



Provincial Department of Education
Northern Province

Second Term Examination – 2019 July
Business & Accounting Studies



Grade 10

Time: 3 Hours

Business and Accounting Studies I

NB:

- 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 appropriation**.
- Mark a cross (×) on the number corresponding to your choice in the answer sheet provided.

01. Which of the following is considered as a want?
 (1) Food (2) Rice (3) Safety (4) Health
02. A characteristic of human need is,
 (1) varied (2) can be created by businessman
 (3) unlimited (4) common
03. Which of the following cannot be considered as goods manufacturing business?
 (1) Whole trade business (2) Ready-made-food business
 (3) Motor vehicle producing business (4) Mobile phones
04. The resources required by businesses to produce goods and services are called,
 (1) physical resource (2) factors of production (3) capital (4) none of above
05. Select the answer which can be considered as capital as factors of production.
 (1) Mineral resources , climate (2) mining employees, accountants
 (3) machine, motor vehicle (4) machine, mineral resources
06. The stakeholder of business who are interested for proper implementation of business plan and correct decision making is,
 (1) manager (2) owner (3) employees (4) supplier
07. The persons or institutions who market the equal goods and services that are offered by another business are called,
 (1) owner (2) competitors (3) suppliers (4) customers
08. Some business environment forces are given below.
 A – Customer
 B – Owner
 C – Employees
 D – Competitors
 E – Suppliers
- Select the answer which includes external environment forces only.
 (1) A, B, C (2) B, C, D (3) C, D, E (4) A, D, E
09. A recognized legal procedures to protect local manufacturers, consumers and business society are included under,
 (1) economic environment (2) technological environment
 (3) natural environment (4) legal environment

10. The amount of money kept after spending for consumption from individual income is called,
 (1) consumption (2) investment (3) saving (4) exchange
11. An adverse impact of global environment is,
 (1) getting modern technologies (2) machine usage
 (3) facing high competition (4) inflow of foreign investment
12. Some goods are outdated quickly. The environment related to the reason for it is,
 (1) economic environment (2) technological environment
 (3) legal environment (4) global environment
13.(1)..... and(2)..... can be identified by analyzing external environment of a business. Select the answer which contains the correct words which can be used for the blanks.
 (1) strengths, weaknesses (2) strengths, threat
 (3) weaknesses, threat (4) opportunities, threat
14. 'Sunlight' soap manufacturing company has an approved brand mark. It is,
 (1) a strength (2) a weakness (3) an opportunity (4) a threat
- **Some classifications of business organizations are given below. Using the information given below answer the questions 15 – 20.**
- A - Sole proprietorship business
 B - Partnership business
 C - Incorporated companies
 D - State Departments
 E - State Corporations
15. Out of the above businesses, public sector and not-for-profit businesses are,
 (1) A, B (2) B, C (3) D, E (4) C, D
16. A relevant business for the people who involve in professional businesses is,
 (1) A (2) B (3) C (4) E
17. Private sector businesses which have unlimited liability and no legal personality is,
 (1) A, B (2) D, E (3) A, B, C (4) C, D, E
18. A private sector business which has continuity and limited liability is,
 (1) A (2) B (3) C (4) D
19. A business organization which can be established under a special act or enacted general act is,
 (1) E (2) A (3) D (4) C
20. A public sector organization which requires larger capital and carry out long term development projects is,
 (1) A (2) D (3) E (4) B
21. Which of the following cannot be considered as a special characteristic of co-operative society?
 (1) Profit and ownership are shared among many persons.
 (2) Democratic administration
 (3) Voluntary and open membership
 (4) Equal rights to members
22. 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

23. Some transactions of a business are given below. Select the transaction which cannot be considered in accounting.

- (1) Writing off a receivable amount Rs. 5 000 as bad debt
- (2) Monthly rent payment is Rs. 10 000
- (3) Number of non-managerial employees is 20
- (4) Damage of goods worth of Rs. 10 000

24. Consider the following characteristics.

- Result of past transaction
- Can be controlled by business.
- Inflow of future economic benefits

The above characteristics can be seen in,

- (1) assets
- (2) income
- (3) liabilities
- (4) expense

25. Select the answer which contain only current assets.

- (1) debtor, cash balance
- (2) creditor, accrued expense
- (3) land and building, machine
- (4) bank loan, bank overdraft

26. A textile business has obtained a bank loan of Rs. 100 000 to expand the business. It is,

- (1) a current liability for the business
- (2) a non-current liability for the business
- (3) a current assets for the business
- (4) a non-current asset for the business

27. Select the answer which contains income accounts only.

- (1) Capital account, Drawing account
- (2) Sales account, Discount received account
- (3) Bank loan account, Creditors account
- (4) Debtor account, Cash account

28. A business purchased goods for resale in cash. Select the correct answer related to this transaction.

- (1) Value of current assets would increase.
- (2) Value of current assets would decrease.
- (3) No changes in current assets
- (4) Values of current assets and current liabilities would increase.

● Use the following information to answer the questions 29 – 31.

A – Capital invested by owner is Rs. 100 000

B – Bank loan received Rs. 30 000

C – Owner's drawing Rs. 5 000

D – Purchase of goods from Nimal Rs. 15 000

29. Select the answer which correctly shows the impact of transaction B in the accounting equation.

- | | Assets | = | Equity | + | Liability |
|-----|----------|---|----------|---|-----------|
| (1) | + 30 000 | | + 30 000 | | |
| (2) | + 30 000 | | - | | + 30 000 |
| (3) | - | | + 30 000 | | + 30 000 |
| (4) | - 30 000 | | - | | + 30 000 |

30. Select the answer which consists of the transactions which affect equity accounts.

- (1) D, C
- (2) C, D
- (3) A, B
- (4) A, C

31. Double entry for the transaction D is,

- (1) Stock account Dr. Rs. 15 000
Cash account Cr. Rs. 15 000
- (2) Stock account Dr. Rs. 15 000
Nimal account Cr. Rs. 15 000
- (3) Purchase account Dr. Rs. 15 000
Cash account Cr. Rs. 15 000
- (4) Purchase account Dr. Rs. 15 000
Nimal account Cr. Rs. 15 000

32. 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

33. X column has prime books and Y column has source documents.

X column	Y column
1. Cash account	A – General journal voucher
2. Bank account	B – Invoice
3. Sales journal	C – Bank statement
4. General journal	D – Receipt

Select the answer which shows the correct order of source documents according to the order of prime books.

- (1) D, B, C, A (2) D, C, B, A (3) D, A, B, C (4) D, C, A, B

34. 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

35. The source document of cash payment is,

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

36. 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

37. Petty cash imprest amount of a business is Rs. 4 500. If petty expense is Rs. 4 100, reimbursement amount is,

- (1) Rs. 4 500 (2) Rs. 8 600 (3) Rs. 400 (4) Rs. 4 100

38. 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.

39. The source document for cash deposit at bank is,

- (1) receipt (2) voucher (3) invoice (4) deposit slip

40. Double entry for the sales of goods by cheque Rs. 20 000 and deposit the cheque at bank immediately is,

- (1) Bank account Dr. Rs. 20 000 (2) Cash account Dr. 20 000
Sales account Cr. Rs. 20 000 Sales account Cr. 20 000
(3) Sales account Dr. 20 000 (4) Sales account Dr. 20 000
Bank account Cr. 20 000 Cash account Cr. 20 000