Column X and Y is,

- | | | | | |
|-------|-----|-----|-----|-----|
| (i) | 1-D | 2-E | 3-B | 4-A |
| (ii) | 10B | 2-A | 3-D | 4-C |
| (iii) | 1-C | 2-D | 3-B | 4-A |
| (iv) | 1-B | 2-A | 3-D | 4-C |

Nuwan has insured his motor vehicle valued Rs 1,400,000 . This vehicle has been damaged due to an accident and the loss incurred was estimated as Rs 200,000. But Nuwan is demanding for a claim of Rs 350,000.

12. How much Nuwan will receive as the compensation for the loss from the insurance company?

- (i) Rs 150,000
- (ii) Rs 200,000
- (iii) Rs 350,000
- (iv) Rs 1,400,000

13. Based on which insurance principal the compensation is decided?

- (i) Utmost good faith
- (ii) Insurable interest
- (iii) Indemnity
- (iv) Insurable interest and utmost good faith

14. The correct combination of medium of communication and the method relevant to that method is,

- (i) Verbal - Telephone conversations
- (ii) Road signals - Codes and signals
- (iii) Written - Meetings
- (iv) Websites - Electronic

15. Select the correct answer which carries the elements of transportation related to a large passenger ship

- (i) Water ways - Roads
- (ii) Diesel - Power
- (iii) Medium - Ship
- (iv) Harbour - Terminal

16. A marketing manager has purchased a new packaging machine with the objective of packing the product in a more attractive way.

Select the management function and the variable of the marketing mix relevant to this case

- (i) Planning - Product
- (ii) Organizing - Promotion
- (iii) Leading - Place
- (iv) Organizing - Product

17. Select the answer which contains only the current assets

- (i) Debtors/ stock of goods/ bank loan
- (ii) Stock of goods/ cash/ investment
- (iii) Machinery and equipment/ motor vehicles/ land and building
- (iv) Cash/ debtors/ stock of goods

18. Of the following, the transaction which causes for the decrease in assets and the equity is,

- (i) Purchase of furniture for the value of Rs 10,000 for the use of the business
- (ii) Paid Rs 20,000 to the creditors
- (iii) Paid insurance charges of Rs 6,000
- (iv) Paid the bank loan instalment of Rs 5,000

19. Following is the impact of a transaction on the accounting equation

Assets (Rs)	=	Equity (Rs)	+	Liabilities (Rs)
+ 25,000				+ 25,000

- (i) Investing a motor bicycle worth Rs 25,000 to the business by the owner
- (ii) Selling Rs 25,000 worth stock on credit
- (iii) Purchasing a Rs 25,000 worth weighing machine from Silva and Company
- (iv) Opening a current account by depositing Rs 25,000

20. “Paying Rs 5,000 to a creditor – Tharanga”

Which answer represents the Source document and the relevant Prime entry book used to record the above transaction?

- (i) Receipt - Cash book
- (ii) Cash book -Payment voucher
- (iii) Payment voucher - Cash book
- (iv) Sales invoice - Sales Journal

21. The account which could be applied, the accounting principle of increasing –debit and decreasing- credit is,

- (i) Discount allowed account
- (ii) Discount received account
- (iii) Sales account
- (iv) Building rent income account

22. Following double entry shows a record of a transaction .

Cash Account -	Debit	50,000
Bank Account –Credit		50,000

This transaction will result,

- (i) an increase in assets – a decrease in liabilities
- (ii) an increase in assets- an increase in liabilities
- (iii) an increase in assets- a decrease in assets
- (iv) an increase in assets- an increase in equity

23. An account which always shows a debit balance is,

- (i) Creditors’ account
- (ii) Bank account
- (iii) Commission income account
- (iv) Bank loan interest account

24. A characteristic which is common in an asset and a liability is,

- (i) Under the control of business
- (ii) Existence of a current obligation
- (iii) an outcome of a past transaction
- (iv) an inflow of economic returns to the business in future

25. Accounting equation of Mihiri Business as at 01.012019 is given as,

Assets	=	Equity	+	Liabilities
250,000	=	180,000	+	70,000

How will the accounting equation appear after selling a stock of goods at Rs 25,000 which was purchased at the cost of Rs 20,000?

	Assets	=	Equity	+	Liabilities
(i)	280,000	=	180,000	+	100,000
(ii)	255,000	=	185,000	+	70,000
(iii)	275,000	=	205,000	+	70,000
(iv)	270,000	=	180,000	+	90,000

26. Which statement is incorrect regarding the profit of a business?

- (i) The difference between revenue and the expenditure is always the profit
- (ii) Profit is the income which exceeds expenditure
- (iii) Owner's equity increases due to profit
- (iv) Always the profit of the business is belonged to the owner

27. Which statement is correct regarding the discount received?

- (i) It is the amount deducted from the total value of the product when purchasing the product on credit
- (ii) It is the amount deducted from the total value of the product when purchasing the product on cash
- (iii) It is the amount deducted when repaying the creditors within the agreed credit period
- (iv) It is the amount deducted when receiving money from the debtors within the agreed period

28. A Bank overdraft is

- (i) An asset
- (ii) A liability
- (iii) An income
- (iv) An expenditure

29. Rs 10,000 which was recorded on the debit side of a bank statement is,

- (i) A direct remittance
- (ii) A cash deposit
- (iii) A cheque deposit
- (iv) A payment made on a standing order

- Answer the questions of 30,31, and 32 by using the information given below.

The balance of the bank account of a business as at 30.08.2018 was Rs 12,000

But as per the bank statement as at 30.08.2018 the balance was different. The reasons for the difference between the two balances are as follows.

A- Bank charges Rs 1200

B- Direct remittance from debtors Rs 4,000

C- The value of the cheques issued but not presented to the bank Rs 4,800

D- The value of the cheques deposited but not realized Rs 5,000

30. The transaction which caused the bank account balance to be lessor amount than the bank statement balance was,

- (i) AC
- (ii) BC
- (iii) BD
- (iv) AB

31. The transaction which used to adjust the bank account balance was,

- (i) AC
- (ii) AB
- (iii) AD
- (iv) BC

32. The adjusted bank account balance as at 30.08. 2018 was,

- (i) Rs 9,200
- (ii) Rs 14,600
- (iii) Rs 14,800
- (iv) Rs 15,000

33. The petty cash imprest of Sarala's business is Rs 4,000. The total of petty cash expenditure for the month of January 2019 was Rs 3,700. On 1.02.2019 Rs 4,700 was re-imbursed. Select the incorrect statement regarding petty cash of this business.

- (i) In the month of February, the petty cash imprest was increased by Rs 700
- (ii) The petty cash imprest for the month of February was Rs 5,000
- (iii) The petty cashier had a balance of Rs 300 in hand
- (iv) The petty cash imprest was increased by Rs 1000 from the month of February

34. Which one of the following is recorded in the purchase journal ?

- (i) Purchase of Rs 10,000 worth stock of goods on cash
- (ii) Purchase of Rs 16,000 worth stock of goods on credit basis
- (iii) Purchase of Rs 20,000 worth office furniture from Lakdiva Company
- (iv) Paid Rs 21,000 to creditors

35. Sales Journal of Nadeera's Business is given below

Date	(1)	(2)	Value (Rs)	L/P
8/1/2019	836	Gayan	6,000	
22/1/2019	837	Saranga	8,000	
31/1/2019		Total credited to -----(3)	14.000	

According to the above sales journal, No (1) , (2) , and (3) represent ,

- (i) Receipt Number/ Supplier/ Sales
- (ii) Invoice number/ Buyer/ Purchases
- (iii) Voucher Number/ Buyer/ Sales
- (iv) Invoice Number/ Buyer/ Sales Respectively

36. Collection of all the accounts of a business is known as

- (i) the Journal
- (ii) the Trial Balance
- (iii) the Ledger
- (iv) the Prime entry books

37. To settle the liability occurred as a result of purchasing furniture on credit from 'Samanala Furnishers' for the value of Rs 15,000, a cheque is issued to that company.

Select the respective source document and the relevant prime entry book to record the above transaction.

- (i) Payment voucher –Cash book
- (ii) Journal voucher- General Journal
- (iii) Payment voucher- Bank account
- (iv) Receipt- Cash book

38. Following is a narration written in a General Journal
(Correction of an error of recording a machinery repair cost of Rs 6000 on the credit side of the machinery account)

The Journal entry relevant to this narration is,

- | | | |
|-------|--------------------------------|--------------------------|
| (i) | Machinery account- Debit | Cash account –Credit |
| (ii) | Suspense account -0Debit | Machinery account-Credit |
| (iii) | Machine repairs account-Debit | Suspense Account-Credit |
| (iv) | Machinery repair account-Debit | Machinery account-Credit |

39. The total of the Debit column of a Trial balance of a business is Rs 420,000, the total of the Credit column is Rs 380,000. The reason for this difference is,

- (i) The balance of Received interest income account of Rs 40,000 has been recorded on the debit column of Trial balance
- (ii) Rs 20,000 received from a debtor has been recorded on the debit side of the cash book and also in the Debtors account
- (iii) Rs 40,000 worth purchase invoice has been completely omitted from the books
- (iv) The credit side of the sales account is under stated by Rs 20,000

40. Which prime entry book is used to correct the accounting errors?

- (i) Suspense Account
- (ii) General Journal
- (iii) Purchase Journal
- (iv) Cash book

END

