

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
- (3) Assigning to the job positions

- (2) Division of work
- (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
- (3) Rs. 225,000.00

- (2) Rs.300,000.00
- (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-imbursement?

- (1) Rs.2850.00
- (3) Rs.3350.00

- (2) Rs. 3000.00
- (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. 2,000 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. 5,000 only in the cash book.

27. Payment of Rs. 2,000 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 |