



Royal College - Colombo 07

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Grade 11 - First Term Test - - June 2021

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කාලය : පැය තුනයි
Time: Three hours

Business and Accounting Studies - I, II

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Business and Accounting Studies - I

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.

Answer from question no. 01 to question no. 04 by considering, following information.

Upeka who followed a sewing diploma course started a small ready made garment known as 'Vilasitha' which produces garments for small kids and ladies in her house. She supplied her products to neighbouring shops, but at present she receives more orders from other cities too. She recruited two skilled workers to her garment.

01. What is the need full filled by Upeka's business.

- | | |
|-------------------|-------------------|
| (1) Ladies frocks | (2) Kids trousers |
| (3) Clothes | (4) Housing |

02. According to the nature of products, Upeka's business is belong to;

- | | |
|--|----------------------------------|
| (1) partnerships | (2) service providing businesses |
| (3) commodity manufacturing businesses | (4) Profit oriented businesses |

03. An opportunity of Upeka's business is,

- (1) Having supporting workers.
- (2) being followed a sewing diploma course
- (3) having shops closed by
- (4) Receiving orders from shops in other cities.

04. Select the accurate statement from the followings
- (1) Upeka's business should be registered.
 - (2) Upeka doesnot have skills to saw dresses
 - (3) The demand for her garments decreases
 - (4) There are barriers to develop the business.
05. What is the business organization which suits for a collective management by all owners of a business.
- (1) A sole proprietorship
 - (2) A partnership
 - (3) Incorporated companies
 - (4) Associations
06. The objectives of suppliers as stakeholders
- (1) To receive an adequate profit
 - (2) To decide the prices of products
 - (3) To take accurate management decisions
 - (4) To get continuous orders
07. Select the statement which includes external environmental factors,
- (1) Customers, employees, Competitors
 - (2) Owners, employees, managers
 - (3) Owners, employees, competitors
 - (4) Customers, suppliers, competitors
08. What is the law which decides the maximum partners of a partnership.
- (1) Partnership ordinance of 1890
 - (2) Praud prevention ordinance no. 07 of 1840
 - (3) Business names ordinance no. 06 of 1918
 - (4) Companies act no. 07 of 2007
09. Column X indicates the description of types of trades and column Y indicates the types of trades.
- | Column X | Column Y |
|--|---------------------|
| (1) Selling goods for the purpose of reselling | A. Import Trade |
| (2) Selling a stock of tea to America | B. Whole sale Trade |
| (3) Selling goods for final consumption | C. Export Trade |
| (4) Purchasing a stock of dual from India | D. Retail trade |
- The accurate statement when column X matched with the column Y.
- (1) BCAD (2)CBAD (3) BCDA (4) CBDA

10. The types of accounts which facilitate to do transactions for a business man;
 (1) A current account (2) Dhanayojana accounts
 (3) A savings account (4) Fixed deposits
11. Select the statement which shows the numbers of MICR column of a cheque respectively.
 (1) Bank number cheque number, Branch number, bank account number
 (2) cheque number, bank number, branch number, bank account number
 (3) cheque number, branch number, bank number, bank account number
 (4) Bank account number, cheque number, bank number, branch number.
12. The lorry worth of Rs. 2000 000 of Chathura which has obtained an full insurance coverage from Sri Lanka Insurance Corporation had a damage of Rs. 500 000 by an accident, The maximum compensation that chathum can obtain to the damage is,
 (1) Rs. 500 000 (2) Rs. 150 000 (3) Rs. 2000 000 (4) Rs. 250 000
13. Anjana studies about natural disasters from a lecture conducted by the Central Environmental Authority. He further watched an educational programme of natural disasters via Rupavahini and read another related a newspaper article of Dinamina news paper The communication methods used by Anjana to study about natural disasters respectively are.
 (1) Electronic, written, verbal (2) Electronic, verbal, written
 (3) Verbal, electronic, written (4) Verbal, Written, Electronic
14. Select the statement which contains elements of transportation.
 (1) Way, Power, Motor vehicles, Aircrafts
 (2) Way, medium, power, terminal
 (3) Medium, Ship, harbour, Power
 (4) Power, Terminal, Bus, Train
15. What is the function of appointing managers for production and marketing section of a beverages manufacturing company in the management process?
 (1) Planning (2) Organizing (3) Leading (4) Controlling
16. "It is decided to organize the national Volley ball tournament of 2021 by a popular foot ware manufacturing company in Sri Lanka" What is the variable which indicates in the above statement?
 (1) Advertising (2) Personal selling
 (3) Public relations (4) Sales promotions
17. The basic objective of accounting is,
 (1) To know the profit earned by the business
 (2) To know the financial situation of the business
 (3) To provide information to stake holders
 (4) To fulfill legal requirements

18. Following is the accounting equation for a transaction in a business.
 Assets (Rs) = Equity (Rs) + Liabilities (Rs)
 + 5000 + 5000
 The correct transaction which indicates above equation is,
 (1) Sold stock of Rs. 5000 to Saman on credit basis
 (2) Received a rent income of Rs. 5000
 (3) Invested additional capital Rs. 5000
 (4) Purchased stocks of Rs. 5000 by Kelum.
19. The transaction which increases equity from following transactions.
 (1) Paid electricity bill Rs. 3000
 (2) Paid bank loan interest Rs. 2000
 (3) Paid Rs. 7000 to creditors by the owner
 (4) Purchased furniture of Rs. 8000
20. The double entry for a dishonoured cheques of Rs. 4000 which was deposited after receiving from debtors
 (1) Bank account Dr. Rs. 4000
 Debtors account Cr. Rs. 4000
 (2) Debtors account Dr. Rs. 4000
 Bank account Cr. Rs. 4000
 (1) Cash book Dr. Rs. 4000
 Debtors account Cr. Rs. 4000
 (2) Debtors account Dr. Rs. 4000
 Cash book Cr. Rs. 4000
21. Column X indicates the types of accounts and column Y indicates the examples for types of accounts.
- | Column X | Column Y |
|---------------------|----------------------|
| (1) Assets A/C | A. Drawings |
| (2) Expenses A/C | B. Bank loan |
| (3) Equity A/C | C. Motor Vehicles |
| (4) Income A/C | D. Discount received |
| (5) Liabilities A/C | E. Electricity bill |
22. The answer when column X matches with column Y.
 (1) CEADB (2) BAECD (3) ABCDE (4) ECADB
23. The account which represents the double entry "increasing is debit and decreasing is credit"
 (1) Discount received account (2) Capital account
 (3) Creditors account (4) Debtors account
23. The relevant source document and the prime entry book for purchasing a lorry to the shakthi furniture shop from Yamuna motors at Rs. 15 Laks on credit basis are;
 (1) Purchase invoice, purchase journal
 (2) Purchase journal, purchase invoice
 (3) General journal, Journal voucher
 (4) Journal voucher, General journal

24. While balance of bank account was Rs. 20 000 and the balance of bank statement was Rs. 22 000 as at 31. 01. 2021 in a business. The transaction related to the above difference is,
- (1) Standing payment of Rs. 2000 as Insurance premium
 - (2) Cheques deposited but not realised Rs. 2000
 - (3) Divident received Rs. 2000 directly to the bank
 - (4) Bank charges of Rs. 2000
25. 10% discount was given while receiving Rs. 8000 from debtor Nelum in Kelum's business. This transaction from the view of Kelum's business is,
- (1) Discount received Rs. 8000 (2) Discount allowed Rs. 800
 - (3) Discount allowed Rs. 8000 (4) Discount received Rs. 800
26. The petty cash imprest of Sunitha's business is Rs. 4000. The petty cash balance in hand was Rs. 300 as at 31. 01. 2021. It was decided to increase the petty cash imprest by Rs. 500 from the month of February. The reimbursement of petty cash imprest as at 01. 02. 2021 is,
- (1) Rs. 3700 (2) Rs. 4000 (3) Rs. 4200 (4) Rs. 4500
27. A prime entry book which was prepared by 'Salupili Traders' includes the date, the invoice Number, the supplier, the total value and the ledger page. The relevant prime entry book is,
- (1) Sales Journal (2) Purchases Journal
 - (3) Petty cash book (4) General Journal
28. Following are the prime entry books prepared by a business.
- | | |
|----------------|---------------------|
| A Cash book | B Purchases Journal |
| C Bank Account | D Petty cash Book |
- What is the prime entry which does not have dual functions from above ?
- (1) A (2) B (3) C (4) D
29. The service which Cannot be fulfilled by using telebanking system is,
- (1) Payment of electricity and water bills
 - (2) Checking the balance of bank account
 - (3) Ordering cheque books
 - (4) Transferring money from one account to another account.
30. The correct order of the accounting process is,
- (1) Transactions, Source Documents, Prime entry books
Ledger accounts, Trial balance, Financial Statements
 - (2) Source Documents, Transactions, Prime entry book, Ledger accounts
Trial balance, Financial statements
 - (3) Source Documents, Transactions, Ledger accounts, Prince entry Books
Trial balance, Financial Statements.
 - (4) Transactions, Source Documents, Ledger accounts, Prime entry books
Total balance, Financial Striteuct

31. Mihira Stores has used following source documents as at 04 - 01 - 2021. Receipt, Payment Voucher, Journal Voucher what is the statement which indicates the relevant transactions on that day.
- (1) Cash Sales, purchasing of fixed assets / on credit basis, payment for workers.
 - (2) Credit sales purchasing of fixed assets on credit basis, payment for workers
 - (3) Payment for creditors, cash purchases, payment for workers.
 - (4) Cash sales, workers salary payment, purchasing of fixed assets on credit basis.
32. Select the correct statement from followings.
- (1) An example for a liability account is the capital account in a business.
 - (2) Credit balance of the bank account prepared by the business is a favorable balance.
 - (3) The cash book acts as a prime entry book and as a ledger account.
 - (4) The double entry concept of increasing debit and decreasing credit affects for assets accounts and income accounts.
33. Following is an extraction of a trial balance
- | Account Name | Dr. (Rs.) | Cr. (Rs.) |
|-----------------------|-----------|-----------|
| (1) Piyal's account | 1000 | - |
| (2) Janitha's account | - | 3000 |
| (3) Sales account | - | 5000 |
| (4) Salaries account | 1200 | - |
- The statement which includes above the types of accounts of above accounts is,
- (1) Assets, liabilities, Income, Expenses
 - (2) Liabilities, Assets, Income, Expense
 - (3) Assets, Liabilities, Expenses, Income
 - (4) Liabilities, Assets, Expenses, Income
34. The double entry for receiving a cheque from debtors is,
- (1) Cash account Dr.
Debitors account Cr.
 - (2) Debtors account Dr.
Cash account Cr.
 - (3) Bank account Dr.
Debitors account Cr.
 - (4) Debtors account Dr.
Bank account Cr.
35. The total of purchases account of Shanthi hardware was Rs. 4800 in the month of January 2020. The double entry for posting this to the ledger accounts is,
- (1) Purchases a/c Dr. Rs. 4800
Cash a/c Cr. Rs. 4800
 - (2) Purchases a/c Dr. Rs. 4800
Bank a/c Cr. Rs. 4800
 - (3) Purchases a/c Dr. Rs. 4800
 - (4) Debtors a/c Dr. Rs. 4800

- | | | | |
|--|----------------------------|--|----------------------------|
| | Creditors a/c Cr. Rs. 4800 | | Purchases a/c Cr. Rs. 4800 |
|--|----------------------------|--|----------------------------|
36. Because of computerised accounting;
- | | |
|------------------------|--------------------|
| (1) time can be saved | (2) Cost decreases |
| (3) Accuracy increases | (4) All above |
37. Sugandi handunkuru company sold 1000 packets of incense sticks each at Rs. 30 and gave 10% discount in the month of 2020. Total value of sales in this business is;
- | | | | |
|----------------|----------------|----------------|----------------|
| (1) Rs. 22 500 | (2) Rs. 25 000 | (3) Rs. 27 000 | (4) Rs. 30 000 |
|----------------|----------------|----------------|----------------|
38. What is the transaction which is recorded in the general journal?
- | | |
|--|---|
| (1) Ashoka hardware sold 1000 bags of cement each at Rs. 900 | (2) Shanthi constructions acquired a concrete mixture machine at Rs. 20 laks on credit basis |
| (3) Tharusha Real Estate company donated Rs. 10 000 to 'Sarana' or fanage. | (4) Reimbursing of petty cash imprest of Hasareli book shop by the main cashier to the petty cashier. |
39. What is the accounting error which is affected to the agreement of the trial balance.
- | | |
|--|---|
| (1) No records for a purchase invoice of Rs. 3000 in books | (2) Building repairs of 7500 has been debited to the building account. |
| (3) Cash sales of Rs. 500 has been debited to the sales account. | (4) Receiving Rs. 2000 by the debtor Amal has be credited to Vimal's account. |
40. The amount of Rs. 5000 received from Isuru has been correctly recorded in the cash book, but it is recorded in the wrong side of Isuru's account. The double entry for correct this accounting error is;
- | | |
|-------------------------------|--------------------------------|
| (1) Isuru's a/c Dr. Rs. 5000 | (2) Suspense a/c Dr. Rs. 5000 |
| Cash a/c Cr. Rs. 5000 | Isuru's a/c Cr. Rs. 5000 |
| (3) Isuru's a/c Dr. Rs. 10000 | (4) Suspense a/c Dr. Rs. 10000 |
| Suspense a/c Cr. Rs. 10000 | Isuru's a/c Cr. Rs. 10000 |