

Provincial Department of Education Northern Province

Second Term Examination – 2023 Business & Accounting Studies I, II



Grade 11

Time: 3 Hours & 10 Min.

Business and Accounting I

No	Note:				
•	or most appropriation.	s $m{1}$ to $m{40}$, pick one of the altern			
•	 Answer the questions No. 01 – 05 using the fact given below. Kumaran who retired from 20 year police service conducts a security service business in the name of 'Sm and supplies security cadre to government and private banks and other institutions. 				
01.	The need to be fulfilled	l by Smart business is,			
	(1) food	(2) cloth	(3) leis	sure	(4) security
02.	Based on nature of pro (1) goods manufacturin (3) public sector busin			vice providing vate sector busi	
03.	The reason for which K	Kumaran conducts the business	is,		
	(1) strength of body		(2) serv	ved in police se	ervice
	(3) quality service		(4) lacl	k of financial fa	acility
04.	(1) Companies act No.(2) Co-operative act N	o. 5 of 1972 gistration Ordinance No. 6 of			
05.	The customers for the a	above business are,			
	(1) Kumaran who prov(3) Private banks and s	vides Smart security service state institutions		curity officers of above	
06.	Which of the following (1) sole proprietorship (3) co-operative societ		_	tnership busine	
07.	The criteria used to cla	ssify the businesses into privat	e sector and	d public sector	business is,
	(1) ownership	(2) objective	(3) sca	-	(4) management
08.	card. The electronic car		·	•	<u> </u>
	(1) credit card	(2) debit card		paid card	(4) SET card
09.	Athithan encashed the this transaction is,	cheque received from Agash for	or a settleme	ent on a credit s	sales. The cheque related to

(3) the cheque with no cross lines

(1) general crossing cheque

(4) cannot be deposited at bank current account

(2) special crossing cheque

(1	ompensation which can lead on the Rs. 600 000 when the components of common com	pe provided by insurance co (2) Rs. 1000 000	00 000 from insurance comompany? (3) Rs. 400 000	(5) Rs. 1600 000	
(1	Rs. 600 000 The components of comm A – medium	(2) Rs. 1000 000	- ·	(5) Po 1600 000	
`	he components of comm A – medium		(3) Rs. 400 000		
11. T	A – medium	unication are given below		(3) KS. 1000 000	
		iumcation are given below.			
	- ·	D-message			
	B – receiver	E – sender			
	C-Feedback	F – response			
S	elect the answer which c	ontains the components of	communication process in	order.	
(1	1) E, D. A, B, C, F	(2) E, D, A, B, F, C	(3) E, D, B, F, C, A	(4) E, D, A, F, B, C	
	Airway transportation is more preferable than sea transportation for a foreign traveler. Which one of the following is the reason for it?				
	l) can be used up to last		(2) more security		
	3) low travelling expens		(4) narrow and quick t	travel wavs	
				iiuvoi wuys	
		een whole trade and retail	•		
(1	1) number of goods	(2) purpose of seller	(3) purpose of purchas	ser (4) price of goods	
14. W	Which one of the following	ng is not required to be con	sidered in establishing a wh	nole trade?	
(1	1) the space of warehous	se	(2) connected to other	transport	
(3	3) proximity to factory		(4) proximity to custo	mers	
15. W	Which of the following st	atements shows the planning	ng of a school?		
(1	1) Increasing the pass pe	ercentage by 10% in the nex	xt year		
(2	(2) Creating a team including all the teachers to increase pass percentage				
(3	3) Appreciating the stud	ents who got first three pla	ces in the term examination	L	
(4	4) Monitoring the teachi	ng process of teachers and	principal		
16. A	private bank introduce	d a new children savings a	account via newspaper. The	e marketing mix disclosed	
	rough this statement is,				
	l) product	(2) promotion	(3) price	(4) place	
	•			· / 1	
		rease and credit – decrease	•	agagunta	
•	1) assets and liabilities a		(2) assets and income		
(2	3) assets and expense ac	counts	(4) equity and income	accounts	
	The correct accounting ea	-			
•	1) Equity + Assets = Lal		(2) Liabilities + Asset		
(3	3) Equity + Liabilities =	Assets	(4) Equity – Liabilitie	s = Assets	
			usiness. Due to this transact	·	
	1) assets and equity will		(2) assets and liabilitie		
	3) assets and equity will		(4) assets and liabilities	es will increase.	
	_	not a source document to j	•		
•	1) receipt		(2) cheque deposit slip)	
(3	3) cheque return notifica	tion	(4) bank statement		

21. Select the correct statement from the following. (1) An equal amount is reimbursed monthly according to petty cash imprest system. (2) Discount allowed is an income and discount received is an expense. (3) Drawing account is an expense. (4) Functioning as a prime entry book and as a ledger account is the dual function of cash book. **22.** A cash discount is allowed, (1) when settlement is done within an accepted time period (2) when payment is done via cash or cheque (3) when goods are purchased by cash (4) when goods are purchased by cheque 23. When the credit side of a ledger account is higher than the debit side, the balance of the account is, (1) debit balance (2) credit balance (3) surplus (4) shortage 24. The journal entry to rectify the error that rent paid Rs. 3 500 was recorded in rent account as Rs. 3050 is, (1) Rent account Dr. Rs. 450, Suspense account Cr. Rs. 450 (2) Suspense account Dr. Rs. 450, Rent account Cr. Rs. 450 (3) Rent account Dr. Rs. 3 500, Suspense account Cr. Rs. 3 500 (4) Suspense account Dr. Rs. 3 500, Suspense account Cr. Rs. 3 500 25. Bank statement of a business on 01 December 2022 was Rs. 20 000, a favourable balance. The transactions recorded by the bank during the month are as follows. 06.12.2022 Cheque deposited Rs. 4 000 10.12.2022 Standing order payment Rs. 7 000 15.12.2022 Payments on cheque presented to the bank Rs. 11 000 25.12.2022 Direct remittance Rs. 9 000 The balance of bank statement on 13.12.2022 is, (1) Rs. 13 000 (2) Rs. 15 000 (3) Rs. 24 000 (4) Rs. 6 000 **26.** The main objective of preparing trial balance is, (1) to assure the accuracy of double entry (2) to assure the arithmetical accuracy (4) to assure the value of assets and liabilities (3) to assure the profit or loss • Use the following information to answer the questions 27 - 30. Rs. 450 000 A – Land and building Rs. 120 000 B – Debtors C – Creditors Rs. 105 000 D – Trade stock Rs. 240 000 E – Bank overdraft Rs. 50 000 F – Motor vehicle Rs. 200 000 G – Cash balance Rs. 25 000 H – Accrued income Rs. 5 000 **27.** The value of current assets is, (1) Rs. 330 000 (2) Rs. 335 000 (3) Rs. 340 000 (4) Rs. 390 000 **28.** The value of current liabilities is,

(2) Rs. 110 000

- 3 -

(1) Rs. 105 000

(3) Rs. 155 000

(4) Rs. 160 000

- **29.** Select the answer which contains the current assets in the order of liquidity.
 - (1) D, H, G, B
- (2) H, G, D, E
- (3) G, B, H, D
- (4) D, B, H, G

- **30.** The value of non-current assets is,
 - (1) Rs. 650 000
- (2) Rs. 570 000
- (3) Rs. 390 000
- (4) Rs. 155 000
- **31.** Vanathi business deposited Rs. 60 000 in a fixed deposit in National Savings Bank at 10% annual interest on 01.05.2022. annual interest income can be obtained on 30.04.2023. in accordance with the financial statements prepared for the year ended 2022.12.31,
 - (1) accrued income is Rs. 2 000 in the statement of financial position
 - (2) interest income is Rs. 6 000 in income statement
 - (3) accrued interest income is Rs. 6 000 in the statement of financial position
 - (4) interest income is Rs. 4 000 in income statement
- **32.** The basic components of profit or loss statement are,
 - (1) income, expenses
- (2) assets, liabilities
- (3) equity, liabilities

- (4) equity, expenses
- (4) equity, liabilities
- **33.** The equation to calculate the cost of sales is,
 - (1) cost of sales + opening stock

(2) ready for sales + closing stock

(3) ready for sales – closing stock

- (4) opening stock + purchase
- **34.** Which of the following consists of distribution expenses?
 - (1) advertising, insurance, rent
 - (2) bank charge, bank loan interest
 - (3) bad debt
 - (4) sales employee salary, advertising, discount allowed
- Use the following information to answer the questions 35 40.

The details extracted from the statement of financial position of Bharath business prepared for the year ended 31.12.2022 are as follows.

Furniture – cost Rs. 100 000

Furniture – net value Rs. 50 000 (on 31.12.2022)

Closing stock Rs. 35 000 **Debtors** Rs. 40 000 Cash balance Rs. 25 000 15% Bank loan Rs. 100 000 Accrued telephone charge Rs. 3 000 Capital Rs. 100 000 Creditors Rs. 35 000 Accrued bank loan interest Rs. 4000 Rs. 78 000 Net profit

Additional information:

- Rs. 3 000 should be written off from debtors.
- Bank loan was obtained on 01.01.2022.
- Monthly telephone charge is Rs. 2 000.
- Furniture should be depreciated at 10% annually.

35.	Accumulated depreciation	n and depreciation for the year	of furniture are,	`
	(1) Rs. 50 000, Rs. 10 00	00	(2) Rs. 100 000, Rs. 10 (000
	(3) Rs. 10 000, Rs. 50 00	00	(4) Rs. 100 000, Rs. 50 0	000
36.	. The debtor account balan	ce before adjustment is,		
	(1) Rs. 40 000	(2) Rs. 43 000	(3) Rs. 3 000	(4) Rs. 46 000
37.	The value of telephone ch	harge disclosed in the statemen	nt of profit or loss for the ye	ear ended 31.12.2022 is,
	(1) Rs. 24 000	(2) Rs. 3 000	(3) Rs. 27 000	(4) Rs. 30 000
38.	The bank loan interest pa	id in cash during the year is,		
	(1) Rs. 4 000	(2) Rs. 10 000	(3) Rs. 6 000	(4) Rs. 14 000
39.	. Total value of current ass	sets at the end of the financial y	vear is.	
	(1) Rs. 75 000	(2) Rs. 65 000	(3) Rs. 60 000	(4) Rs. 100 000
40.	. Total value of equity of F	Sharath business on 31.12.2022	2 is.	
•••	(1) Rs. 78 000	(2) Rs. 178 000	(3) Rs. 320 000	(4) Rs. 100 000
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Second Term Examination – 2023 Business & Accounting Studies I, II



Grade 11

Time: 3 Hours

Business and Accounting II

Write your answers in neat hand writing.

Note: Including question No. 01 answer five questions selecting two questions from each of the part I and part II.

01. Answer the questions (i) - (x) after carefully going through the following passage.

Thayalan who lives in Vavuniya where more agricultural activities are carried out, started a business in the name of 'Thaya store' investing Rs. 500 000 on 01.01.2023 to purchase and sell cereals. On the same date, he received a bank loan of Rs. 200 000 at annual interest 12% for his further financial requirement. He obtained a building at monthly rent Ts. 10 000. He hired two employees for office and packaging needs.

The transactions for January 2023 are as follows.

	Rs.
Purchase of cereals	200 000
Sales by cash	300 000
Sales on credit basis	50 000
Furniture purchase	60 000
Electricity payment	10 000
Salary paid	60 000
Delivery van fare (rent)	30 000
Bank loan interest paid	1 000

Additional information:

- Furniture should be depreciated at 10% on cost annually.
- There is no any stock of cereals on 31.12.2023.
- Building rent has not been paid up to 31.12.2023.

There is a downfall in cereals production due to band to import of chemical fertilizer by government and no good climate and weather condition. Further, the price of cereals also increased gradually. Then, he decided to open an organic fertilizer manufacturing factory.

- (i) (a) What is the need fulfilled by the above business?
 - (b) Classify the above business based on equity and objective.
- (ii) (a) Give examples for the following resources used by Thaya store from the above passage.
 - 1. Capital
- 2. Employees
- (b) Should Thaya store be registered? Give reasons.
- (iii) (a) Write the examples from the above passage for the following facts which can be identified by an environment analysis.
 - 1. Opportunity
- 2. Threat
- (b) State two stakeholders of the above business from the above fact.
- (iv) (a) Provide examples for the following managerial activities from the above passage.
 - 1. Planning
- 2. Organizing
- (b) Classify Thaya store based on nature of production.
- (v) Provide accounting equation of Thaya store on 01.01.2023.

- (vi) Write two prime entry books to be maintained by Thaya store and write source documents for them also.
- (vii) State the examples for the following from Thaya store.
 - 1. Assets account
- 2. Liability account
- 3. Expense account
- 4. Income account
- (viii) Calculate cash balance of Thaya store on 31.12.2023.
- (ix) Calculate profit or loss of Thaya store for the month ended 31.01.2023
- (x) (a) State two examples for current liabilities of Thaya store.
 - (b) Calculate the increase or decrease in the equity of Thaya store on 31.01.2023.

 $(10 \times 2 = 20 \text{ marks})$

Part A - Business Studies

(Answer only two questions.)

- **02.** (i) (a) What do you mean by human need?
 - (b) Write two features of human need.

(02 marks)

- (ii) State the following statements are true or false.
 - (a) Vehicle washing businesses are service providing businesses.
 - (b) Customers, suppliers, competitors etc. are internal environment forces.
 - (c) Incorporated companies are the businesses having legal personality.
 - (d) Sole proprietorship businesses are relevant for professional businesses.

(02 marks)

- (iii) Ceylon Petroleum Corporation has informed that monthly fuel import expenses have been reduced by 50% due to introduction of QR code.
 - (a) State the environment forces related to the above fact.
 - (b) State two features of business organization mentioned above.

(02 marks)

- (iv) Mayavan is conducting a driving learners' school in the name of 'Krishna Driving Learners'.
 - (a) State the human need to be fulfilled by the above business.
 - (b) Should 'Krishna Driving Learners' be registered? Give reasons.

(02 marks)

(Total 08 marks)

- **03.** (i) (a) Provide two types of e-money.
 - (b) Write two advantages of cheque transactions.

(02 marks)

- (ii) State whether the following transactions are true or false.
 - (a) Current accounts cannot be opened at People's bank.
 - (b) There is name of bank between cross lines in special crossing.
 - (c) Weaknesses and threats can be identified by studying internal environment.
 - (d) The persons who provide physical and mental contributions to a business are entrepreneurs.

(02 marks)

- (iii) The principal of a leading school informed to the parents of grade 11 students that there is a meeting for on 25cth of March at 3.00 pm at school.
 - (a) Write two components of communication mentioned in the above fact.
 - (b) Provide the examples for the components you mentioned in (iii) (a).

(02 marks)

- (iv) Aingaran who produces fabric in Sri Lanka exported certain quantities of fabric to Robinson in Malaysia.
 - (a) Write the exporter and importer mentioned here.
 - (b) State the examples for components of transportation way and medium.

(02 marks)

(Total 08 marks)

- **04.** (i) (a) State marketing mix variables.
 - (b) Mention the principle not related to insurance.

(02 marks)

- (ii) State whether the following statements are true or false.
 - (a) Customers are interested to buy quality goods at reasonable prices from a business.
 - (b) Selling goods to final consumers is whole trade.
 - (c) Price is a marketing variable which earns income.
 - (d) Management is important for a business to utilize the resources at maximum level. (02 marks)
- (iii) The following activities were carried out by a marketing manager of a business.
 - A Purchased a vehicle to distribute goods.
 - B Decided to change the shape of present goods.
 - C Instructed to sales employees to maintain good relationship with customers.
 - D Checked whether expected sales income has earned using proposed discount.

State the relevant marketing mix for the above activities.

(02 marks)

- (iv) When Sambavi who obtained the cheque in her name from Ragavi who maintains her account at Bank of Ceylon, presented the cheque at Bank of Ceylon for its encashment, it was rejected by the bank.
 - (a) What is the reason for not encashing the cheque directly at bank counter?
 - (b) What is your suggestion to him to encash the particular cheque?

(02 marks)

(Total 08 marks)

Part B – Accounting

- **05.** (i) (a) State the main objective of accounting.
 - (b) Provide two circumstances which increase equity.

(02 marks)

- (ii) Write the double entry for the following.
 - (a) Visaka furniture manufacturing business purchased a computer from JK company for Rs. 200 000.
 - (b) Goods for resale were sold for Rs. 50 000 on credit basis.

(02 marks)

(iii) Vimalan started a stationery business on 01.01.2023. The details of the business undertaken during first week are as follows.

(a) 01.01.2023	Capital invested by owner	Rs. 200 000
(b) 02.01.2023	Purchase of furniture	Rs. 125 000
(c) 03.01.2023	Purchase of stationery	Rs. 75 000
(d) 05.01.2023	Electricity payment	Rs. 3 000
(e) 07.01.2023	Bank loan received	Rs. 100 000

Write the impacts of the above transactions on the following accounting equation. Use the following format to answer. (First one is done for you.)

Transactions	Assets =	Equity	+ Liability
(a)	200 000 (Cash)	200 000 (Capital)	-
(b)			
(c)			
(d)			
(e)			

- iv) The details of petty expenses of Malathi business are given below.
 - Petty cash imprest amount is Rs. 13 000.
 - Total value of petty expenses for January 2022 is Rs. 2 750.
 - Petty expenses were reimbursed on 01 February 2022.
 - Petty expenses for February 2022 are given below.

Date	Voucher no.	Details	Value (Rs.)
03.02.2022	001	Three-wheeler expenses	170
05.03.2022	002	Salary advance paid to Vithu	350
12.02.2022	003	Pens and pencils	250
14.02.2022	004	Sugar and tea expense	200
17.02.2022	005	Bus fare	225
19.02.2022	006	Exercise book	300
26.02.2022	007	Soft drink	150

Required,

- 1. Prepare petty cash book with analysis column such as transport, refreshment, stationery etc. and reimburse the petty expenses.
- 2. Post totals of analysis column to the relevant accounts.

(04 marks)

- **06.** (i) (a) What do you mean by bank statement?
 - (b) State two types of cash discount.

(02 marks)

(ii) The details of credit sales of Ramanan business for September 2022 are as follows.

Date	Invoice no.	Purchaser	Quantity	Other information
10.09.2022	102	Parathan	10 shirts each at Rs. 500	Trade discount 10%
22.09.2022	103	Nagulan	100 shorts each at Rs. 200	Trade discount 5%

Required,

Prepare sales journal.

(02 marks)

(iii) The details extracted from bank statement of Vithuran business received on 31.12.2022 are given below.

Credit balance on 01.12.2022	Rs. 20 000
Credit bulance on 01.12.2022	145. 20 000

-	• 4	
	posits:	۰
$\mathbf{p}_{\mathbf{c}}$	nosits	•

03.12.2022	Cash	Rs. 23 000		
08.12.2022	Cheque 703312	Rs. 21 000		
20.12.2022	Direct deposit	Rs. 45 000		
Deductions:				
05.12.2022	Rent (cheque 731301)	Rs. 6 000		
19.12.2022	Magesan (cheque 731304)	Rs. 34 000		
27.12.2022	Cheque book charge	Rs. 3 000		

Required,

- 1. Prepare bank statement for 2022 December.
- 2. Write two items used to adjust bank account.

(04 marks)

- (iv) As the trial balance prepared by Christan trader on 31.03.2022 was not tally, the different amount Rs. 1 000 was credited to suspense.
 - 1. Debtor account balance was overstated by Rs. 2 500.
 - 2. Sales invoice Rs. 8 000 was recorded in sales journal as Rs. 800.
 - 3. Electricity charge Rs. 1 500 was recorded only in cash account.

Required,

- 1. Journal entries to rectify errors
- 2. Suspense account

(04 marks)

- **07.** (i) (a) What is the objective of preparing trading account?
 - (b) Provide journal entry for depreciation of non-current assets.

(02 marks)

(ii) The trial balance prepared by an account trainee in a business on 31.03.2022 with some errors is given below.

Details	Debit	Credit
Capital		70 000
Sales		45 000
Purchase	30 000	
Furniture	20 000	
Carriage inwards	5 000	
Drawings		1 000
Rent received	2 000	
Machine	20 000	
Investments		10 000
Cash balance	34 000	
Creditors	15 000	
	126 000	126 000

Required,

Prepare the correct trial balance on 2022.03.31.

(02 marks)

(iii) The trial balance prepared by Mala business for the year ended 31.12.2022 is given below.

Details	Debit	Credit
Capital		300 000
Stock on 01.01.2022	30 000	
Land and building – cost	200 000	
Machine – cost	100 000	
Debtors	40 000	
Creditors		50 000
Purchase	200 000	
Sales		250 000
Electricity charge	20 000	
Insurance	10 000	
Salaries	30 000	
Drawings	5 000	
Advertising expenses	5 000	
Distribution cost	14 000	
10% bank loan		70 000
Bank charge	2 000	
Bank loan interest	3 000	
Cash balance	11 000	
	670 000	670 000

Additional information:

- 1. Stock on 31.12.2022 is Rs. 30 000.
- 2. Machines should be depreciated at 10% on straight line method annually.
- 3. Rs. 3 000 should be written off from debtors.

Required,

1. Prepare the statement of profit or loss for the year ended 31.12.2022.

(04 marks)

2. Prepare the statement of financial position as at 31.12.2022.

(04 marks)