

- 09.** In order to identify strengths and weaknesses, a business should study,
- (1) business environment (2) external environment
(3) internal environment (4) all above
- 10.** 'A reputed name' (business image) of a business would help to improve the business. It is,
- (1) an opportunity for a business (2) a strength for a business
(3) a threat for a business (4) a weakness for a business
- 11.** Local small businesses are affected by open economic policies. The related environment to this open economic policy is,
- (1) economic environment (2) political environment
(3) legal environment (4) global environment
- 12.** An example for a business organization which belongs to public sector, having social welfare motive and no legal personality is,
- (1) state department (2) state company (3) state corporation (4) co-operative
- 13.** An incorrect statement in relation to sole proprietorship business is,
- (1) all profit can be enjoyed by a single person (2) no legal personality
(3) limited liability (4) unlimited liability
- 14.** 'Kamalan & Bros' belongs to,
- (1) sole proprietorship (2) incorporated companies (3) partnership (4) co-operative
- 15.** Select the answer which contains the businesses not required compulsory registration.
- (1) sole proprietorship, co-operative (2) co-operative, incorporated companies
(3) partnership business, incorporated companies (4) partnership business, sole proprietorship
- 16.** A special characteristic of co-operative society is,
- (1) profit and ownership are shared among members (2) open membership
(3) Unlimited liability (4) minimum number of members is 2
- 17.** Building, motor vehicle, stock etc. used for business activities are,
- (1) liabilities (2) assets (3) equity (4) income
- 18.** When a business pays insurance Rs. 4 000,
- (1) assets would decrease by Rs. 4 000 and equity would decrease by Rs. 4 000.
(2) assets would decrease by Rs. 4 000 and equity would increase by Rs. 4 000.
(3) assets would increase by Rs. 4 000 and liability would increase by Rs. 4 000.
(4) equity would decrease by Rs. 4 000 and liability would increase by Rs. 4 000.
- 19.** Bank overdraft of a business is,
- (1) a current assets (2) a non-current liability
(3) current liability (4) a non-current assets
- 20.** Which of the following transactions will not change the equity of a business?
- (1) Additional capital (2) Receiving other income
(3) Cash drawing (4) Purchase of land and building
- **Use the following information to answer the questions 21 – 24.**
- A – Capital investment Rs. 50 000 B – Purchase of furniture Rs. 30 000
C – Payment of salary Rs. 5 000 D – Receiving other income Rs. 10 000
E – Bank loan received Rs. 25 000

21. The letter / letters which increases / increase equity and assets of business is / are,
 (1) A, C (2) B, E (3) A, D (4) D
22. The transaction which shows dual impact of 'assets increase and liability increases' is,
 (1) A (2) B (3) C (4) E
23. The double entry for transaction B is,
 (1) Furniture account Dr. Rs. 30 000
 Cash account Cr. Rs. 30 000
 (2) Cash account Dr. Rs. 30 000
 Furniture account Cr. Rs. 30 000
 (3) Furniture account Dr. Rs. 30 000
 Bank account Cr. Rs. 30 000
 (4) Bank account Dr. Rs. 30 000
 Furniture account Cr. Rs. 30 000
24. The type of account for transaction C is,
 (1) liability account (2) income account (3) expense account (4) equity account
25. A double entry to record a transaction is given below.
 Cash account Dr. Rs. 15 000
 Debtor account Cr. Rs. 15 000
 Select the suitable transaction for the above double entry.
 (1) Goods were sold for Rs. 15 000 on credit basis. (2) Rs. 15 000 was received from a debtor.
 (3) Goods were sold for Rs. 15 000 on cash (4) Discount Rs. 15 000 was allowed to debtors.
26. Select the answer which correctly shows source document and prime book in order for credit purchase of goods for resale.
 (1) Receipt, Cash account (2) Sales journal, Sales invoice
 (3) Purchase journal, Purchase invoice (4) Purchase invoice, Purchase journal
27. Cash balance of Mithura business was Rs. 55 000 on 01.01.2019. Select the answer which shows the cash balance after carrying out the following transactions.
 - Salary paid Rs. 15 000 - Goods drawing Rs. 3 000
 - Sales of goods to Kavi Rs. 15 000 - Rent received Rs. 20 000
 (1) Rs. 60 000 (2) Rs. 78 000 (3) Rs. 70 000 (4) Rs. 75 000
28. The amount deducted by creditors, when the payment is made to creditors within the given time is,
 (1) Cash discount received (2) Cash discount allowed
 (3) Trade discount received (4) Trade discount allowed
29. Petty cash imprest amount of Vimalan business is Rs. 3 000. Cash balance in the hands of petty cashier is Rs. 250 on 30.06.2019. Petty expenses were reimbursed on 01.07.2019. Select the correct double entry in relation to reimbursement of petty expenses.
 (1) Petty cash book Dr. Rs. 3 000 (2) Petty cash book Dr. Rs. 2 750
 Main cash book Cr. Rs. 3 000 Main cash book Cr. Rs. 2 750
 (3) Main cash book Dr. Rs. 3 000 (4) Main cash book Dr. Rs. 2 750
 Petty cash book Cr. Rs. 3 000 Petty cash book Cr. Rs. 2 750
- Use the following information to answer the questions 30 – 34.
 A – General journal B – Sales journal
 C – Purchase journal D – Cash account
30. A business purchased a motor vehicle from Jet Company for its business needs. The prime book used to record this transaction is,
 (1) A (2) C (3) D (4) B
31. The accounting book which functions as a ledger and as a prime book is,
 (1) B (2) D (3) A (4) C

