

Grade 10

Provincial Department of Education Northern Province

Third Term Examination – 2019 November

Business & Accounting Studies I & II

Additional Reading Time – 10 Minutes

Time: 3 Hours & 10 Min.

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

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- In each of the questions 1 to 40, pick one of the alternatives (1), (2), (3), (4) which you consider as correct
- Answer all questions in Part I. or most appropriation. Mark a cross (x) on the number corresponding to your choice in the answer sheet provided. Use the following information to answer the questions 1-5. Subadra has obtained a diploma certificate in tailoring works. She conducts a tailoring shop in the name of 'Smart Textile', designing dresses via internet with the use of computer. **01.** The fundamental human need fulfilled by 'Smart Textile' business is, (1) health (2) cloth (3) Shalwar (4) Education **02.** The internal stakeholders of the above business are. (1) customers who purchase dresses (2) suppliers who supply cloth to the business (3) Subadra who is owner of the business (4) other businesses which produce dresses as competitors 03. Obtaining a Diploma certificate by Subadra in tailoring works is, (1) a strength for the business (2) a weakness for the business (3) an opportunity for the business (4) a threat for the business **04.** A legal requirement in regarding Subadra business is, (1) it should be registered under Companies Act No. 7 of 2007. (2) it should be registered under Business Name Ordinance No. 6 of 1918. (3) it should be registered under Partnership Ordinance of 1890. (4) it is not required to be registered. 05. The factor of production under which tailoring machines of the above business can be included, (1) land (2) capital (3) labour (4) entrepreneurship **06.** Which of the following is correct in relation to characteristics of human needs? (1) Common for all (3) Varied (4) Unlimited (2) Secondary **07.** Out of the following, the business which provides service is,
 - (1) the businesses which produce motor vehicles
- (2) the businesses which produces cool drinks
- (3) the businesses which repair motor vehicles
- (4) the businesses which produces furniture
- **08.** Select the answer which contains the demographic factors only.
 - (1) population, income level, inflation
 - (2) gross domestic production, saving, investment
 - (3) laws, tax policy, population
 - (4) population, life time, age

09.	(1) business environment	s should study, (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 economic policy is,					
	(1) economic environment	(2) political environment			
	(3) legal environment	(4) global environment			
12.	An example for a business organization which belongs no legal personality is,	s to public sector, having social welfare motive and			
	(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 req	uired 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 act	ivities are,			
	(1) liabilities (2) assets	(3) equity (4) income			
18.	When a business pays insurance Rs. 4 000,				
10.	(1) assets would decrease by Rs. 4 000 and equity wor	ld 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 question	as $21 - 24$.			
	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 duel 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	(2) Cash account Dr. Rs. 30 000					
Cash account Cr. Rs. 30 000	Furniture account Cr. Rs. 30 000					
(3) Furniture account Dr. Rs. 30 000	(4) Bank account Dr. Rs. 30 000					
Bank account Cr. 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 b	elow.					
Cash account Dr. Rs. 15 000	·					
Debtor account Cr. Rs. 15 000						
Select the suitable transaction for the above dou	ble entry.					
(1) Goods were sold for Rs. 15 000 on credit ba	sis. (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	e 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 00	00 on 01.01.2019. Select the answer which shows the cash					
balance after carrying out the following transact	ions.					
- 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 pay	yment 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 rei	mbursed 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. 2750					
(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 o	questions 30 – 34.					
A – General journal	B – Sales journal					
C – Purchase journal	D – Cash account					
_	Company for its business needs. The prime book used to					
record this transaction is,	(a) P					
(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					

The accounting books us	he accounting books used to record credit purchase and sales of goods for resale are,					
(1) A, B	(2) C, D	(3) B, C	(4) A, D			
The source document for	credit side of accounting	g book mentioned by letter D	is,			
(1) payment voucher	(2) receipt	(3) journal voucher	(4) deposit slip			
 Select the transaction which can be recorded in the accounting book mentioned by letter B. (1) A stationery business purchased 100 CR note books each at Rs. 100 from Jeya book shop. (2) A hardware business sold 50 iron bars each at Rs. 500. (3) A furniture selling business sold 50 chairs to Dockyard Company Ltd each at Rs. 750. (4) A textile purchased 100 t-shirts each at Rs. 500. 						
The source document required to adjust bank account is,						
		(2) bank reconciliatio(4) cheque deposit sli				
Credit balance of bank ac	ecount of a business is,					
(1) an asset	(2) an income	(3) a liability	(4) an expense			
 statement. (1) The cheque issued to creditor Nantha Rs. 5 000 has not been presented at bank for payment. (2) The cheque received from Vimala and deposited at bank Rs. 10 000 has not been realized by bank. (3) Direct deposit Rs. 10 000 (4) The cheque received from Jeya Rs. 10 000 has been deposited at bank but it has not been recorded in bank statement. 8. What is prepared at the end of a particular period to check debit and credit balances of ledger accounts 						
•		(2) Statement of finar	ncial position			
		(4) Income statement	•			
 Select the error disclosed by trial balance. An invoice related to credit purchase of goods for Rs. 50 000 has been missed from recording accounting books. Credit sales of goods Rs. 20 000 have been recorded in sales journal as Rs. 2 000. Sales invoice Rs. 10 000 has been recorded in the accounting books twice. Telephone charge Rs. 15 000 has been recorded only in cash account. 						
O. Office expense Rs. 10 000 has been debited in office equipment account. The rectifying entry for this error is,						
(1) Office expense accor	. Rs. 10 000	(2) Suspense accountOffice expense ac(4) Suspense account	count Cr. Rs. 10 000			
	(1) A, B The source document for (1) payment voucher Select the transaction wh (1) A stationery business (2) A hardware business (3) A furniture selling business (3) A furniture selling business (4) A textile purchased 1 and the source document received (1) cheque counter foil (3) bank statement Credit balance of bank and (1) an asset Select the transaction unstatement. (1) The cheque issued to (2) The cheque received (3) Direct deposit Rs. 10 (4) The cheque received bank statement. What is prepared at the arithmetically? (1) Trial balance (3) Suspense account Select the error disclosed (1) An invoice related accounting books. (2) Credit sales of goods (3) Sales invoice Rs. 10 (4) Telephone charge Rs. 10 (5) Grice expense Rs. 10 (6) Grice expense account Credit Credits account Cr	(1) A, B (2) C, D The source document for credit side of accounting (1) payment voucher (2) receipt Select the transaction which can be recorded in th (1) A stationery business purchased 100 CR note (2) A hardware business sold 50 iron bars each at (3) A furniture selling business sold 50 chairs to 1 (4) A textile purchased 100 t-shirts each at Rs. 50 The source document required to adjust bank account (1) cheque counter foil (3) bank statement Credit balance of bank account of a business is, (1) an asset (2) an income Select the transaction used to adjust bank account (2) The cheque issued to creditor Nantha Rs. 5 00 (2) The cheque received from Vimala and deposit (3) Direct deposit Rs. 10 000 (4) The cheque received from Jeya Rs. 10 000 habank statement. What is prepared at the end of a particular period arithmetically? (1) Trial balance (3) Suspense account Select the error disclosed by trial balance. (1) An invoice related to credit purchase of graccounting books. (2) Credit sales of goods Rs. 20 000 have been re (3) Sales invoice Rs. 10 000 has been recorded in (4) Telephone charge Rs. 15 000 has been recorded in error is, (1) Office expense account Cr. Rs. 10 000 Suspense account Cr. Rs. 10 000	(1) A, B (2) C, D (3) B, C The source document for credit side of accounting book mentioned by letter D: (1) payment voucher (2) receipt (3) journal voucher Select the transaction which can be recorded in the accounting book mentioned (1) A stationery business purchased 100 CR note books each at Rs. 100 from Jo (2) A hardware business sold 50 iron bars each at Rs. 500. (3) A furniture selling business sold 50 chairs to Dockyard Company Ltd each (4) A textile purchased 100 t-shirts each at Rs. 500. The source document required to adjust bank account is, (1) cheque counter foil (2) bank reconciliatio (3) bank statement (4) cheque deposit sli Credit balance of bank account of a business is, (1) an asset (2) an income (3) a liability Select the transaction used to adjust bank account of a business, when prestatement. (1) The cheque issued to creditor Nantha Rs. 5 000 has not been presented at b. (2) The cheque received from Vimala and deposited at bank Rs. 10 000 has not (3) Direct deposit Rs. 10 000 (4) The cheque received from Jeya Rs. 10 000 has been deposited at bank but bank statement. What is prepared at the end of a particular period to check debit and credit barithmetically? (1) Trial balance (2) Statement of finar (3) Suspense account (4) Income statement Select the error disclosed by trial balance. (1) An invoice related to credit purchase of goods for Rs. 50 000 has be accounting books. (2) Credit sales of goods Rs. 20 000 have been recorded in sales journal as Rs. (3) Sales invoice Rs. 10 000 has been recorded only in cash account. Office expense Rs. 10 000 has been recorded only in cash account. Office expense Rs. 10 000 has been debited in office equipment account. The error is, (1) Office expense account Dr. Rs. 10 000 Office expense account			