



## Royal College - Colombo 07

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**Grade 11 – Second Term Test – January 2022**

දෙවන වාරපරීක්ෂණය - 2022 ජනවාරි - 11 ශ්‍රේණිය

කාලය : පැය 1  
Time : 1hour

**Business and Accounting Studies – I**

60

E

I

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Name :- ..... Grade :- ..... Index number:-.....

- **Note – Answer all questions**
- **In Each of the questions 1 to 40 pick one of the alternatives (1), (2), (3), (4) which you consider as correct or most appropriate**

❖ **Using following case studying answer question no.01 to question No.04**

Piyadasa who employed in agricultural sector cultivates paddy and vegetables. He uses modern technology for his cultivation.

01. What is the need fulfilled by paddy and vegetables?
- (1) Health                      (2) Food                      (3) Security                      (4) Rice
02. What is the factor of production used in the above case?
- (1) Land                                      (2) Labour
- (3) Capital                                      (4) Entrepreneurship
03. The party who interests to obtain the product from Mr. Piyadasa at a reasonable price.
- (1) Customers                                      (2) Financial Institutions
- (3) Workers                                      (4) Manager
04. A challenging event that has affected Mr. Piyadasa's farming activities in recent times.
- (1) Government bans the use of chemical fertilizers
- (2) Decreased personal income due to the epidemic
- (3) Drying of water sources for forming
- (4) Restrictions on the export of equipment required for forming

❖ Answer question No.05 and 06 from the following case.

**Rayan and Raini equally capital-driven business saw a drop in demand with an epidemic that led to a decline in sales revenue. So they decided to close the business and even had to use their personal property as the business did not have enough assets to pay off the debt.**

05. The Business organization that runs by Rayan & Raini is,

- (1) Sole proprietorship (2) Partnership  
(3) Private company limited (4) Co-operative

06. “The business will have to dedicate their personal property to settle the debt due to insufficient assets to repay the debt.” Which of the following features Indicate the above statement.

- (1) No continuous existence (2) No Legal personality  
(3) Unlimited liability (4) Registration is not compulsory

07. Below are some of the types of business organizations in the X column and some of the features of them in the Y column.

X	Y
01. Sole Proprietorship	A. Shares can traded in the stock market
02. Private company limited	B. Suitable for professionals
03. Public company limited	C. Easy to commence
04. partnership	D. Can be obtained a Huge Capital

Select the line containing the correct answer when the type of business organization in the column X matches the order of the Y column features.

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

08. Buying and selling of goods and services are (1)..... (2)..... and (3) ..... are variants of foreign trade.

Choose the answer that corresponds to position and above respectively.

- (1) Domestic trade, whole sale and retails  
(2) International trade, import and export  
(3) Trades, import and export  
(4) Trade, wholesale and retails

09. Select the statement that gives an example for mobile retail.

- (1) Lalithya's Beauty Salon
- (2) Kumar goes by his motorcycle and sells fish.
- (3) The Grocery of Nimalsiri
- (4) A supermarket located in a crowded place

10. Following statement are related to current account.

- A - Ability to transact by cheques  
 B - Receiving interest on the money in the account  
 C - Overdraft facilities are available

From the above statement, select the line that contains only the correct statements.

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

11. Chaminda kumar, who runs a building material store insured his car worth of Rs. 20 Lakhs purchased from Lanka Automobile company with the insurance corporation. Select the correct row according to the points mentioned in the case above.

- (1) Insurer- Chaminda Kumara
- (2) Insurance- Insurance Corporation
- (3) Insurer- Lanka Automobile Company
- (4) Insured- Chaminda Kumara

12. Bank Overdraft is,

- (1) A Debit balance in the bank current account
- (2) A long term way of financing
- (3) A special privilege for savings account holders.
- (4) Ability to issue cheques exceeding the balance in the current account

13. The different ways of communication mediums are shown in the column X and some examples of them are shown in the Y column.

X	Y
1. Verbal	A. Internet , T.V
2. Written	B. Discussions, workshops
3. Electronic	C. Letters, Hand bills

Select the correct answer when the above communication mediums are matched in sequence with the relevant examples.

- (1) BCA      (2) BAC      (3) ABC      (4) ACB

14. Select the line that contains only the transport elements.
- (1) Power, ways, speed, terminal
  - (2) Ways, medium, power, terminal
  - (3) Medium, capacity, speed, power
  - (4) Cost, speed, capacity, security
15. Below are some statements related to management? Select the line that contains the **false** statement from those statements.
- (1) Every Business works to achieve specific goals or several objectives.
  - (2) Business must make good use of their resource in order to achieve the goals they set out to achieve
  - (3) To guide the motivation for the relevant activities by giving the necessary information and advice is leading
  - (4) There is no need to take corrective action as everything in the business goes according to plan.
16. A well-known clothing shop is offering a free wrist watch for every purchase over Rs. 200,000 for Christmas. What variable is the marketing mix used here to achieve marketing objectives.
- |             |               |
|-------------|---------------|
| (1) Product | (2) Price     |
| (3) Place   | (4) Promotion |
17. The objective of accounting is,
- (1) Fulfillment of legal requirements.
  - (2) To see if business financial position is sound.
  - (3) To see if a sufficient profit has been made.
  - (4) Providing information that will be useful to interested parties in making decisions.
18. Other than capital, the other factor that contribute to increase equity.
- (1) Equity
  - (2) Liabilities
  - (3) Income
  - (4) Expense

19. The following is how transaction affects the accounting equation.

$$\text{Assets} = \text{Equity} + \text{Liabilities}$$

$$-14\,000 = +1\,000 - 15\,000$$

The transaction recorded in the above accounting equation is,

- (1) Purchased stocks of Rs. 15 000 from Nimal
- (2) Sold stocks at Rs.14 000 to Sameera
- (3) Receiving Rs.1 000 discount on the settlement of Rs. 15 000
- (4) Giving Rs.1 000 discount when receiving Rs. 14,000 from debtors

20. Below are some information of Sayuni's business in 2021.

Capital as at 01.01.2021                      Rs. 300 000

Income    Rs.100 000

Equity as at 31.12.2021                      Rs. 325 000

Sayuni has not made any drawing in 2021. Her expenses for 2021 is,

- |                |                |
|----------------|----------------|
| (1) Rs.25 000  | (2) Rs. 75 000 |
| (3) Rs.300 000 | (4) Rs.725 000 |

21. Select the statement that contains the double entry of increasing credit of decreasing debit.

- (1) Electricity account, Debtors account
- (2) Building account, Bank Loan account
- (3) Bank Loan account, Creditors account
- (4) Commission income account, Insurance account

22. The ledger is,

- (1) The book that contains all the account of a business.
- (2) The sum of cash account and bank account.
- (3) A computer that contains all the accounts of a business
- (4) The collection of all accounts in the business

## ❖ Answer question No.23 and 24 by using following information

A- Sold stocks at Rs. 40 000 on cash basis.

B- Purchased equipment of Rs.75 000 from Ranil for use in the business on credit basis.

23. Select the line which shows the correct double entry for transaction A.

1. Cash Book Dr. Rs.40 000  
Sales Account Cr Rs.40 000

2. Cash Book Dr. Rs.40 000  
Stock Account Cr Rs.40 000

3. Sales Account Dr. Rs.40 000  
Stock Account Cr Rs.40 000

4. Stock Account Dr. Rs.40 000  
Sales Account Cr Rs.40 000

24. Select the line that contains the relevant sources document and the prime entry book for recording the transaction B.

- (1) Journal voucher, General Journal
- (2) Purchase invoice, Purchase Journal
- (3) General Journal, Purchase Invoices
- (4) Purchase Journal, Journal Voucher

25. Following is the debit record of a transaction occurred in a business

Cash Account	Dr.Rs.9 500
Discount Given Account	Dr.Rs. 500

What is this transaction?

- (1) Sold stocks at Rs. 10 000 reducing a discount of Rs. 500 on cash basis.
- (2) Sold stocks at Rs. 10 000 after reducing a discount of Rs. 500 on credit basis
- (3) Received money from debtors of Rs. 10,000 after reducing 5% discount.
- (4) Payment of creditors of Rs. 10 000 subject to a 5% discount.

**Following are two transactions recorded in Ranil's Business in the month of may 2021.**

**Answer question No.26 and 27 by using the information.**

**May 07 - Received a cheque of Rs. 15 000 from debtor. Deposited the cheques immediately.**

**May 15 - Dishoured the cheque of Rs. 15 000 which was received from debtors.**

26. Select the statement which contains the correct double entry for transaction occurred on 7<sup>th</sup> of May.

(1) Cash Book Dr. Rs.15 000  
Debtors A/C Cr. Rs. 15 000

(2) Cash A/C Dr. Rs. 15 000  
Bank A/C Cr. Rs. 15 000

(3) Bank A/C Dr. Rs. 15 000  
Debtors A/C Cr. Rs. 15 000

(4) Bank A/C Dr. Rs. 15 000  
Cash Book Cr. Rs. 15 000

27. Select the answer which shows the credit entry of the transaction occurred on 15<sup>th</sup> may.

(1) Bank A/C Cr. Rs. 15 000

(2) Debtors A/C Cr. Rs. 15 000

(3) Cash Book Cr. Rs. 15 000

(4) Dishoured cheques A/C Cr. Rs. 15 000

28. Due to cheques deposited but not realized, compared to the balance in the bank account in the business,

(1) It reduces the balance in the bank statement.

(2) It reduces the balance in the bank statement

(3) It increases the balance in the bank statement

(4) It does not change as the balance in the bank statement.

29. The petty cash imprest of Roshani's Business was Rs. 5,000. The Balance remaining in the petty cashier is Rs. 500 as at the end of the month of April. Petty cash expense for the month of May 2021 is Rs. 4 000. What is the value of reimbursement of petty cash imprest on 1<sup>st</sup> of May 2021
- (1) Rs. 500 (2) Rs. 1 000  
(3) Rs. 4 500 (4) Rs. 5 000
30. The following is a sales condition of a purchases invoice.  
"5/40 net 90"  
To get the 5% discount when will the net amount should be paid.
- (1) On or before 90 days  
(2) on or before 40 days  
(3) In between 40 to 90 days  
(4) Within 50 days
31. Below are some of the transactions that took place in a restaurant run by Ravindu. Select the transaction which is recorded in the General Journal.
- (1) Selling of sweets worth Rs. 5 000 on cash basis.  
(2) Selling of 25 cool drink bottles each at. Rs. 80  
(3) Sold 20 packets of rice each at Rs. 400 to Janka  
(4) Sold equipment worth of Rs. 8000 to Dinapala Company on credit basis.
32. A function that cannot be fulfilled by tele -banking system,
- (1) Searching the balance in the bank account  
(2) Obtaining the bank statements.  
(3) Transferring money from one account to another.  
(4) Obtaining cheque books.
33. A purchase invoice of Rs. 10 000 has been recorded twice in books. When rectifying this error.
- (1) Crediting Rs. 20 000 to purchases A/C  
(2) Debiting Rs. 20 000 to purchase A/C  
(3) Debiting Rs. 10 000 to creditors A/C  
(4) Crediting Rs. 10 000 to creditors A/C



34. Select the Statement which contains the elements in the statement accurately.

- (1) Equity, Liabilities and Incomes
- (2) Income, Expenses and Assets
- (3) Assets, Equity and Liabilities
- (4) Assets, Equity and liabilities

Answer question N.35 to 40 by using following information.

	<b>Rs.</b>
Sales	500 000
Purchases	200 000
Machines (Cost)	400 000
Carriage inwards	10 000
Stocks as at (01.01.2021)	20 000
Debtors	40 000
Electricity	15 000
Creditors	60 000
Advertising	12 000
Rates	10 000
Capital (as at 01.01.2021)	600 000
Commission income	20 000
Cash Balance	50 000
Bank Overdraft	20 000

All stocks have been sold out.

35. Cost of Sales for the year ended 21.12.2021 for Sahan's Business is,

- (1) RS.220 000
- (2) Rs.230 000
- (3) Rs.270 000
- (4) Rs.500 000

36. Gross profit for the year ended 31.12.2021 in Sahan's business is,

- (1) Rs. 230 000
- (2) Rs. 270 000
- (3) Rs.290 000
- (4) Rs. 730 000

37. Total income for the year ended 31.12.2021 in Sahan's Business is,

- (1) Rs. 270 000
- (2) Rs. 290 000
- (3) Rs. 500 000
- (4) Rs. 520 000

38. The value of administration expenses for the year ended 31.12.2021.

- |                |                |
|----------------|----------------|
| (1) Rs. 10 000 | (2) Rs. 15 000 |
| (3) Rs.25 000  | (4) Rs. 37 000 |

39. The total assets as at 31.12.2021 in the Sahan's business,

- |                |                |
|----------------|----------------|
| (1) Rs. 40 000 | (2) Rs.15 000  |
| (3) Rs. 25 000 | (4) Rs. 37 000 |

40. Current liabilities as at 31.12.2021 in Sahan's Business,

- |                |                |
|----------------|----------------|
| (1) Rs. 20 000 | (2) Rs. 60 000 |
| (3) Rs. 80 000 | (4) Rs.680 000 |



agaram.lk



## Royal College - Colombo 07

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**Grade 11 – Second Term Test – January 2022**

දෙවන වාර පරීක්ෂණය - 2022 ජනවාරි - 11 ශ්‍රේණිය

කාලය : පැය 2  
Time : 2hours

**Business and Accounting Studies – II**

60

E

II

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Name :- ..... Grade :- ..... Index number:-.....

**Note –**

**Answer Five Question only.**

**Including question No.1, answer five question selecting two question from each of the parts I and II.**

01. Answer question I to X from the given case study.

Mrs. Roshel Fernando who is an experienced cake designer runs a business which manufactures wedding and functional cakes in a part of her house named as “Roshel cakeland” Mrs. Roshel’s daughter who has a special knowledge to make cakes gives her fullest support to her mother. 5 experienced cake signers are employed in her business. There is a huge demand for Roshel cakes which included quality ingredients.

Following are the balance of Accounts Roshel cake Land.

	Rs
Cash in hand	265 000
Land & Building	300 000
Equipments	90 000
Electrical Ovens	150 000
Debtors	35 000
Creditors	76 000
Bank Loan	200 000

Following are the transaction related to the month of December 2021.

	<b>Rs</b>
Cash purchases	155 000
Credit purchases	12 000
Cash sales	450 000
Credit Sales	20 000
Salary	100 000
Interest for bank loan	4 000
Electricity	15 000
Accrued transport charges	8 000

Mrs. Roshel launched an advertising campaign via face book and a web site.

Even though the turnover of Roshel cake Land has been dropped due to the Covid 19 pandemic, presently it is gradually increasing and acquired a refrigerator of Rs. 175 000 from “Sisira Trade Centre” on credit basis on 30/12/2021.

Equipment and electrical oven should be depreciated by 10% annually and No stocks remaining as at 31.12.2021

- (i) (a) What is the business category this business belong to according the nature of the product?
- (b) What is the business organization that Roshel cake land belong?
- (ii) (a) State two production factors related to this business?
- (b) Give an example for a weakness and for a threat?
- (iii) According to Mrs. Roshel, her business was registered
  - (a) What is the law regarding the registration of this business.
  - (b) What are the advantages of registering the business?
- (iv) (a) Name two supporting services in this business.
- (b) Give an example for “Leading” function in management and an example for “advertising in the marketing mix”
- (v) Indicate the accounting equation as at 01.01.2021
- (vi) (a) Name two prime entry books and relevant source documents used in the business.
- (b) Indicate the accounting equation of payment of bank loan interest.
- (vii) Calculate the cash balance of “Roshel Cake Land” as at 31.12.2021
- (viii) Write the double entry for obtaining of refrigerator on credit basis.
- (ix) Calculate the net profit or loss as at 31.12.2021
- (x) (a) Calculate the equity as at 31.12.2021
- (b) Write a current asset and a current liability with value as at 31.12.2021

(2 x 10 = 20 marks)

**Part I – Business Studies***(Answer two questions only)*

02.

- (i) (a) What is a want?  
 (b) State two differences between needs and wants. (2 marks)
- (ii) State whether the following statements are true or false  
 (a) Wholesale and retail business are belong to commodity manufacturing businesses based on the nature of the product.  
 (b) State businesses of Sri Lanka function only for social service  
 (c) Providing various incentives to businesses is an objective of the government  
 (d) Always partnerships are implemented on partnership agreements. (2 marks)
- (iii) Anoma, who is in the traditional lace industry in Galle is a talented lace designer who was inspired by her grandmother and mother. She runs a lace business called “Anoma Lace” in a part of her house with another two designers. There’s a huge demand for the products locally as well as internationally.  
 (a) State two stakeholders of the Anoma lace business and write the contribution to the business of each stakeholder.  
 (b) State a strength and opportunity (2 marks)
- (iv) “Express Auto Services” is a vehicle service centre with new technology which is owned by Achala, Amila and Chamila. Achala, Amila and Chamila who have a vital knowledge of motor mechanic directly supervise the activities of the business. Owner’s expected to expand the business with more capital and with limited liability as “Express Auto Service” has popular among customers.  
 (a) State two factors of production which are used by Express Auto Service with examples.  
 (b) State an advantage and a disadvantages of the business organization which will be expected to expand.

(2 marks)

(Total 8 marks)

03.

(i) Amaya runs a business of selling readymade garments and sarees which are exported from India and Thailand. She has entered to an agreement with Sri Kanth Textiles in India to export readymade garments to Sri Lanka within two weeks.

- (a) Name the exporter and the importer of the above case  
 (b) What is the suitable transportation ways and the mode used for above order.

(2 marks)

(ii) State whether the following statements are true or false.

- (a) Whole seller does not aware of his consumers as he is not directly involved with them.  
 (b) The money in the fixed deposits can be transacted by credit cards  
 (c) The last part of MICR column of a cheque indicates the number of current account of the payee.  
 (d) There is a insurable interest over the pawned items in a pawning business. (2 marks)

(iii) Rex has obtained an insurance from Sri Lanka Insurance co-operations for his business building. The part of the building was totally destroyed because of fire. Rex informed about the fire over the telephone and the agents of the insurance cooperation estimated the loss of the damage to Rs. 100 lacs. Rex demanded Rs. 500 lacs as the compensation. But the insurance corporation has informed that they can offer Rs. 100 lacs by a letter.

- (a) What is the insurance principle regarding not to pay Rs. 500 lacs as the compensation?  
 (b) State the components of communication process of the above events with the examples. (2 marks)

(iv) (a) Name the parties of a cheques and describe them briefly.

- (b) State the objectives of crossing and endorsing of cheques separately. (2 marks)

(Total 8 marks)

04.

(i) (a) What is management?

- (b) Introduce effectiveness and efficiency. (2 marks)

(ii) State whether the following statements are true or false.

- (a) Scarcity of resources compared to wants is a huge problem in the world.  
 (b) Leading and motivation are important functions of the organizing function.  
 (c) Marketing is a process of manufacturing of commodities to satisfy needs and wants of consumers.  
 (d) Market is any place where a marketer and a seller meets. (2 marks)

- (iii) (a) What are the first and last functions in marketing?  
 (b) What is a target market? (2 marks)
- (iv) “Milk way a business which produces sweetened condensed with an attractive packs offer 10% discount to the market in the new year festival. Some T.V advertisements has been launched by the marketing section to catch the market.  
 (a) Give examples for two management functions of the above case.  
 (b) State two examples for marketing variable from it?

### Part II

*Answer two questions only.*

05.

- (i) (a) What is equity?  
 (b) Write two characteristics of a liability. (2 marks)
- (ii) Write double entries for following transactions.  
 (a) Invested office equipment of Rs. 25 000 by the owner.  
 (b) Received a cheque amounting Rs. 12 000 from building rent income(2marks)
- (iii) Following is the accounting equation of Amjaad’s business.

Date	Transaction	Assets	=	Liabilities + Equity	
				Rs.	Rs.
04/12/2021	01	-12 000 stocks +15 00 debts			+3 000 profit
06/12/2021	02			-17 000 creditors	+17 000
08/12/2021	03	+9 500 cash -10 000 debtors			-500 discount given
10/12/2021	04	+50 000 machinery -50 000 cash			

Additionally the total assets and the total liabilities of Amjaad’s business are Rs. 225 000 and Rs. 35 000 respectively as 01/12/2021.

**Required:-**

- (a) Described the above transactions given in the accounting equation.  
 (b) Indicate the accounting equation with values as at 07/12/2021. (4 marks)

- (iv) Following transactions are occurred during the month of December 2021 in Jayalal's Business.

Date	Transaction	Additional Information
07/12/2021	(1) Purchased 20 A4 sheet packets each at Rs. 250 from Green papers Stationeries on credit	Trade discount given 5%
15/12/2021	(2) purchased 50 foot rulers each at Rs.15 from Atlas company on cash basis.	Trade discount given 5%
23/12/2021	(3) Purchased 100 pens each at Gurusinghe trade centre on credit	-
28//12/2020	(4) Purchased a book rack of Rs. 30,000 from Dambulu company	Trade discount given 10%

**Required:**

- (a) Prepare the purchase journal as at 31/12/2021  
 (b) Post the information in the purchase journal (4 marks)  
 (Total marks 12)

06.

- (i) (a) Introduce dishouring of a cheque  
 (b) Write the double entry for issuing a cheque of Rs. 30,000 to creditors. (2 marks)

- (ii) Following information is related to the petty cash book in Randiya company limited.  
 Petty cash expenses for the month of November 2021 Rs. 4 600  
 Balance remaining in the hand of petty cashier Rs. 400 for the month of November.

**Required**

- (a) What is the petty cash imprest the petty cash imprest of this business.  
 (b) If it is decided to increase the petty cash imprest by Rs. 2 000 what should be the amount reimbursed as at 01-12-2021. (2 marks)

- (iii) In Pasanjali's business the total of debit column and credit column was not agreed as at 31/12/2021. The difference was transferred to suspense a/c Following errors were revealed.
- Debit side of the purchases account under stated by Rs.5 000
  - Balance of Rs.1 300 of discount received account has been recorded in the debit side of the trial balance.
  - Interest income of Rs. 2 500 has been recorded in the rent income account.



**Required**

- (a) Write double entries to rectify the above errors.
- (b) Prepare the suspense a/c to find the balance b/f/ in the suspense a/c (4 marks)
- (iv) (a) State two reasons for having a higher value in the bank account than the bank Statement. (2 marks)
- (b) Balance in the bank account of Ragina's business was Rs.21 000 as at 31/12/2021 Balance in the bank statement did not agreed with it. Later following information were revealed.
- (1) Cheques issued but not presented to the bank Rs.7000
- (2) Payment of standing order for insurance Rs.4 500
- (3) Direct remittances Rs. 13 000
- (4) Cheques deposited but not realized Rs.6 500

**Required**

Prepare the bank account as at 31/12/2021

(2 marks)

(Total 12 marks)

07.

- (i) (a) What is depreciation?
- (b) Write the double entry for depreciation
- (ii) (a) Briefly introduce tele banking system
- (b) State an advantage and a disadvantage of computerized accounting.

(iii) Following is the trial balance of Rogger's Retails Business as at 31/12/2021.

Account Name	Dr Rs.	Cr. Rs.
Opening stocks 01/01/2021	26 000	
Purchases	365 000	
Carriage Inwards	4 500	
Sales		505 000
Debtors	45 000	
Creditors		55 000
Investments	50 000	
Insurance	2 500	
Cash	48 000	
Bank Balance	20 000	
Discount Given	1 500	
Discount Received		2 300
Electricity	8 000	
Commission Income		3 200
12% Bank Loan		100 000
Delivery Lorry (cost)	400 000	
Accumulated depreciation for delivery lorry at 01/01/2021		80 000
Salaries for sales personal		250 000
capital	<b>995 500</b>	<b>995 500</b>

#### Additional information

01. Stock as at 31/12/2021 Rs.23 000
02. Delivery lorry should be depreciated 10% per annual on straight line method.
03. Commission income Rs. Receivable Rs.6 000

#### Required

01. Profit or loss statement for the year ended 31/12/2021 (4marks)
02. Statement of financial position as at 31/12/2021 (total marks 12)