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First Efficiency Bar Examination for Officers in Class II Grade II of the  
Sri Lanka Audit Service - 2015 (II) (2017)

(01) Government Financial Regulations & Financial Procedure

Three hours

Answer six questions only, including question No. 1.

1. The quarterly information relevant to the Government Officers Advance 'B' Account of the ABC Department in relation to the year 2016 is shown below.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Debits of the year	Rs.	Rs.	Rs.	Rs.
ABC 011	3 700 000	4 600 000	3 400 000	2 800 000
ABC 012	800 000	800 000	450 000	550 000
Credits of the year	Rs.	Rs.	Rs.	Rs.
ABC 011	2 500 000	3 000 000	3 500 000	4 000 000
ABC 012	450 000	260 000	190 000	350 000

\* There was a debit balance of Rs. 52 750 000 in the Advance 'B' Account as at 31.12.2015.

\* Similarly the limits relevant to the Advance 'B' Account prescribed in the Appropriation Act relevant to the year 2016 are shown below.

Maximum debit limit of expenditure Rs. 16 500 000

Minimum credit limit of receipts Rs. 13 500 000

Maximum debit balance limit at the year end Rs. 64 500 000

(i) Answer the following questions based on the above information.

- Calculate the Advance 'B' Account balance of the ABC Department as at 31.12.2016. (10 marks)
  - Is the value/amount of (a) above in conformity with the statutory limits? (03 marks)
  - Has the minimum limit of receipts authorised by the Appropriation Act recovered during the year 2016? (03 marks)
  - What is the amount recovered according to (c) above? (03 marks)
- (ii) State what are the transactions that are **not taken into** account when ascertaining an excess/shortfall on the prescribed limits of Advance Accounts. (06 marks)

2. (i) "The chief function of the Treasury is to maintain, control and supervision over the Government Finance." According to Financial Regulations, state the activities performed by the Treasury to maintain control and supervision. (08 marks)  
(ii) Explain the procedure to be followed to include a New Advance Account in the Draft Estimates. (07 marks)
3. (i) Define 'Stores Officer' and explain the main functions of a stores officer. (08 marks)  
(ii) What are the facts which should be satisfied (taken into consideration) by an 'Authorising Officer' in relation to payments of staff salaries? (07 marks)
4. (i) Explain what are the objectives expected to be achieved through the Government Procurement Process. (09 marks)  
(ii) State the basic facts to be considered at the first stage of the bid evaluation according to the Government Procurement Guideline. (06 marks)
5. (i) State the facts that an Assessing Officer should be responsible to the Accounting Officer in relation to Government Revenue. (10 marks)  
(ii) Explain, what is meant by 'Supplementary Imprest Authority' according to F.R. 368. (05 marks)
6. (i) State **seven** facts that should be included in a 'Full Report' in relation to losses submitted after a formal inquiry. (07 marks)  
(ii) State the facts that a second signatory of the Government cheques should be responsible to his Accounting Officer. (08 marks)
7. (i) State **six** instances where the Virement Procedure used to make necessary changes to expenditure estimates are **not** appropriate. (09 marks)  
(ii) State the instances when a cheque in lieu has to be issued. (06 marks)

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**(02) Administration**

*Three hours*

Answer **five** questions only.

1. Introduce the office Procedure and state the advantages of such procedures to an office. *(20 marks)*
2. (i) Explain organizational principles followed when organizing an office. *(10 marks)*  
 (ii) Explain the close layout and mention the weaknesses of that close layout. *(10 marks)*
3. Define the Line Organization and describe how it becomes important to office system. *(20 marks)*
4. Describe each important facts that should be considered in documentation/filing. *(20 marks)*
5. Describe briefly on the following topics.  
 (i) Confidential reports. *(10 marks)*  
 (ii) Use of borrowed cars. *(10 marks)*
6. State the facts that an officer should know regarding loan to relieve indebtedness. *(20 marks)*
7. Define following texts.  
 (i) Substitute  
 (ii) Casual Officer  
 (iii) Temporary Officer  
 (iv) Permanent Officer  
*(05×4=20 marks)*
8. (i) Explain the actions which should be taken in Retirement of a Public Officer for General Inefficiency according to paragraph 33 of chapter XLVIII in Establishments Code. *(10 marks)*  
 (ii) Describe how punishments are imposed under summary disciplinary procedure. *(10 marks)*

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**(03) Law**

**Three hours**

Answer **only ten** questions. All question carry **equal** marks.

1. Write a short note on the duties, powers and functions of the President of the Republic of Sri Lanka under the Constitution of the Democratic Socialist Republic of Sri Lanka.
2. What is the Constitution of the Constitutional Council established under the Constitution?
3. What are the general functions and duties of the Governor of the Central Bank?
4. Write a note on the constitution of the Monetary Board.
5. What are the necessary requirements that the Minister takes into consideration when making an Incorporation Order to establish a corporation under State Agricultural Corporation Act?
6. What are the powers of the Minister under State Agricultural Corporations Act?
7. (i) What are the courts of the first Instance for administration of Justice in the Republic of Sri Lanka?  
(ii) Write a short note on criminal jurisdiction of High court of the Republic of Sri Lanka.
8. Write a short note on reception of English law through judicial activism.
9. Classify legislation which forms the source of legislation in Sri Lanka.
10. (i) What is an invitation to treat?  
(ii) Who makes 'an offer' at an auction?  
(iii) What are the requirements of an offer?
11. When does an offer terminates?
12. (i) What is meant by strict liability?  
(ii) Mention the **two** principles regarding strict liability?  
(iii) What is the rule of Rynland vs Fletcher?

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(04) Economics

Answer five questions only. All questions carry equal marks.

Three hours

1. (i) Explain using the graphs, the change in demand and the change in quantity demanded.  
 (ii) Define the law of demand and the law of supply.  
 (iii) Distinguish between the Arc elasticity of demand and the point elasticity of demand.  
 (iv) Market demand and supply curves for a certain commodity is represented by the following equations.  

$$\text{Demand } Q_d = 700 - P$$

$$\text{Supply } Q_s = -500 + P$$
  - (a) What is the equilibrium price and quantity of this commodity?
  - (b) Calculate the price elasticity of demand at equilibrium price.
2. (i) (a) What is the marginal product?  
 (b) What does marginal product mean if it is diminishing?  
 (ii) Having defined economies of scale and diseconomies of scale, explain why might they arise.  
 (iii) Define total cost, average total cost and Marginal cost. How do they relate to each other?  
 (iv) How does the firm's short run average cost curve differ from the long run average cost curve? Why?
3. Explain the following terms.  
  - (i) Cross elasticity of demand and income elasticity of demand
  - (ii) Price ceiling and price floor
  - (iii) Natural Monopoly and Products differentiation
  - (iv) Quasi Rents and Economic Rent
4. (i) Show the differences between the competitive market structure and the Monopoly Market structure.  
 (ii) Draw the cost curves for a competitive firm. For a given price, explain how the firm chooses the level of output that maximizes profit using that diagram.  
 (iii) "Perfect competitive Market structure is more efficient in allocation of resources than Monopolistic market Structure". Explain this statement using graphs where necessary.  
 (iv) Give two examples for Price discrimination. In each case explain why the Monopolist chooses to follow this business strategy.
5. (i) What are the major functions of Money?  
 (ii) (a) What is meant by 'base money'?  
 (b) What are the factors determining the base Money in Sri Lanka?  
 (iii) Describe the main three motives of demand for money.  
 (iv) Briefly explain the money supply in Sri Lanka.

6. (i) Explain the meaning of comparative advantages and absolute advantages.  
(ii) (a) What do you mean by Balance of Payment?  
(b) What are the accounts included in Balance Payment?  
(iii) Distinguish between the nominal exchange rate and the real exchange rate.  
(iv) Briefly explain the advantages and disadvantages of flexible exchange rate system.
7. (i) Explain the **three** approaches to calculate value of Gross Domestic Product (GDP).  
(ii) What are the items which are **not** included to measure the Gross Domestic Product?  
(iii) What is meant by 'terms of trade'? How to calculate it?  
(iv) What are the main changes that have taken place in the export and import structure of Sri Lanka with the open economy?
8. You are given the following macroeconomic data about a hypothetical economy. (All figures are in million rupees)
- |                                |                    |
|--------------------------------|--------------------|
| Aggregate consumption Function | $C = 300 + 0.8y_d$ |
| Investment                     | $I = 800$          |
| Government expenditure         | $G = 200$          |
| Tax                            | $T = 125$          |
- (i) What is the equilibrium level of income in this economy?  
(ii) What is the level of saving at the equilibrium?  
(iii) Show that withdrawals equal to the injection at the equilibrium level of the national Income.  
(iv) Calculate the Government Spending multiplier.

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