



De Mazenod College – Kandana

Business and Accounting Studies I

Grade 11 – 1<sup>st</sup> term test (May 2024)

Duration: 1 hour



2024-06

- Answer questions 1 to 5 based on the incident given.

Sachini Weerakoon who is a graduate of food technology runs a fresh fruit selling stall named 'Rasa Miuru' in her own buildings. She purchase fruits from the farmers of the area and sells fruits to the canteen of Kasuni and other customers.

(01) What is the want fulfilled by 'Rasa Miuru' business?

- |           |          |
|-----------|----------|
| 1. Health | 3. Guava |
| 2. Food   | 4. Jam   |

(02) Fruits business of Sachini

- |                                     |                               |
|-------------------------------------|-------------------------------|
| 1. Commodity manufacturing business | 3. Non profit motive business |
| 2. Service providing business       | 4. Partnership business       |

(03) What is the production factor that the building of Rasa miuru business belong?

- |           |                     |
|-----------|---------------------|
| 1. Land   | 3. Capital          |
| 2. Labour | 4. Entrepreneurship |

(04) Kasuni's canteen is .....of Rasa Miuru business

- |             |               |
|-------------|---------------|
| 1. Customer | 3. Competitor |
| 2. Supplier | 4. Employee   |

(05) The authoritative body of registering Rasa Miuru business

- |                                    |  |
|------------------------------------|--|
| 1. President of pradeshiya Sabha   | 4. Registrar of business names of the provincial council |
| 2. Divisional secretary            |  |
| 3. President of provincial council |  |

(06) Which of the following factors is specific for a service?

- |                       |                                 |
|-----------------------|---------------------------------|
| 1. Physical existence | 3. Cost incurred for production |
| 2. Tangible           | 4. Separated from the owner     |

(07) Select the incorrect statement out of the following

1. An aim of a customer is to obtain products at a fair rate
2. An aim of employee is to create employment opportunities
3. An adverse effect of globalization is to face the competition
4. Managers take decisions to achieve the business aims

(08) Following are few strengths and opportunities

- A – Having a knowledge and experience by the owner
- B - construction of express ways
- C – introducing of low interest loan scheme by the government
- D – specialized knowledge and commitment of employees

Select the answer which includes only strengths

1. A and B
2. B and C

3. A and D
4. A, C and D

- (09) What is the factor that should be considered when categorizing businesses on scale
1. Amount of energy used, number of employees, amount of capital
  2. Ownership, aim, amount of capital
  3. Profit motive, market share, number of employees
  4. Number of employees, market share, ownership

- (10) Following table shows three types of business organization and its characteristics

Business organization	Liabilities	Legal personality
1. Sole proprietorship	Unlimited	A
2. Corporative	Limited	B
3. Incorporated companies	C	Have

Select the answers which are suitable for blanks A, B, and C

1. A - have      B - have      C - limited
2. A - no        B - no        C - limited
3. A - no        B - no        C - limited
4. A - no        B - no        C - unlimited

- (11) Within how many days should the application of a sole tradership submitted for registration after its commencement

1. 7
2. 14

3. 21
4. 28

- (12) 'the fuel prices will increase by Rs.10 from midnight today;. Which of the following statements should be accurate in relation to this news headline?

1. Included in the economic environment and it is a business weakness
2. Included in the political environment and it is a business opportunity
3. Included in the political environment and it is a business threat
4. Included in the economic environment and it is a business challenge

- (13) The business organization which includes more than two and less than twenty number of group of people, which functions for profit motive, should be registered under

1. Business Names Ordinance Act no 06 of 1918
2. Partnership ordinance of 1890
3. Companies Act No 07 of 2007
4. Corporatives Act No 05 of 1972

- (14) A limited company gets the ability of collecting more capital, because:

1. It has the legal personality
2. It does not have a limit of number of owners
3. The liability of the share holders is limited
4. It has the ability of issuing debentures

- (15) One of the advantages of corporative societies when compared with other business organizations, is:
1. Having a democratic control
  2. The economic benefits belong to the government
  3. Having monopoly influence of the private sector
  4. Ability of commencing with the large capital
- (16) The business organization category which has the full or partial ownership for the government, and the registered under a different Act other than the companies Act, is
1. State corporations
  2. State departments
  3. State companies
  4. Corporative societies
- (17) Select the statement which is related to the Business entity concept
1. Only the transactions which are measurable in terms of currency is used for accounting
  2. The owner keeps accounting records of the business
  3. The business has a separate existence from the owner
  4. The business has a continued existence
- (18) Select the most accurate statement out of the following
1. Assets are the obligations that should be settled by a business which arose as a result of a past transaction.
  2. Expenses are the increases that occur in the equity
  3. Equity is the assets remaining for the owners
  4. Incomes are all increases that take place in equity
- (19) The answer which includes only the expenses is
1. Discount allowed, electricity expenses, carriage outwards, purchases
  2. Advertising, sales commission, drawings, wages
  3. Discount allowed, building depreciation, stocks, bank loan
  4. Loan interest, accrued electricity, discount allowed, wages
- (20) The accounting equation of Sanduni Navodya's business is given as at 01.01.2018 follows

$$\begin{array}{lcl} \text{Assets} & = & \text{Equity} + \text{Liabilities} \\ 425\ 000 & = & 350\ 000 + 75\ 000 \end{array}$$

This equation changed as follows due to a transaction taken place on that day

$$\begin{array}{lcl} \text{Assets} & = & \text{Equity} + \text{Liabilities} \\ 450\ 000 & = & 375\ 000 + 75\ 000 \end{array}$$

The transaction that took place would be

1. Drawings by Rs.25 000
2. Obtaining a bank loan of Rs. 25 000
3. Credit sales of stock worth Rs.25 000 at Rs. 50 000
4. Credit purchases from Wickrama Rs. 25 000



(28) Following are few information of Kasuni Chethana's business in year 2017

Capital as at 01.01.207	30 000. 00
Annual income	140 000.00
Annual expenditure	60 000. 00
Additional capital	80 000.00

The owners' equity as at 31.12.2017 is

- |                   |                   |
|-------------------|-------------------|
| 1. Rs.580 000. 00 | 3. Rs. 380 000.00 |
| 2. Rs. 460 000.00 | 4. Rs. 180 000.00 |

(29) Select the incorrect statement out of the following

1. Transactions are recorded in the prime entry books using the source documents
2. The counterfoil and bank statement are the source documents of preparing a bank account
3. Prime entry books are prepared instead of ledger accounts
4. Source documents are accepted only when they are authorized by the relevant person

(30) The double entry of recording discount allowed in a business is

- |                                |                             |
|--------------------------------|-----------------------------|
| 1. Cash account Dr             | Debtors account Cr          |
| 2. Bank account Dr             | debtors account Cr          |
| 3. Discount allowed account Dr | debtors account Cr          |
| 4. Debtors account Dr          | discount allowed account Cr |

(31) The petty cash imprest of savindis business is Rs.4000. The balance available with petty cashier as at 2018.03.31 is Rs. 600.

The petty expenses are as follows.

Entertainment expenses Rs.1200  
Stationary Rs. 600

Travelling expenses Rs.1100  
Sundry expenses Rs. 700

What is the amount that should be reimbursed as at 2018.04.01?

- |            |            |
|------------|------------|
| 1.Rs.600   | 3. Rs.3600 |
| 2. Rs.3400 | 4. Rs.4000 |

(32) select the accounts that are generally recorded in the debit side of the trial balance.

1. Capital account , income account , asset account
2. Asset account , expenditure account , drawings account
3. Liabilities account , income account , equity account
4. Asset account , liabilities account , expenditure account

(33) Following is a double entry which is recorded to rectify an accounting error .

Computer equipment account Dr Rs.14000

Computer repair expenses account Cr Rs.14 000

Which of the following could be the error?

1. purchasing of computer Rs.14000 is recorded only in the cash book
2. Computer repair expenses Rs.14000 is recorded in the computer account
3. Purchasing of computer Rs.14000 is recorded in the computer repair expenses account
4. Purchasing of computer worth Rs.14000 is not recorded in accounts

- (21) Which of the following transactions result a decrease in equity?
1. Investing of additional capital by the owner Rs. 50 000
  2. Received commission income Rs. 20 000
  3. Settling of Rs. 40 000 to a creditor under 10% discount
  4. Paying of bank loan installment Rs. 25 000 with the interest Rs. 5 000

- (22) The double entry of a certain transaction is given below

Creditors account debit Rs. 16 000  
Cash account credit Rs. 16 000

The transaction that had taken place could be

1. Credit purchases of stocks worth Rs. 16 000
2. Settling of Rs. 16 000 to the creditors
3. Cash purchases of stocks worth Rs. 16 000
4. Receiving of cash Rs.16 000 from creditors



- (23) The source document and the prime entry book which is used to record the payment of taxes and rates are consequently

1. Payment voucher – cash book
2. Cash book – payment voucher
3. Journal voucher – cash book
4. Payment voucher – petty cash book

- (24) One of the advantages of maintaining a petty cash book in a business is

1. Can ensure the accuracy of main cash book
2. Work load of the main cashier could be reduced
3. Can know the petty cash of the business
4. The petty cash payments can be reimbursed

- (25) The bank account balance of Sandeepani's business as at 31.03.2018 was a credit balance of Rs. 14000. This amount is , Sandeepani's business's

- |              |                |
|--------------|----------------|
| 1. Liability | 3. Income      |
| 2. Assets    | 4. Expenditure |

- (26) Anjali's business sold Rs.30 000 worth stock to Ruwani's business on credit. Ruwani paid the amount under a discount of 10%. The prime entry book that this transaction is recorded in Ruwani's business and the correct statement related to recording of discounts is

1. Purchases journal - discount received by Ruwani Rs.3000
2. Sales Journal – discount received by ruwani Rs.3000
3. Purchases Journal – discount received by Anjali Rs.3000
4. Sales Journal – discount received by Anjali Rs. 3000

- (27) The prime entry book in which the 'paying a creditor by a cheque'is recorded

1. Counterfoil
2. Voucher
3. Cash account
4. Bank account

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Additional capital	80 000.00



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- |                    |                   |
|--------------------|-------------------|
| 1. Rs.580 000. 00. | 3. Rs. 380 000.00 |
| 2. Rs. 460 000.00  | 4. Rs. 180 000.00 |

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(32) select the accounts that are generally recorded in the debit side of the trial balance.

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(34) The double entry to rectify the error of recording credit sales sales to Hiruni business in the credit side of that business account is

1. Hiruni business Dr 10 000    suspense account Cr 10 000
2. Suspense account Dr 10000    Hiruni business Cr
3. Suspense account Dr 10000    Hiruni business Cr 10000
4. Hiruni business Dr 10000    Suspense account Cr 10000

(35) select the transaction which is not recorded in the general journal

1. Selling of the motor vehicle of the business
2. Owner investing a building worth Rs.200 000 to the business
3. Selling of a motor vehicle worth Rs.600000 on credit
4. Purchasing of a computer worth Rs. 80000 on credit from Damro company

(36) The balance that should be obtained from the bank statement to prepare the bank reconciliation statement is

1. Value of the unrealized cheques
2. Payments made on standing orders
3. Cheques which are unrepresented
4. Errors made by the bank

(37) Which of the following statements explain the bank reconciliation statement correctly

1. A document prepared to compare the balances of bank account and bank statement
2. The document prepared by the bank to find the bank balance
3. The statement sent by the bank when there is an error in the bank account
4. Statement sent by the bank when the account is closed

\*\* answer the questions 38 and 39 based in the following description

The balance of the bank account as at 30th October 2018 is Rs.18000. The standing orders which are not which are not recorded in the bank account is Rs. 600. Bank charges Rs. 1000. Value of the cheques unrepresented is Rs. 14 000

(38) The adjusted bank balance as at 30. 10. 2018

1. Rs. 11 000
2. Rs. 17 000
3. Rs. 25 000
4. Rs. 32 000

(39) the balance of the bank statement as at 30.10.2018 is

- |              |               |
|--------------|---------------|
| 1. Rs.4000   | 2. Rs. 11000  |
| 3. Rs.25 000 | 4. Rs. 32 000 |

(40) What is the main aim of preparing the trial balance?

1. To ensure the accuracy of the double entries
2. to ensure the profit or loss
3. to ensure the values of assets, liabilities, equity
4. to ensure the mathematical accuracy