

- Use additional reading time to go through the question paper, Select the questions and decide on the questions that you give priority in answering.

Business and Accounting Studies I

Instructions

- Answer all questions.
- In each of the questions 1 to 40. Pick one of the alternatives 1, 2, 3, 4 which is correct or most appropriate.
- Mark a cross (x) on the number corresponding to your choice in the given answer sheet.
- Further instructions are given on the back of the answer sheet. Follow them carefully.

Using following case answer questions No: 01 - 04

Maleesha conducts a fruit Juice business near Kurunegala - Dambulla main road. Samadhi has recruited as the cashier of this business.

- 01. The human need fulfilled by the Maleesha's business is, 1. Fruit Juice 2. Food 3. Health 4. Fruits
- 02. A main objective of Maleesha's business is, 1. Increasing the quality of goods and services. 2. Generating job opportunities 3. Employees welfare 4. Earning Profits
- 03. What is the factor of production that Maleesha relates to? 1. labour 2. capital 3. entrepreneurship 4. Owner
- 04. An objective of Samadhi as a stake holder of this business is, 1. Job security 2. receiving orders continuously 3. receiving adequate profit 4. Future growth of the business
- 05. Select the incorrect statement relates to human needs and wants. 1. Needs are limited and wants are unlimited 2. Needs are being common and wants are diverse 3. Needs can be created and wants can't be created 4. Needs are essential and wants are not essential
- 06. Match the state holders in column X with the expected contribution in column Y. X Y 1. Owners A - taking correct decisions 2. Managers B - supplying rawmaterials in time 3. employees C - contributing adequate capital 4. suppliers D - Appropriately completing the tasks assigned
- 07. Select the answer includes only external environment factors of a business. 1. Employees, global environment, customers, competitors 2. Globe environment, suppliers, competitors, customers 3. Managers, competitors, customers, suppliers 4. Managers, global environment, competitors, suppliers.
- 08. The government propagates the fiscal policies. The related business environment for 'fiscal policies' is, 1. Legal environment 2. Economic environment 3. Technical environment 4. Political environment

09. A negative impact due to the rapid changes in the technological environment is,  
 1. Goods and services become outdated.                      2. Goods and services become modernized  
 3. Increasing the profit                                                      4. Expanding market share
10. Among the following foreign currencies select the currency unit with the lowest exchange rate to the value of the Sri Lankan rupee.  
 1. USA Dollar                      2. Britain Pound                      3. Japanese Yen                      4. Euro
11. 'Business organizations can be categorized according to various criteria.' Select such a criteria.  
 1. according to government sector                      2. according to private sector  
 3. according to objective                      4. according to public sector
12. Select the answer that includes only private sector business organizations.  
 1. Other associations, state departments                      2. State corporations, cooperative societies  
 3. Partnerships, State companies                      4. Cooperative societies, other associations.
13. It prefers to run businesses as an incorporated company rather than a sole proprietorship,  
 1. Unlimited liability    2. Sharing profit                      3. Legal personality    4. Easy to take decisions
14. When selecting an appropriate business organization, it is mainly based on 02 objectives. They name as,  
 1. human needs and wants                      2. small scale or large scale  
 3. social welfare and employees welfare                      4. receiving profits and social welfare
15. If a business is expected to be managed by a group of individuals, What is the type of business organization would be appropriate?  
 1. Other associations    2. Partnerships                      3. Sole proprietorships    4. Cooperative societies
16. It is required to submit an application to register the business name within how many days?  
 1. 07                      2. 14                      3. 21                      4. 28
17. The corrected statement relates to register the business name of 'Amandi business' that is owned to Amandi Hiranya.  
 1. It should be registered by naming Amandi Hiranya  
 2. It is not related to the business name ordinance.  
 3. It is having a legal personality for the business.  
 4. It is required to receive the application for registration from the divisional council.
- **Using following assets, liabilities, Income & Expenses answer questions No. 18 - 19.**  
 A - Machinery                      D - Short term bank loans                      G - Creditors  
 B - Electricity expenses                      E - Trade stock                      H - bills payable  
 C - Furniture & Equipments                      F - Cash balance
18. Select only the current assets  
 1. H and E                      2. D and G                      3. G and H                      4. E and F
19. The item indicates from letter D is,  
 1. A current asset                      2. A current liability                      3. A non current liability                      4. a non current asset
20. It is not a characteristic of a liability  
 1. Arose as a result of a past transaction.  
 2. having a current obligation  
 3. Future economic benefits will flow into the business.  
 4. When settling the due amount the resources of the business will flow out.
- **Using following transactions answer question No, 21 & 22.**  
 A - invested Rs. 500 000 as capital                      D - Paid building rent Rs. 10 000  
 B - Purchased trade stock Rs. 100 000 on cash for resale                      E - Obtained a bank loan Rs. 400 000  
 C - Paid to creditors Rs. 2500



30. The **incorrect** statement that relates to a source document.
1. A source document generates from every transaction
  2. Transactions records in source documents according to double entry principle
  3. When a transaction takes place, the all details of such transaction records in a source document
  4. The transactions are recorded in the prime entry books using source documents.
31. It is **not** a main detail of a source document.
1. The date which transaction occurred
  2. Official seal
  3. narration
  4. The due amount
32. The related source document and the prime entry book for the payments through cheques are,
1. Voucher - cash book
  2. counterfoil - cash book
  3. bank account - counterfoil
  4. counterfoil - bank account
33. The total of the discount column in the debit side of the cash book should be,
1. debited to discount allowed account
  2. debited to discount received account
  3. credited to discount allowed account
  4. credited to discount received account
- **Following transaction occurred in Nadith's furniture shop. Using them answer question No. 34 - 36**
- |                                             |                                           |
|---------------------------------------------|-------------------------------------------|
| A - Purchased furniture Rs. 75000 on credit | B - Sold a dining table Rs. 45000 on Cash |
| C - Purchased stamps Rs. 150                | D - Purchased an almirah Rs 90000         |
34. What are the transactions record in a cash book,
1. A and B
  2. B and C
  3. B and D
  4. C and D
35. The source documents relate to transactions A and B
1. purchase invoice - receipt
  2. purchase invoice - voucher
  3. purchase Journal - cash book
  4. purchase invoice - purchases journal
36. As the transaction D,
1. It is increased only cash assets.
  2. It is increased only furniture assets.
  3. It is increased cash assets and decreased furniture asset
  4. It is decreased cash assets and increased furniture asset
37. Select the double entry principle for recording transactions in the bank current account by the bank.
1. The principle relates to liabilities
  2. The principal relates to assets
  3. The principle relates to expenses
  4. Non of above
38. Sachintha conducts a textile business and a cheque that is received for textile sales Rs. 100 000 has been deposited in the bank at the time of receipt. The corrected double entry is,
1. Cash book Dr. Rs. 100 000 - Bank Acc Cr Rs. 100 000
  2. Cash book Dr Rs. 100 000 - Sales Acc Cr Rs. 100 000
  3. Bank account Dr Rs. 100 000 - Cash Acc Cr Rs. 100 000
  4. Bank account Dr Rs. 100 000 - Sales acc Cr Rs. 100 000
39. Select the situation that a bank dishonours a cheque.
- A - Cheques being written disorderly  
 B - Insufficient balance in the current account  
 C - Signature on the cheque is different from the specimen signature
1. A only
  2. B only
  3. C only
  4. All above
40. Select the double entry for dishonoring an issued a cheque Rs. 50 000 to a creditor.
1. Bank account Dr. Rs. 50 000 - Creditors acc Cr. Rs. 50 000
  2. Creditors acc Dr Rs. 50 000 - Bank acc Cr. Rs. 50 000
  3. Creditors acc Dr Rs. 50 000 - Cash acc Cr. Rs. 50 000
  4. Cash book Dr Rs. 50 000 - Creditors acc Cr. Rs. 50 000

Grade - 10

Second Term Test - 2024

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Business and Accounting Studies II

**Instruction :-**

- Including question No. 01 answer five questions selecting two questions from each of the parts I and II.
- As instructed, answer five questions only. Any extra questions answered, if not struck off by the candidate himself / herself, will be crossed out by the examiner, without being marked.

01. Using the following case answer the the questions No. i to x.

Binara who has followed a tailoring course conducted by Vocational Training Authority commenced a business by naming 'Binu Tailors' invested cash Rs 500 000 and furniture Rs 65 000. On that day she received a bank loan Rs.500 000 (02 years) and from it purchased sewing machines Rs 60 000

- Following information occurred during the month of March 2024 in Binara's Business.

	<u>Rs.</u>
Purchases Fabric on cash	38 500
Purchases Fabric on credit	90 000
Selling garments on cash	120 000
Selling garments on credit	25 250
Building rent	20 000
Telephone charges	1 500
Electricity charges	10 500

On 01.04.2024 Binara joined her sister Thathsara to the business with the capital of Rs. 600 000

- (a) State the human need fulfilled by this business.  
(b) Write 02 examples for factor of production 'capital' from above business.
- (a) Write 02 stakeholders of this business.  
(b) Write an example each relates to internal and external environment of this case.
- (a) Write a strength and an opportunity of this business.  
(b) What is the type of business organization that Vocational Training Authority relates to?
- (a) What is the type of business organization that 'Binu Tailors' belongs to according to the ownership.  
(b) Write 02 characteristics of above mentioned type of business organization.
- (a) State how the 'Binu Tailors' should be registered?  
(b) What is the most suitable type of business organization that should be started after joining Thathsara to the Binara's business?
- (a) State a current asset and a non current asset of this business.  
(b) State a prime entry book and it's related source document that should be maintained of this business.
- (a) Write a current liability and a non current liability of this business  
(b) State the purchases account for the month of March of this business.
- (a) Write the double entry to record for receiving a bank loan.  
(b) Show it in a ledger accounts
- (a) What is the opening equity as at 01.03.2024 of 'Binu Tailors'?  
(b) What is the accounting equation, after purchasing sewing machines by receiving bank loan on 31.03.2024?
- Calculate the cash balance for the month ended 31.03.2024 of Binara Tailors.

## Part I - Business Studies

• **Answer 02 questions only.**

02. i) Write 02 reason that influenced the rapid growth of the technological environment  
ii) State whether the following statements are True or False.  
(a) The strengths and weaknesses of a business can be identified by studying the internal environment.  
(b) 'Voluntary and open membership' is a characteristic of incorporated companies.  
(c) Financial regulations, Establishment code and different circulars affect to the incorporated companies.  
(d) The opportunities and threats of a business can be identified by studying the external environment.
- iii) Any business has an environment related to it which directly or indirectly affects the business.  
(a) What is economic environment?  
(b) Write 02 economic environmental factors.
- iv) 'Globalization is the mutual relationship among countries in terms of economic, social and cultural dimensions.  
(a) Write 02 positive impacts from the global environment on domestic businesses.  
(b) Write 02 negative impacts from the global environment on domestic businesses.
03. i) "Different types of business organizations are established in order to fulfil human needs and wants" Introduce a business organization.  
ii) 'Businesses are organized in different ways'. These different types of business organizations can be classified on various criteria.  
(a) Write 02 criterion that the business organizations can be classified.  
(b) State the classification of business organizations under the public sector.  
iii) State whether the following statements are True or False.  
(a) Departments have fully freedom to take decisions  
(b) Business name registration gives a sole proprietorship an identity.  
(c) Profits owned by the public is an advantage of state corporation.  
(d) If the initial capital of the partnership is greater than Rs. 1000 the partnership agreement should be in written.  
iv) Amasha and Dushani conduct a partnership by naming 'Two Sha'. Sonuka has recruited to the business for management purposes.  
(a) What is management?  
(b) Write 02 advantages of conducting this business as a partnership.
04. i) Following are some business names.  
Upali company limited  
Perera and sons  
Kekulu children society  
Agricultural Insurance Board  
Nadun Stores  
Godagam cooperative society limited  
Sri Lanka Broadcasting corporation  
Classify above businesses according to ownership  
ii) State whether the following statements are true or false.  
(a) It is mandatory to register a sole proprietorship  
(b) State Departments do not have a legal personality  
(c) State corporations contribute to reduce the monopoly effects of private sector.  
(d) The incorporated companies should be registered under the business name ordinance of the respective provincial council.

- iii) (a) Briefly explain the difference between the partnership agreement and the partnership deed.  
(b) Write 02 acts that affect to the partnerships.
- iv) (a) Write 02 characteristics that can be seen in cooperative societies.  
(b) Write 02 advantages of registering the business name of a sole proprietorship.

**Part II - Accounting**

05. i) What is Accounting?  
 ii) Write the double entry for following transactions.  
 (a) Purchased office equipments Rs. 100 000 for the use of the business.  
 (b) Received Rs. 25 000 from debtors.  
 iii) Following transactions relates to the month of January 2024 of Nishal's construction business.  
 01.01 - Started the business by investing Rs. 800 000  
 01.03 - Obtained a bank loan Rs. 200 000  
 01.04 - Received Rs. 5000 as construction income  
 01.05 - Nisal withdrew cash Rs. 3000 from the business for his personal uses.  
 Indicate how the above transactions impact on the following accounting equation.

Assets = Equity + Liabilities

- iv) The following accounting equation of a business show the impacts of transactions occurred in March 2024

Date	Assets	=	Equity	+	Liabilities
03.01	Increase	=			
	Decrease	=			
03.04	Decrease	=		+	Decrease
03.05	Increase	=	Increase		
03.06	Decrease	=	Decrease		

According to this equation, Write a possible transaction with amounts that may have taken place during each day.

06. i) Write 02 possible cash receipts transactions of a mobile phone repair business.  
 ii) Name the dual function of a cash book  
 iii) Complete the following table

Prime entry book	Source document	Type of transaction
Purchases Journal	A.....	Credit purchases of trade goods
B.....	Sales invoice	C.....
D.....	Cheque counterfoil	Issuing a cheque

- iv) Following transactions occurred in Chethuki's business during the month of may 2024.  
 2024.05.01 Cash balance Rs. 30000  
 2024.05.02 Receipt No. 01 - invested additional capital Rs. 70 000  
 2024.05.10 Voucher No. 11 - Paid rent Rs. 15 000  
 2024.05.15 Voucher No. 12 - Purchased trade goods Rs. 50 000  
 2024.05.20 Receipt No. 02 - Received cash Rs. 60 000 from sales.  
 2024.05.25 Voucher No. 13 - Paid electricity bill Rs. 5000

Required

- (a) Recording above transactions in a cash book
- (b) Balancing off the cash book and calculate the balance.

07. i) What is a discount?  
ii) What is a bank statement?  
iii) Write 02 uses of source documents?  
iv) Following transactions occurred in Sandeepa's business for the month of March 2024.  
2024.03.01 - Bank balance - debit Rs. 24 000  
2024.03.05 - Deposited cash Rs. 32000 in the bank  
2024.03.12 - Deposited the cheque no. 300 of Rs. 15000 that was received from Sumudu.  
2024.03.17 - Issued a cheque Rs. 25000 to creditor Saranai  
2024.03.25 - A cheque issued for electricity bill Rs 7000
- Required,  
(a) Prepare the bank account of Sandeepa's business.  
(b) Balancing off the bank account and calculate the balance.