



மாகாணக் கல்வித் திணைக்களம்
வடக்குமாகாணம்
Provincial Department of Education
Northern Province



Second term Exam 2022

Grade 10

Business studies &
Accounting I,II

Time
3 Hours

(Additional reading time 10
Minutes)

Index No

60

T

I,II

Note:

- Answer all questions in Part I.
- 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.
- Mark a cross (×) on the number corresponding to your choice in the answer sheet provided.

Part 1

- One of the main objectives of a business is
 - generating employment opportunities.
 - increasing customer satisfaction.
 - protecting the quality of goods.
 - employee welfare.
- Select the answer which indicates the examples for human needs only.
 - food, school, shelter
 - health, shelter, internet
 - communication, food, shelter
 - food, shelter, uniforms
- Match the column "A" with the column "B"

A	B
i. CCTV cameras	A. Health
ii. Eradication of dengue	B. Security
iii. Online learning	C. Communication
iv. Mobile phones	D. Education

 - A B C D
 - B A D C
 - C A B D
 - B A C D
- The service of a teacher is a1..... and the smart board is a2..... Select the correct answer for above blanks 1 & 2 respectively.
 - service, good.
 - need, want.
 - good, service
 - want, good

5. Select the answer which is related to the factor of production "Land".
- | | |
|---------------------------|------------------------------|
| 1) forest resource , soil | 2) forest resource, cut gems |
| 2) soil, buildings | 4) minerals, cash |
6. 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
7. Select the statement which includes external environmental factors
- 1) Customers, employees, Competitors
 - 2) Owners, employees, managers
 - 3) Owners, employees, competitors
 - 4) Customers, suppliers, competitors
8. If a business finds difficulties in adapting to new technologies it is a
- | | | | |
|--------------|--------------|-----------------|------------|
| 1) Strength. | 2) Weakness. | 3) Opportunity. | 4) Threat. |
|--------------|--------------|-----------------|------------|
9. Below are some of the opportunities and strengths that can be seen in a business.
- A. - Changing consumer life style
 - B. - Construction of high ways.
 - C. - Experience of managers
 - D. - Granting new tax reliefs for businesses
 - E. - Having a recognized brand name
- The answer that include only the opportunities mentioned
- | | | | |
|-----------------|--------------------|---------------|--------------------|
| 1. A and B only | 2. A, C and E only | 3. A, B and D | 4. C, D and E only |
|-----------------|--------------------|---------------|--------------------|
10. Select the correct answer when X column is matched with the column Y
- | X | Y |
|-------------------------|---|
| 1. Interest rates | A. The way the country's income is distributed among its people |
| 2. Savings | B. Continued rise in the general price levels of goods and services |
| 3. Inflation | C. Interest rate given for bank deposits and charged for bank loans. |
| 4. Income distribution. | D. The portion that individuals keep from their income without spending on consumption. |
- The correct answer group when X and Y are matched is
- | | |
|--------------------|--------------------|
| 1) C, B, D and A. | 2) C, A, D and B. |
| 3) D, A, C, and B. | 4) C, D, B, and A. |
11. Which of the following is the positive impact from the global environment on domestic businesses?
- 1) Skilled laborer migrating to foreign countries.
 - 2) Negative changes on the local culture.
 - 3) Possibility to obtain latest technology.
 - 4) Possibility to face competitive environment.

12. What is the law which decides the maximum partners of a partnership?

- 1) Partnership ordinance of 1890
- 2) Fraud prevention ordinance no. 07 of 1840
- 3) Business names ordinance no. 06 of 1918
- 4) Companies act no. 07 of 2007

❖ Answer the question number 13 and 14 using following information.

There are some characteristics of business organizations.

A - Unlimited liability

B - Having an agreement

C - Having a legal personality

D - Democratic control

E - Well-being of members

F - No need to be registered

13. The characteristics of sole proprietorship business are

- 1) A and F.
- 2) B and D.
- 3) A and E.
- 4) C and E.

14. The common characteristics of sole proprietorship business and partnership business are,

- 1) A and B.
- 2) B and D.
- 3) A and F.
- 4) C and E.

15. The characteristics of cooperative business are,

- 1) A, B and C
- 2) B, C and D
- 3) A, D and E
- 4) C, D and E

16. Select a profit motive business organization.

- 1) State companies
- 2) Corporative societies
- 3) Stated departments
- 4) Sport associations

17. Sivakaran conducts a business by registering the business as "Karan stores." It is not an advantage of registering the business name.

- 1) Receiving a legal personality.
- 2) Provides an identity and recognition
- 3) Provides a qualification to obtain incentives given by the government.
- 4) Easy to obtain loans

18. If a company is to become a separate business from its shareholders,

- 1) management should be done by a board of directors
- 2) company name should be registered
- 3) shares should be issued in public
- 4) Should be incorporated under the companies Act.

19. A feature that cannot be seen in a Sole proprietorship businesses is

- 1) No continues existence.
- 2) Have a Legal personality.
- 3) Capital invested by a single person.
- 4) Unlimited liability.

20. Some goods are outdated quickly. The environment related to the reason for it is
- (1) Economic environment. (2) Global environment.
 (3) Legal environment. (4) Technological environment.
21. A main objective of accounting is
- (1) to understand financial position of business.
 (2) to fulfill legal requirement.
 (3) to provide required information to stakeholders.
 (4) to calculate the profit correctly.
22. Some transactions of a business are given below. Select the transaction which cannot be considered in accounting.
- (1) Writing off a receivable amount Rs. 3 000 as bad debt.
 (2) Monthly rent payment is Rs. 15 000.
 (3) Number of non-managerial employees is 2.
 (4) Damage of goods worth of Rs. 20 000.
23. Select the correct accounting equation
- (1) Assets= Equity-Liabilities (2) Equity= Assets+Liabilities
 (3) Assets= Equity+Liabilities (3) Assets= Liabilities-Equity
24. Select the answer which contains only current liabilities.
- (1) creditor, accrued expense (2) debtor, cash balance
 (3) land and building, machine (4) bank loan, bank overdraft
25. Select the answer which contains income accounts only.
- (1) Capital account, drawing account
 (2) Bank loan account, Creditors account
 (3) Debtor account, Cash account
 (4) Sales account, Discount received account
26. Resources which obtained from an external party of a business
- 1) Equity 2) Liability 3) Revenue 4) Asset
27. Transaction which shows an increase in assets & equity
- 1) Salaries paid to employees of Rs 10 000
 2) Owner invested additional capital of Rs 100 000
 3) Owner withdrew Rs 10 000 cash for his personal use
 4) Obtaining a bank loan of Rs 200 000
28. A non-current asset of a business
- 1) Furniture 2) Stock 3) Bank loan 4) Debtors
29. Following are some assets of a business. Select the group which includes current assets only.
- A. Cash/Furniture/Debtors/Stocks
 B. Land and building/Furniture/Motor vehicle/Investments
 C. Land and building/Debtors/Stocks
 D. Cash/Debtors/Trading stocks/Trade receivable
30. Select the transaction which reduces liability and assets (cash balance).
- (1) Salary paid to employees (2) Bank loan received
 (3) Repayment of bank loan (4) Credit sales of goods

31. "Received cash from Debtors Rs.5000" The dual effect of this transaction is

- 1) Debtors assets increases , Cash assets decreases.
- 2) Debtor assets decreases , Cash assets increases.
- 3) Debtor A/C Debit, cash A/C Credit.
- 4) Cash A/C debit, debtor A/C credit.

• Answer the question 32, 33 and 34 based on the items given below.

- | | |
|-------------------------|-----------------------|
| A – Cash account | E – Creditors account |
| B – Rent Income account | F – Bank loan account |
| C–Capital account | G – Machinery account |
| D – Debtor account | H – Drawings account |

32. From the above accounts which accounts belongs to Asset accounts?

- 1) A, C and D only. 2) A, B, C and G only. 3) A, D and E only. 4) A, D and G only.

33. The account/ accounts that belong to the Capital accounts is

- 1) C and H only. 2) A only. 3) A and C only. 4) A, C and H only.

34. From the above account, the "F" account belongs to,

- 1) Asset account category 2) equity account category
3) Liability account category 4) Income account category

35. What is the transaction that effects on all the elements of assets, equity and liability out of the following?

- 1) Owner withdrawing money Rs.5,000 for his personal use.
- 2) Paying Rs.15,000 for creditors.
- 3) Paying Rs.50,000 bank loan installment including Rs.6,000 bank loan interest.
- 4) Receiving Rs. 5,000 from debtors.

36. An accounting book which functions as a prime book and as a ledger is

- (1) Purchase journal. (2) sales journal.
(3) General journal. (4) cash account.

37. The source document of cash payment is

- (1) Invoice. (2) payment voucher. (3) receipt. (4) deposit slip.

38. The discount provided to debtors, when they settle the amount within the time given is

- (1) Discount allowed. (2) discount received.
(3) Cash discount. (4) trade discount.

39. Double entry for petty cash reimbursement amount is,

- (1) Cash account Dr., Petty cash book Cr.
- (2) Particular expense account Dr. Petty cash book Cr.
- (3) Petty cash book Dr. Cash account Cr.
- (4) Petty cash book Dr. Particular expense account Cr.

40. The source document for cash deposit at bank is

- (1) Receipt. (2) voucher. (3) invoice. (4) deposit slip.

Part 11

❖ Including questions No. 1, answer questions selecting two questions from each of the parts I and II.

❖ Write your answers in neat handwriting.

Using the following case, answer the questions (1) – (10).

Thusara is a diploma holder in cookery. She started a business named as “Thusa canteen” near the University in her area taking the advantage of the present young generation and their various kinds of eating habits. On 01.01.2022 she rented a shop for Rs 10000 per month, invested an initial capital of Rs 100000 and obtained a bank loan of Rs 50 000 from a bank. The following are the transactions occurred during the month of January.

03.01.2022 Purchase equipment for the preparation of food items Rs. 25 000.

05.01.2022 Purchased goods prepare food items Rs. 30 000.

12.01.2022 Paid electricity charges to employees Rs. 10 000.

18.01.2022 Paid salary to employees Rs.10000.

25.01.2022 Received income from sale Rs. 40 000.

30.01.2022 Paid rent to the shop Rs. 8 000.

She wanted to convert her business into business organization with legal personality and limited liability in the future as her business was extending further.

(1) (a) What is the type of business that “Thusa canteen” belongs base on the nature of the products?

(b) what is the type of business that “Thusa canteen” belongs based on the ownership of the business?

(2) (a) State on the following according to the business of “Thusa canteen”.

1. Strength

2. Opportunity

(b) State two stake holders of the business of “Thusa canteen”

(3) (a) State your suggestions regarding registering of the business of “Thusa canteen”.

(b) Write two advantages of “Thusa canteen” at present.

(4) (a) State which type of business does Thusara think to start in the future?

(b) State two advantages from the business mentioned in above iv (a)

(5) Write the accounting equation of the business of “Thusa canteen” as at 01.01.2022 with values.

(6) Write an example for the following from the above business.

(a) Current assets

(b) Current liabilities

(b) Non current assets

(d) Non current liabilities

(7) Prepare the cash account and calculate the cash balance on this business.

(8) State the source documents for the cash receipts and payments.

(9) Write on example for the following accounting elements from “Thua canteen”

(a) Income

(b) Expenses

(10) Write the double entry for the transaction occurred on 25.01.2022.

(2×10=20 Marks)

Part I - Business Studies
(Answer two questions only)

(2)

- (i) (a) What is a business?
(b) Write two differences between human needs & wants. (02 Marks)

(ii) State whether the following statements are true or false. (02 marks)

- a) The whole world has become an Universal village due to electronic media. (.....)
 b) All retail shops are commodity providing businesses. (.....)
 c) Needs differ from person to person. (.....)
 d) Community propagates policies required for the economic growth of a country. (.....)
 (02 Marks)

(iii) Prasath produces lunch sheet by using banana leaves which are purchased from farmers of banana. He sells his products to canteens.

- (a) Name two stakeholders of Prasath's business.
(b) State an objective of above stated stake holders. (02 Marks)

(iv) Classify the business environmental parties and forces given below according to the internal and external environment.

(Budget policies, Owners, Public health inspector, Employers, Suppliers, Shop and office employees Act no. 14 of 1954, Managers, Advancement in Communication Technology)

Internal environment	External environments

(02 Marks)

(Total 08 Marks)

(3)

- (i) (a) Name two commodity manufacturing businesses.
(b) Write two institutions established to enact the laws and regulations of the businesses. (2 Marks)

(ii) State whether the following statements are **true** or **false**.

- a) The physical and mental contribution to business is called Labour (.....)
 b) Income distribution is a factor of political environment. (.....)
 c) Strengths can be identified by analyzing the external environment (.....)
 d) The continuous increase in the general price levels of goods and services is known as full employment level (.....)
 (02 marks)

(iii) Name of some businesses are given below.

- a) Driver's Training College
 b) Malaravan Dental Clinic
 c) Kavitha Bride Make up Centre
 d) Children's Park

State the needs fulfilled by the above businesses. (02 Marks)

- (iv) Kamal and Vimal conduct a bag producing and selling business by investing Rs 500 000.
(a) Classify the above business organizations according to the ownership of private sector.
(b) Write two advantages of the above mentioned business organization (02 marks)
(Total 08 Marks)

(4)

- (i) (a) Define sole proprietorship businesses.
(b) Write two disadvantages of such a business. (02 marks)

(ii) State whether the following statements are **true** or **false**.

- a) Cooperative societies are related to the public sector according to the ownership. (.....)
b) Less opportunity is found in a partnership to take accurate decisions as many individuals involve in a partnership to consider the views of all the partners collectively. (.....)
c) The profit of Sri Lanka Transport Board is owned by the public (.....)
d) According to the prevention of fraud ordinance if the initial capital of the partnership is greater than Rs. 1,000 the agreement should be in written. (.....)
(02 Marks)

iii. The following are the names of business organization. Which type of business organization do they belong to?

- a) Some chartered accountants are establishing an audit firm.
b) Sri Lanka Multi-Purpose Co-operative society.
c) Sri Lanka Health Department.
d) Foreign Employment bureau. (2 Marks)

iv. There was an increasing demand for the pens kept for in a canteen carried out by an A/L Commerce students union of a school. The pens were distributed by 'Star' Company.

Give an example for A, B, C and D given below using the above case.

A – Service providing business

B – Associations

C – Private sector business.

D – Not for profit business organization

(2 Marks)

PART II – Accounting

Answer only two questions.

5)

- i. (a) What do you mean by business transaction?
(b) Write the double entry principle for assets. (02 marks)

ii. The following ledger accounts are maintained in a business.

- | | |
|----------------------|----------------------|
| 1. Debtors account | 5. Drawing account |
| 2. Insurance account | 6. Creditors account |
| 3. Bank loan account | 7. Salaries account |
| 4. Machine account | 8. Capital account |

Categorize the above accounts under the following heading.

- | | | | |
|-------------------|----------------------|---------------------|------------------------------|
| 1. Assets account | 2. Liability account | 3. Expenses account | 4. Equity account (02 marks) |
|-------------------|----------------------|---------------------|------------------------------|

iii. (a) Write the dual effect of the below given transactions.

1. Owner invested Rs. 10 000 as capital.

2. Paid salaries of Rs. 25 000.

(02 Marks)

(b) Write the double entry of the following transactions

1. The owner invested his personal motor vehicle worth Rs. 500 000 for the business.

2. Payed to creditors Rs. 8 000.

(02 Marks)

iv. Following are some transactions in the business of Sajith for the month of January 2022.

1. Invested Rs. 50 000 as capital

2. Purchased stocks of Rs. 10 000 on credit basis.

3. Sold stocks which were purchased for Rs. 2000 at Rs. 3000.

4. Paid electricity bill of Rs. 4000.

Indicate above transactions by using below table and state the balances of each item.

Transaction	Assets		Equity	Liability
	Stocks	Cash	Capital	Creditors
1.				
2.				
3.				
4.				

(02 Marks)

6)

i. a) Write the dual function of the cash book

b) Name the 2 types of cash discounts.

(02 Marks)

ii. Some information of Vimalan Business for the year 2021 are given below.

Capital on 2021.01.01 Rs. 430 000

Income for the year Rs. 240 000

Expenses for the year Rs. 150 000

Additional capital Rs. 60 000

Calculate the value of equity on 2021 December 31.

(02 marks)

iii. Below are the transactions and account balance information for the month of January 2020 in Manasa business.

Balances on January 1st 2020

Cash Rs 17 000

Capital Rs 200 000

Creditor- kanika Rs 24 000

Debtor - savitha Rs 52 000

Transaction information

(1) 2020/01/02 Purchase of stock worth Rs.58 200

(2) 2020/01/05 Investing additional capital of Rs. 50 000

(3) 2020/01/10 Debtor Savitha had sent a cheque with a 5% discount on the settlement Of the Rs. 20 000

(4) 2020/01/13 Settled creditor kanika Rs.10 000. Discount received was 5%

❖ Prepare the cash book.

(04 Marks)

iv. Record the following transactions in the ledger accounts.

01.02.2022 Sales to Santhiya Rs. 10 000

03.02.2022 Purchase of goods from Amala Rs. 12 000

05.02.2022 Sales of goods by cash Rs. 24 000

07.02.2022 Salary paid Rs. 15 000

7)

i. a) What do you mean by source documents?

b) What do you mean by petty cash imprest?

(02 Marks)

ii. The following transactions were carried out by Arththi garments.

1. Sales by cash Rs. 20 000

2. Salary paid by cheque Rs. 5 000. Provide source documents and prime entry book for the above transactions.

(02 marks)

iii. The following transactions were carried by Vimal business during the month April 2021.

2021.04.01 Rs. 25000 was deposited at bank to start a current account.

2021.04.07 Cheque received from Kannan Rs. 6000 (cheque No 045) was deposited at bank.

2021.04.11 Cheque received from sales RS.25000 (cheque No 400) was deposited at bank.

2021.04.20 Electricity bill of Rs. 6000 was paid by cheque (cheque No 425).

Required: -

Record the above transactions in bank account.

(04 Marks)

iv. Below are the petty cash transactions occurred in Thilini's business during the month of May 2020

2020/05/01 Petty cash balance Rs. 250

2020/05/01 Petty cash reimbursement Rs. 2 250

2020/05/03 Refreshment expenses Rs. 150

2020/05/04 Travelling expenses Rs. 160

2020/05/06 Postage expenses Rs. 125

2020/05/07 Sundry expenses Rs. 130

2020/05/09 Paid Eranga Rs.700

2020/05/10 Purchased stationary Rs. 250

2020/05/14 Donations Rs. 100

2020/05/18 Letter registration fee Rs. 145

2020/05/20 Bus expenses Rs. 200

2020/05/23 Photo copy expenses Rs. 120

2020/05/28 Stamp expenses Rs. 75

Required:

1. Prepare the petty cash book.

2. Find the reimbursement amount on 2020/06/01

(Total 12 Marks)