

Colombo Educational Zone - Western Province
Second Term Evaluation - 2016

Grade 10

Business and Accounting Studies - I Time - 1 Hour

Index No

Note:

- (i) Answer all questions.
- (ii) In each of the questions 1 to 40, pick one of the alternatives (1),(2),(3),(4) which you considered as correct or most appropriate.
- (iii) Mark a cross (x) on the number corresponding to your choice in the answer sheet provided.

Q1. A business can be identified as any activity which satisfies human needs and wants. Wants are created by businessmen. Accordingly, main characteristic of a need is,

- (1) Being complex and diverse.
- (2) Created by businessmen.
- (3) Common to all.
- (4) Being unlimited and unsatisfied.

Q2. The common objective of every business is,

- (1) Earning profit
- (2) Quality of goods and services
- (3) Generating jobs
- (4) Employee welfare

Q3. The successfulness of every business is depended on,

- (1) production
- (2) customer relationship
- (3) production and distribution
- (4) owners and employees

Q4. The difference between goods and services can be identified,

- (1) on price
- (2) on demand
- (3) on supply
- (4) on tangibility

Q5. Which of the following is not a characteristic of a want, which satisfied human needs?

- (1) Not essential
- (2) Being diverse
- (3) Cannot be created
- (4) Being unlimited

06. Which of the following is not considered as a product?

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|--------------|-----------|
| (1) Time | (2) Goods |
| (3) Services | (4) Ideas |

07. Today business activities are carried out without the physical identified place. What is the main facility use for this?

- | | |
|-----------------|--------------|
| (1) Telephone | (2) internet |
| (3) Fax machine | (4) ideas |

08. Match part (A) with part (B) and select correct answer.

- | | |
|----------------------|------------|
| A | B |
| 1. Foods | A. Nursing |
| 2. Clothes | B. Shoes |
| 3. Shelter | C. Cake |
| 4. Health facilities | D. Books |
| 5. Education | E. Flats |

- | | |
|-----------|-----------|
| (1) CBEAD | (2) ABCED |
| (3) ABCDE | (4) CABDE |

09. Who take the correct decision with regard to implementation of business plan?

- | | |
|----------------------|---------------|
| (1) Owners | (2) Suppliers |
| (3) Office employees | (4) Managers |

10. Who is not a stakeholder relating to a government schools?

- | | |
|--------------------|---------------|
| (1) Teachers | (2) Students |
| (3) Office workers | (4) Investors |

11. The controllable environment of a business man is,

- | | |
|--------------------------|--------------------------|
| (1) internal environment | (2) External environment |
| (3) macro environment | (4) business environment |

12. The studies can be made on concerning the external business environmental factors are,

- | | |
|------------------------------|---------------------------------|
| (1) Strengths and threats | (2) Opportunities and strengths |
| (3) Strengths and weaknesses | (4) threats and weaknesses |

13. Select the answer which includes only the internal environmental factors.

- (1) Salary, Level of employment, employees
- (2) Owners, managers, employees
- (3) Global environment, Political environment, managers
- (4) Customers, Owners, managers

14. What is not a negative effect for local businesses from globalization?

- (1) Facing to high competition
- (2) Outflow of domestic skilled labor to foreign countries.
- (3) Instability of the existence of domestic businesses.
- (4) Possibility to obtain modern technology.

15. Which of the following is not a factor represented the economic environment?

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|---------------------------------|----------------------------|
| (1). Interest rate | (2) Income distribution |
| (3) Age structure in population | (4) Gross Domestic Product |

16. The government is interfered for the business activities,

- | | |
|--|--------------------------------------|
| (1). to protect the business | (2). to protect the society |
| (3). to safeguard the businesses and society | (4). To obtain income for government |

17. The report which should be provided with the application for registration of name of a sole proprietorship,

- | | |
|--|-------------------------------------|
| (1). Environmental report | (2). Grama Niladharee report |
| (3). Divinaguma Development Officer's report | (4). Public Health Officer's report |

18. Which of the following does not have the legal personality?

- | | |
|-----------------------------|------------------------------|
| (1). Public Limited Company | (2). Private Limited Company |
| (3). State Corporations | (4). Partnerships |

19. Why should the sole proprietorship register its name under the Business Name Charter of the relevant provincial council?

- (1) When the capital of the business more than Rs. 500,000.
- (2) Commencing business in a different name other than owner's name.
- (3) When using term "Limited" before the business name.
- (4) When the same name is used by two businesses.

20. Which of the following business is considered as a small and medium scale business by Census and Statistical Department?

- (1) Business employing less than 25 employees
- (2) Business employing less than 15 employees
- (3) Business employing less than 40 employees
- (4) Business employing less than 20 employees

21. Select the characteristic common to all business organisations.

- | | |
|-----------------------|--------------------------|
| (1) Legal Personality | (3) Continuous existence |
| (2) Limited liability | (4) Objective |

22. Padmasiri Disanayake conducts a business under the name of "Padmasiri Grocery". Select the correct statement with regard to that business.

- (1) This business is a partnership
- (2) Registration of this business is compulsory
- (3) Registration of this business is not compulsory
- (4) Liability of this business is limited.

23. What is the benefit gained from registering the business organization?

- | | |
|--------------------------|-------------------------------|
| (1) Continuous existence | (2) Increase of profitability |
| (3) relief from debts | (4) Provides recognition |

24. In comparison with other business organizations, which one can collect large amount of capital?

- | | |
|-------------------------|----------------------------|
| (1) Sole proprietorship | (2) Partnerships |
| (3) Co-operatives | (4) Incorporated companies |

25. The private sector profit motive business organizations are,

- (1) Co-operatives and societies
- (2) State corporations and departments
- (3) Incorporated companies-partnerships
- (4) Societies- partnerships

26. In legal activities, head of the department in which organization should appear in front of the law using his designation?

- (1) State corporations
- (2) Sole proprietorships
- (3) Departments
- (4) Societies

27. Which of the following is a private sector not for profit business organization, when classifying the business on objectives?

- (1) Public Limited Company
- (2) Co-operative societies
- (3) State corporations
- (4) Partnerships

28. If everyone who expects a job in a country, will receive suitable jobs; then it is known as,

- (1) Employment
- (2) unemployment
- (3) Under employment
- (4) Full employment

29. Select the correct accounting equation which can be used to enter the transactions in a business.

- (1) $\text{Assets} = \text{capital} + \text{liability}$
- (2) $\text{Capital} + \text{Equity} = \text{Liability}$
- (3) $\text{Assets} + \text{Capital} = \text{Liability}$
- (4) $\text{Assets} + \text{liability} = \text{Capital}$

30. If the business obtain 50,000 of bank loan, what is the impact on equation?

- (1) Assets debit- Equity credit
- (2) Assets debit- Liability credit
- (3) Assets debit- Liability debit
- (4) Assets debit- Capital credit

31. Transaction which affects to decrease the assets and the liabilities is;

- (1) Provide capital Rs.100,000
- (2) Purchase equipment Rs. 25,000
- (3) Paid insurance Rs. 5000
- (4) Paid bank loan Rs.20,000

32. The book which records both prime entry and ledger entry would be,

- | | |
|----------------------|-------------------|
| (1) Purchase Journal | (2) Cash book |
| (3) Ledger book | (4) Sales Journal |

- Assets and liabilities of a business as follows.

- | | |
|--------------|--------------------------|
| A. machinery | D. Long term bank loan |
| B. Debtors | E. Cash balance |
| C. Computers | F. Bank overdraft |
| | G. Accrued rent expenses |

Using the above information answer the question No.33 to 36.

33. Correct answer group which can be considered as current assets would be,

- | | | | |
|-------------|-------------|-------------|-------------|
| (1) B and E | (2) C and F | (3) A and E | (4) A and C |
|-------------|-------------|-------------|-------------|

34. Non current assets are represented from;

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

35. Letter "D" represents ;

- | | |
|-----------------------|---------------------------|
| (1) Current assets | (2) Non current assets |
| (3) Current Liability | (4) Non current liability |

36. Letter "G" represents

- | | |
|----------------------------|-------------------------|
| (1). Current liability | (2). Current assets |
| (3). Non current liability | (4). Non current assets |

37. What would be the effect on an accounting equation when Rs.1000 paid by a business as electricity expenses?

- | | |
|---------------------------|----------------------|
| (1) Increase assets | (2) Decrease assets |
| Increase expenses | Decrease expenses |
| (3). Decrease liabilities | (4). Decrease equity |
| Decrease expenses | Decrease assets |

38. Cash book is differed from other prime entry books because;

- (1). It performs the dual roles
- (2). It is used to record only cash transactions
- (3). It is an essential prime entry book
- (4). It uses double entry system

39. The source document uses to record transactions relating to cash payments would be;

- | | |
|--------------------|-----------------------|
| (1). Receipt | (2). Purchase invoice |
| (3). Sales invoice | (4). Voucher |

40. The relevant double entry when a cheque deposited in a bank is;

- | | | | |
|-------------------|----|---------------|----|
| (1). Cash A/C | Dr | (2). Bank A/C | Dr |
| Bank A/C | Cr | Cash A/C | Cr |
| (3). Purchase A/C | Dr | (4). Bank A/C | Dr |
| Bank A/C | Cr | Purchase A/C | Cr |

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Business and Accounting Studies - II

Grade 10

Time: two Hours

Index No

Instructions;

Time; Two hours

- Including question No.1 answer five questions selecting two questions from each parts
(part-I and II).

1. Damith Bandara who studied in commerce stream for G.C.E A/L examination had his own saving of Rs. 10,000 and obtained a loan of Rs. 20,000 on mortgage his land from Bank of Ceylon. He bought a small grinding machine by spending Rs. 25,000 and started a small business.

In addition, he produced finger millet (Kurakkan) flour, Undhu flour, chili powder , paper powder under the name of “Damith Products” and issued to the market. For this purpose, he purchased finger millet flour on credit basis from “Gamini and sons” for Rs.25,000.

Using the above case and answer the following questions.

- According to the above, state 2 types of business organizations which engage in the business activities.
- Name 2 advantages and 2 disadvantages of Damith’s business organization.
- What are the benefits that Damith can gain by registering this business?
- According to the nature of the government intervention to the business, there are many impacts may occurred on business. State 2 impacts which may occur to the business.
- “Various resources are essential to start any business.” These are called factors of production. Name factors of production with examples.
- State examples for assets and liabilities in this business.
- Write the accounting equation relating to this business.

- viii. Enter transactions which occurred in this business to the accounting equation.
- ix. Select 2 transactions occurred in this case and write dual impact of this transaction.
- x. Write double entries for these 2 transactions. (Marks 2x10=20)

Business Studies – Part I

02. i. Define the needs and wants with the examples.
 ii. State examples for 2 goods manufacturing businesses and 2 service providing businesses.
 iii. Needs can be created and wants cannot be created. Do you agree with this statement? Give your idea.
 iv. Write the objectives of the businesses.
 v. Name the business that you know, and state the stakeholders of that business. (Marks 2x5=10)

03. i. Write the classification of business environment.
 ii. How does the economic environmental factors affect to the efficiency of business activities?
 iii. Write 2 advantages of state department.
 iv. Write 2 state corporations that you know.
 v. Followings are few business firms. State how do these businesses are obtained their capital.
- Departments of railway
 - Shantha and sons
 - Sri Lanka Multi-Purpose Co-operative Society.
 - Seetha Stores
- (Marks 2X5=10)

o4. (1) Prepare the table indicating the similarities and differences among the types of businesses under the following headings.

Headings	Sole-proprietorship	Partnership	Limited Liability companies	Co-operatives
Ownership				
Management				
Liability				
Legal personality				
Existence				

(10 marks)

Accounting- Part-II

05. (1) Following are some items of Pushpa's business who carries out a flora business

Telephone charges	Capital
Mortgage loan	Received commission
Bank loan	Creditors
Sales	Machines
Motor vehicle maintenance	Debtors

Required;

- ❖ Using a tabular format categorize each of above items under the columns of assets, liabilities, equity, income and expenses

(5 Marks)

(2) The following information are extracted from Chamara's business.

Assets-	Buildings	500,000	Liabilities-	Creditors	40,000
	Cash	175,000		Bank loan	150,000
	Stock	200,000			

- Calculate the capital of the above business (2 marks)

- I. 04/ 01 Owner invested Rs. 50,000 as additional capital.
- ii. 04/02 paid bank loan Rs.50,000
- iii. 04/13 cash on sales Rs. 75,000
- iv. 04/24 paid Rs. 40,000 to creditors
- v. 04/25 Sold goods which cost Rs. 80,000 at Rs. 100,000. (3 marks)

Required:

Enter the above information with the opening balances to the accounting equation.

(10 marks)

06. (1) The following accounting equation of Janaka's business shows the impact of transactions occurred in month of April.

Date	Assets		Equity + Liabilities		
	Stocks	Cash	Capital	Creditors	Bank loan
04/03		+200,000	+200,000		
04/08	+50,000			+50,000	
04/12		+150,000			+150,000
04/23		-50,000	-50,000		
04/28	-250,000	+300,000	+50,000		

Required:

- ❖ Write down the each transaction. (5 marks)

(2) Write down the dual impact of following each transaction.

- | | |
|----------------------------|----------------------------------|
| i. Investing capital | vi. Payments for creditors |
| ii. Purchasing of stock | vii. Purchasing furniture |
| iii. Obtaining a bank loan | viii. Selling the machine |
| iv. Receiving sales income | ix. Salary payments |
| v. cash drawings | x. payments for electricity bill |

(5 marks)

(Total marks 10)

7. Following transactions were occurred during the month of March in Rohan's business.

- 03/01 Invested Rs. 100,000 as capital
 03/02 Purchased a stock of goods Rs. 15,000
 03/03 Obtained a bank loan Rs. 50,000
 03/04 Paid salary for employees Rs. 6000
 03/15 Investment income Rs. 15,000
 03/16 Owner has taken Rs.5,000 for his personal use.
 03/17 Paid electricity bill Rs. 1000
 03/18 Monthly sales Rs. 125,000
 03/29 Purchased a stock of goods with the intention of reselling Rs.15,000
 03/30 Settled a bank loan Rs. 20,000

Required:

- Post the above transactions to the ledger accounts (10 marks)