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වර්ෂ අවසාන ඇගයීම ஆண்டிறுதி மதிப்பீடு - 2016 Year End Evaluation			
ශ්‍රේණිය } 10 தரம் } Grade	විෂය } பாடம் } Business and Accounting Studies Subject	පත්‍රය } I வினாத்தாள் } Paper	කාලය } 01 hour காலம் } Time

Note:- (i) Answer all questions.

(ii) In each of the questions from 1 to 40 pick one of the alternatives (1) (2) (3) (4) which you consider as correct or most appropriate.

- (1) The correct statement regarding needs and wants is,
  1. Needs are unlimited, wants are limited.
  2. Needs can be created by businessmen, wants cannot be created by businessmen.
  3. Needs are common, wants are vary.
  4. Needs are secondary, wants are primary.
- (2) A characteristic which can be seen in a good,
  1. Intangible
  2. Homogeneous
  3. Cannot be separated from the provider
  4. Cannot be stored
- (3) Select the answer which only includes the businesses which produce services out of the following.
  1. Manufacturing of soap, manufacturing of food, sale of food.
  2. Sale of building material, maintain a canteen, maintain a salon.
  3. Making bread, selling bread, transporting bread
  4. Manufacturing tyres, maintain a garage, selling clothes
- (4) Colum "A" represents business stakeholders and column "B" represents the reasons for their interest. Select the correct answer when those matched correctly.
 

A	B
1. Lending institutions	P- To know a considerable profit is earned
2. Managers	Q- Job security
3. Employees	R- To know recovery of loan provided
4. Owners	S- To make decisions
1. RSQP	2. PQRS
3. QRSP	4. RSPQ
- (5) Select the statement relevant for political environment of the following.
  1. Continuous increase in prices of goods leads to inflation.
  2. Due to the strike of the employees production didn't take place on that day.
  3. Use of new machinery leads to increase production.
  4. The government intervenes to provide infrastructure facilities such as supply of electricity, water and construction of highways.
- (6) Select the correct statement out of the following.
  1. Consumers are protected by implementing rules and regulations for businesses by the government.
  2. Businessmen are motivated to obtain loans due to increase in interest rate.
  3. Increase in price level leads to increase the purchasing power of consumers.
  4. Salaries, income, savings and investment are factors related to political environment.

- (7) Column "A" represents few countries and column "B" represents the currencies used by those countries. What is the correct answer when column "A" matched with column "B"?

A	B
1. India	P- Taka
2. Bangladesh	Q- Rupees
3. China	R- Ruble
4. Russia	S- Yuan
1. QPSR	2. PSRQ
	3. SRQP
	4. RQPS

- (8) What is the answer which shows a strength and an opportunity that can be seen in a business respectively?

1. Availability of adequate capital	Lack of skilled employees
2. Experience of managers	Negative attitudes of employees
3. Specialized production methods	Designing new cities
4. Constructing highways	Natural disasters

- (9) The type of business organization of government sector with the objective of earning profits out of the following businesses is,

1. Cooperatives	2. Incorporated companies
3. State corporations	4. State companies

- (10) What is the answer when classify business organizations according to ownership correctly?

- Small scale businesses, Large scale businesses.
- Profit motive businesses, Non profit motive businesses
- Profit motive businesses, Private sector businesses.
- Private sector businesses, Government sector businesses.

- (11) The answer which only includes the business organization related to government sector,

- Ranmal Grocery, Mihiri Fruit Center, Osuhala.
- Osuhala, Fisheries Corporation Department of Health.
- Department of Education, Maliban Company, John Keels Company.
- John Keels Company, Timber Corporation, Cashew Corporation.

- Answer the questions 12, 13, 14 and 15 using the following information.

Ashan Maadhusanka is carrying out a business in the name of "MadhusankaStores". He wish to convert this business to a business with limited liability and legal personality.

- (12) Business of "Madhusanka Stores" related to which type of business organization out of the following?

- Sole proprietorship
- Partnership
- Incorporated company
- Department

- (13) Which of the following can be the suitable name for Ashan Madhusanka's business after converting the business?

- Ashan Stores
- Madhusanka Private Limited Company
- Asanka Grocery
- Sanka Communication

- (14) Select the incorrect statement out of the following regarding the registration of business name "Madhusanka Stores".

- It is compulsory to register
- It should be registered under the Business Names Ordinance No. 6 of 1918
- Through registering business gets an identity.
- Through registering business gets legal personality.

(15) Select the correct statement which shows a differences between the business of "Madhusanka Stores" and the business which Ashan Madhusanka wish to start respectively.

1. Profit is shared and solely enjoy profit.
2. Liability is unlimited and liability is limited.
3. Has continuous existence and no continuous existence.
4. Has legal personality and no legal personality.

(16) Select the correct statement regarding the computerized accounting.

1. Cannot obtain timely data quickly
2. Increase cost of labour due to minimum labour required
3. Risk of loss of data due to technical defects
4. Huge amount is not required to buy the software

(17) Which of the following is not a characteristic of asset?

1. Arose as a result of a past transaction
2. Controlled by the business
3. Inflow of future economies benefits to the business
4. Has present obligation

(18) Select the group which only includes liabilities.

1. Land, furniture, Machinery
2. Bank loan, Motor Vehicles, Creditors
3. Bank overdraft, Creditors, Bank loan
4. Creditors, Debtors, Cash

(19) Following is the accounting equation as at a specific date.

$$\text{Assets) Rs.150,000) = Equity ) Rs100,000) + Liabilities )Rs50,000)}$$

Accounting equation after purchasing furniture of Rs20, 000 and obtaining a bank loan of Rs. 50, 000 of this business is,

Assets (Rs)		Equity's (Rs)		Liabilities (Rs)
1. 200,000	=	100,000	+	100,000
2. 150,000	=	100,000	+	50,000
3. 200,000	=	150,000	+	50,000
4. 220,000	=	120,000	+	100,000

Following is the balances of assets and liability accounts as at 01.01.2015 of Sayuri's business.

Assets	(Rs)	Liabilities	(Rs)
Land	500 000	Bank loan	125 000
Furniture	100 000	Creditors	175 000
Debtors	50 000		
Cash	50 000		

**Answer the questions 20 and 21 using above information.**

(20) What is the amount of capital as at 01.01.2015?

1. Rs1 000 000
2. Rs .700 000
3. Rs .400 000
4. Rs300 000

(21) What is the value of current assets as at 01.01.2015?

1. Rs100 000
2. Rs300 000
3. Rs400 000
4. Rs700 000

(22) Following shows how transactions are recorded in each accounts according to the double entry system. Select the correct answer out of it,

1. Building a/c      Increase credit      Decrease Debit
2. Bank loan a/c      Increase Debit      Decrease Credit
3. Salary a/c      Increase Credit      Decrease Debit
4. Electricity a/c      Increase Debit      Decrease Credit

(23) Following column "A" shows the prime entry books and column "B" shows the transactions. Select the correct answer when column "A" matched with column "B".

"A"	"B"
1. Cash book	W Purchase a machinery Rs. 10000 on credit.
2. Purchase journal	X Sale Rs. 20 000 goods on credit.
3. Sales journal	Y Purchase Rs. 40 000 goods on credit.
4. General journal	Z Pay salaries Rs. 50 000
1. YZXW	2. XZYW
	3. ZYXW
	4. ZWXY

(24) A cheque of Rs.15000 received from a debtor and deposited has been dishonored. The correct double entry relevant for it is,

1. Bank a/c Dr. Debtors a/c Cr.
2. Debtors a/c Dr. Bank a/c Cr.
3. Dishonored cheque a/c Dr Debtors a/c Cr.
4. Debtors a/c Dr. Dishonored cheque a/c Cr.

(25) Select the correct double entry relevant for receiving a cheque of Rs. 20 000 for the cash sales.

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. Cash book Dr. Rs. 20,000 | 2. Bank a/c Dr . Rs. 20,000 |
| Sales a/c Cr. Rs. 20,000    | Sales a/c Cr. Rs. 20,000    |
| 3. Sales a/c Dr. Rs. 20,000 | 4. Sales a/c Dr. Rs. 20,000 |
| Cash book Cr. Rs. 20,000    | Bank a/c Cr. Rs. 20,000     |

(26) The amount receivable from chamod is Rs. 10,000 . His debt amount was settled by receiving a cheque of Rs. 9000 from chamod .The correct double entry related to this transaction is,

- |                                   |                            |
|-----------------------------------|----------------------------|
| 1. Cash book Dr. 9000             | 2. Cash book Dr. Rs. 9000  |
| Discount allowed a/c Dr. Rs. 1000 | Chamod a/c Cr. Rs. 9000    |
| Chamod a/c Cr. Rs. 10000          |                            |
| 3. Cash book Dr. Rs. 10000        | 4. Chamod a/c Dr. Rs. 9000 |
| Chamod a/c Cr. Rs. 10 000         | Cash book Cr. Rs. 9000     |

(27) Select the incorrect statement regarding the prime entry books.

1. Prime entry books used to record the transactions of the business, classified based on their nature and other common characteristics.
2. Prime entry books are known as journals and day books.
3. Prime entry books are prepared using source document.
4. Transactions are recorded in prime entry books using source documents.

(28) Select the correct statement regarding the discount columns of a bank account with discount columns.

1. Trade discounts are recorded in discount columns.
2. Cash discounts are not recorded in discount columns.
3. Discount columns are balanced off to find balance.
4. Discount columns are known as memorandum columns.

(29) Dual function of the cash book is,

1. Record cash receipts in debit and cash payments in credit.
2. Recording the cash receipts, payments and discounts.
3. Recording discount allowed in debit side of the cash book and discount received in credit side of the cash book.
4. Act as a prime entry book and as a ledger account.



(30) Bank overdraft can be seen ,

1. As a debit balance brought forward in cash book.
2. As a credit balance brought forward in cash book.
3. As a debit balance brought forward in bank account.
4. As a credit balance brought forward in bank account.

(31) The reason affecting to increase in the balance of the bank statement than the bank account balance,

1. Bank charges
2. Direct remittances

3. Value of the deposited cheques dishonored

4. Value of the cheques deposited but unrealized

(32) Bank account balance of a businessman as at 31.01.2015 is Rs. 20 000 and balance of the bank statement as at that date was Rs. 22 000. The reason for this difference is,

1. Cheques deposited but not realized Rs.2000
2. Value of the cheques issued but not presented for payment Rs. 2000
3. Bank charges not recorded in the cash book Rs. 2000
4. Standing order payment of insurance Rs. 2000

(33) Petty cash imprest of the Pavani's business Rs. 2000. As at 31.01.2015 petty cashier had Rs. 150. The correct double entry related to reimbursement of the petty cash imprest as at 01.02.2015 is,

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Petty cash book Dr. Rs. 2000 | 2. Petty cash book Dr. Rs. 1850 |
| cash book Cr. Rs. 2000          | cash book Cr. Rs. 1850          |
| 3. Cash book Dr. Rs. 2000       | 4. Cash book Dr. Rs. 1850       |
| Petty cash book Cr. Rs. 2000    | Petty cash book Cr. Rs. 1850    |

(34) Double entry to post the total of the purchases journal to the ledger account is,

- |                      |                      |
|----------------------|----------------------|
| 1. Purchases a/c Dr. | 2. Purchases a/c Dr. |
| Creditors a/c Cr,    | Debtors a/c Cr.      |
| 3. Creditors a/c Dr. | 4. Debtors a/c Dr.   |
| Purchases a/c Cr.    | Purchases a/c Cr.    |

(35) As a condition in the sales invoice "5/30/net 90" was mentioned. It means,

1. The credit amount should be settled as at 30<sup>th</sup> of May.
2. If the credit amount is not settled as at 30<sup>th</sup> of May, another Rs. 90 should be paid as excess.
3. Should settle the net amount of the credit within 90 days and if it is settled within 30 days a 5% cash discount will be given.
4. A 5% cash discount will be given if the credit amount is settled before the due date.

(36) The prime entry book which record the transaction of purchasing furniture worth Rs.10 000 on credit is,

- |              |                      |                  |                    |
|--------------|----------------------|------------------|--------------------|
| 1. Cash book | 2. Purchases journal | 3. Sales journal | 4. General journal |
|--------------|----------------------|------------------|--------------------|

- (37) Select the answer which includes the account balance in the debit column of the trial balance.
1. Cash account, Capital account, Salaries account
  2. Bank account, Sales account, Debtors account
  3. Debtors account, Drawings account, Furniture account
  4. Furniture account, Discount received account, Interest income account
- (38) Select the correct statement regarding the trial balance out of the following.
1. Debit balance brought forward of ledger accounts recorded in credit side of the trial balance and credit balance brought forward of ledger accounts recorded in debit side of the trial balance.
  2. Balances of assets and liabilities accounts in debit side of the trial balance and the balances of income and expenses accounts in credit side of the trial balance.
  3. If the accounting is completely correct, debit and credit column of the trial balance should agree.
  4. If the totals of debit and credit columns of trial balance agree, it certify whole accounting process is correct.
- (39) Purchase invoice of Rs.12000 has been completely omitted from the books. The double entry to correct it is,
1. Purchases a/c Dr. Rs. 12000  
Creditors a/c Cr. Rs. 12000
  2. Purchases a/c Dr. Rs. 12000  
Suspense a/c Cr. Rs. 12000
  3. Creditors a/c Dr. Rs. 12000  
Purchases a/c Cr. Rs. 12000
  4. Suspense a/c dr. Rs. 12000  
Creditors a/c Cr. Rs. 12000
- (40) The total of telephone charges account has been understated by Rs. 5 000. The double entry to correct the above error is,
1. Telephone charges a/c Dr. Rs.5000  
Cash book Cr. Rs.5000
  2. Telephone charges a/c Dr. Rs.5000  
Suspense a/c Cr. Rs.5000
  3. Cash book Dr. Rs.5000  
Telephone charges a/c Cr. Rs.5000
  4. Suspense a/c Dr. Rs.5000  
Telephone charges a/c Cr. Rs.5000

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වර්ෂ අවසාන ඇගයීම ஆண்டிறுதி மதிப்பீடு - 2016 Year End Evaluation			
පෙළපිටිය Grade	10	විෂය பாடம் Subject	Business and Accounting Studies
පොත Paper	II	පැය Time	02 hours

Note:-

- Answer five questions only as instructed.
- Including question No. 1 answer five questions selecting two questions from each of the parts I and II.

- (1) Karan started a business which engages in purchasing and selling of furniture on 01.01.2015 after his G.C.E. Advanced Level exam. He invested Rs. 800 000 in cash, his land of Rs. 700 000 and the motor vehicle worth of Rs. 500 000 to the business. He obtained a bank loan of Rs. 500 000 on 12.01.2015. He worked hard with great commitment. He incurred Rs. 500 000 to purchase furniture and paid Rs. 20 000 for carriage inwards. All furniture has been sold on cash and on credit. Value of the cash sales was Rs. 1200 000 and credit sales was Rs. 400 000.
- State separately which type of businesses does Karan's business belongs to when it is classified according to objective and ownership.
  - Which type of business does this business belongs to when it is classified according to the nature of the production? (2 marks)
  - Write 2 strengths the Karan's business has. (2 marks)
  - Present 2 factors of production that can be seen in Karan's business with examples. (2 marks)
  - What is the capital of this business as at 01.01.2015? (2 marks)
  - What is the profit earned by this business at the end of January? (2 marks)
  - Calculate the capital as at 31.01.2015? (2 marks)
  - What is the cash balance as at 31.01.2015? (2 marks)
  - What is the value of the noncurrent assets of this business? (2 marks)
  - What is the value of current assets of this business? (2 marks)

### Part I –Business Studies

(Answer only two questions from this part)

- (2) i. a) Explain needs and wants separately. (1 marks)  
b) State 2 differences between goods and services. (2marks)  
ii. Name 2 stakeholders of a school and give reasons each for their interest (2 marks)  
iii. Name factors of production and give example for each (2 marks)  
iv. State whether the following statements are true or false.  
a) Any business which exist in the world main objective is to earn profits.  
b) Needs are limited and wants are unlimited.  
c) Producing of furniture is a service providing business.  
d) Managers are interested in businesses to take and implement decisions.  
(1/2 X4=2)  
(Total 8 marks)

- (3) i. State 2 factors of economies environment and political environment separately.  
ii. Explain technological environment and state 2 changes took place in businesses from it.  
iii. State 2 favorable effects and 2 unfavorable effects of global environment for domestic businesses.  
iv. State whether the following statements are true or false.  
a) Customers are factors of internal environment of a business.  
b) Deflation is the continuous increase in the general price levels of goods and services.  
c) Higher the savings of a country leads to increase investment.  
d) Entering new competitors is a threat for business.  
(1/2 X4=2)  
(Total 8 marks)

- (4) i. Draw the flow chart showing the classification of business according to the ownership. (2 marks)  
ii. Write 4 quantitative characteristics used when classifying business organizations according to scale. (2 marks)  
iii. State 2 advantages of cooperatives. (2 marks)  
iv. State whether the following statements are true or false.  
a) "Silva and Sons " is a sole proprietorship.  
b) Business gets an identity by registering the business name.  
c) 50% of the government department is owned by the private sector.  
d) Ability of taking collective decisions is an advantage of partnership.  
1/2 X4=2)



**Part II – Accounting**  
(Answer only two questions from this part)

- (5) i. a) What is the objective of Accounting? (1 marks)  
b) Give 2 reasons for the need of Accounting. (1 marks)
- ii. Following transactions took place in Chathush's business during the first week of January 2016.
- 01.01.2016 Inverted capital Rs. 500 000
  - 05.01.2016 Purchased Rs. 100 000 worth goods on cash.
  - 10.01.2016 Obtained a bank loan Rs. 150 000
  - 15.01.2016 Owner took Rs. 10 000 worth goods for his personal use.
- Show the effect of above transactions to the accounting equation. (2 marks)
- iii. Write double entries relevant for the above transactions of Chathush's business. (4 marks)
- iv. Post the transactions to the ledger accounts and balance them off. (4 marks)
- ( Total 12 marks)

- (6) i. Name 4 prime entry books and name the source documents related to those. (2 marks)
- ii. Name and explain the dual function of cash book. (2 marks)

- iii. Following transactions took place in Dilrukshi's business during the month of January 2015.
- 01.01.2015 Invested capital Rs. 500 000
  - 04.01. 2015 Cash sales Rs. 30 000
  - 10.01 Credit sales – Chamod Rs. 20 000  
Eranga Rs. 15 000
  - 15.01 Cash purchases Rs. 40 000
  - 20.01 Credit purchases – Manoj Rs. 25000  
Mahesh Rs. 20 000
  - 23.01 Paid to Manoj Rs. 15.000 Discount received Rs. 2000  
Paid to Mahesh Rs. 19000 Discount received Rs. 1000
  - 25.01 Received from debtors  
Chamod Rs. 13500. Discount allowed Rs. 1500  
Eranga Rs. 9 000 . Discount allowed Rs. 1000
  - 30.01 Purchases equipment Rs. 10 000
- Prepare the cash book with discount columns and balance it off. (6 marks)
- iv. Following information related to credit purchases of Nayana's business during the month of January 2015.

Date	Invoice No	Supplier	Other information
01.01.2015	15	Kamal	Ronio papers Rs. 6000. Discount deducted 5%.
15.01.2015	25	Nimal	Photo copy papers Rs. 10000. Trade discount 10%

Prepare the purchases journal using above information and post the transactions to the ledger. (2 marks)

(Total 10 marks)

- (7) (i) Chanudi's business purchased equipment worth Rs. 20 000 on credit from Silva on 10.02.2016 for business use. Record this transaction in relevant prime entry book.

(2 marks)

- (ii) Prepare a trail balance using the following balances of Chamuthu's business as at 31.12.2014.

	Rs.		Rs.
Purchases	20,000	Salaries	15,000
Sales	60,000	Machinery	50,000
Debtors	12,000	Drawings	5000
Creditors	20,000	Capital	000 22

(2marks)

- (iii) Bank account balance of the business as at 31.01.2016 Rs. 25000. The bank statement sent by the bank has a different balance. Reasons for the difference are as follows.

1. Cheques issued but not presented for payment Rs.5000
2. Value of the unrealized cheques Rs. 12000
3. Bank charges Rs. 2000
4. Insurance charges paid by the bank as a standing order. Rs. 8000
5. Debtors remittance Rs. 10 000

- (iv) Write journal entries to correct following errors.

1. A sales invoice of Rs. 10 000 has been omitted from the books.
2. Salary payment of Rs. 15000 has been recorded only in cash book.
3. Purchase of furniture Rs. 8000 has been debited to furniture repair account.
4. Credit purchases of Rs. 7000 has been credited to both the accounts.

(4 marks) (Total 12 marks)