



**Provincial Department of Education
Northern Province**

**Second Term Examination – 2019 July
Business & Accounting Studies**



Grade 10

Business and Accounting Studies II

- Including questions No. I, answer questions selecting **two** questions from each of the parts **I** and **II**.
- Write your answers in neat handwriting.

01. Using the following case, answer the questions (i) – (x).

Arun is conducting an ice-cream shop in the name of “Arunkavi Suvaiyootru”. He sells different varieties of ice-cream, soft drinks produced with natural things and some short eats. As the products of Arun’s business is natural, tasty and quality, and suitable for present summer climate time, the number of customers who visit the business started to increase. Further, Arun who is in the idea of expanding the business, joined his friend Sarangan as a partner, who has special degree in food production technology. Sarangan functioned as an incharge for food production and distribution.

The details of assets and liabilities of business are given below.

	Rs.
Land and building	250 000
Machine	120 000
Motor vehicle	100 000
Cash balance	23 000
Debtors	34 000
Creditors	20 000
Bank loan	30 000

- How can the above business be converted into, after joining Sarangan?
- State a strength and an opportunity of the above business.
- Write two advantages of the above business at present condition.
- Should above business create a partnership deed? Provide your comment in this regard.
- Calculate total value of non-current assets of the above business according to the information given.
- What is the value of equity (capital) of the above business at present situation?
- If Sarangan invests Rs. 200 000, name the ledger accounts where this transactions should be recorded.
- Write a non-current liability of this business.
- Calculate the value of current assets of this business.
- Calculate the value of current liabilities of this business.

(2 × 10 = 20 marks)

PART I - Business Studies

Answer only *two* questions.

02. (i) Human needs and wants are fulfilled by **business** at present. The business activities which began with barter system has grown up to e-business.
- (a) What is the meaning of the word bolded and underlined in the above statement. (01 mark)
- (b) Needs should be compulsorily fulfilled by human beings and various forms of fulfilling needs are called wants. Provide two differences between needs and wants. (01 mark)
- (ii) Businesses can be categorized into two, based on the nature of products they produce. What are they? (02 marks)
- (iii) Kalyani furniture manufacturing business produces furniture for home needs and offices. Provide examples for its factors of production such as land, labour, capital and entrepreneurship. (02 marks)
- (iv) Consider you are an owner of your school canteen. State two expectations of students as customers from your business. (02 marks)
- (Total 08 marks)

03. (i) Write four forces included under external environment. (02 mark)
- (ii) Name the designation or institution established to enact the following acts.
- (a) Companies Act No. 7 of 2007
- (b) Consumer Affairs Authority act No. 9 of 2009 (02 marks)
- (iii) Write one example for each strength, weakness, opportunity and threat of a small scale business producing fruits without using chemical fertilizers. (02 marks)
- (iv) (a) Write four examples for economic environment. (01 mark)
- (b) State two positive impacts of global environment on local businesses. (01 mark)
- (Total 08 marks)

04. Names of some business organizations are given below.

Kumaran Store

Sri Lanka Postal Department

Ceylon Electricity Board

Silva & Bros.

- (i) Write the type of business organization for the above businesses. (02 marks)
- (ii) Categorize the above businesses based on ownership. (02 marks)
- (iii) State one way of getting capital for each of the above businesses. (02 marks)
- (iv) Shanmugam Pranavan is in idea of starting a tailoring business in the name of "Smart Tailors".
- (a) Should this business be registered? Give reasons. (01 mark)
- (b) If the above business should be registered, give the name of act under which it should be registered and name of office where it should be registered. (01 mark)
- (Total 08 marks)

PART II - Accounting

(Answer only *two* questions.)

05. (i) (a) What do you mean by 'Accounting'?
- (b) Write two transactions which change the equity of a business. (02 marks)
- (ii) (a) State two characteristics of liabilities of business.
- (b) Liabilities can be categorized into two. What are they? (02 marks)

(iii) (a) Write the impacts of the following transactions in the accounting equation given below.

1. Capital investment by owner Rs. 500 000
2. Bank loan received Rs. 200 000
3. Purchase of goods by cash Rs. 50 000
4. Building rent paid Rs. 10 000

Use the following accounting equation format to answer.

Transaction No.	Assets	= Equity	+ Liability
1.			
2.			
3.			
4.			

(02 marks)

(b) Using the transactions given in question (a), fill the following table.

Transactions No.	Account to be debited	Account to be credited
1.		
2.		
3.		
4.		

(02 marks)

(iv) (a) Categorize the following items into assets and liabilities.

Bank loan	Motor car	Creditors
Debtors	Building	Bank overdraft
Fixed deposit	Accrued expense	

(02 marks)

(b) Some information of Vimalan Business for the year 2018 are given below.

Capital on 2018.01.01	Rs. 430 000
Income for the year	Rs. 240 000
Expenses for the year	Rs. 150 000
Additional capital	Rs. 60 000

Calculate the value of equity on 2018 December 31.

(02 marks)

(Total 12 marks)

06. (i) (a) What do you mean by source documents?

(b) Write double entry rule in relation to liability accounts.

(02 marks)

(ii) The following are ledger accounts in a bakery.

Salary account	Debtor account	Building account
Bank loan account	Electricity account	Accrued expense account
Sales account	Discount received account	

Categorize the above accounts into the following type of accounts.

- | | |
|---------------------|------------------------|
| (1) Assets accounts | (2) Liability accounts |
| (3) Income accounts | (4) Expense accounts |

(02 marks)

(iii) (a) The following transactions were carried out by Keerthi garments.

1. Sales by cash Rs. 20 000
2. Salary paid by cheque Rs. 5 000

Provide source documents and prime entry book for the above transactions.

(02 marks)

(b) 1. Write the types of cash discount.

2. Provide the double entry for discount received.

(02 marks)

(iv) The transactions undertaken by Kabilan business during first week of January 2018 are given below.

01.01.2018 Cash balance	Rs. 120 000
02.01.2018 Purchase of goods by cash	Rs. 40 000
03.01.2018 Bank loan received	Rs. 25 000
04.01.2018 Salary paid	Rs. 20 000
05.01.2018 Cash received from debtors	Rs. 15 000
06.01.2018 Sales by cash	Rs. 50 000
07.01.2018 Electricity paid	Rs. 5 000

Required,

Prepare cash account for first week of January and find cash balance.

(02 marks)

(Total 12 marks)

07. (i) (a) What do you mean by petty cash imprest?

(b) Write two source documents used for the transactions carried out through bank current account.

(02 marks)

(ii) Petty cash imprest amount of Vanathi business is Rs. 2 000. Petty cash payments done from petty cash imprest amount received are given below.

Stationery	Rs. 250
Cleaning expenses	Rs. 400
Refreshment expenses	Rs. 400
Transport expenses	Rs. 600
	<u>Rs. 1 650</u>

Required:

Calculate the value of petty cash reimbursement according to the above information.

(02 marks)

(iii) Record the following transactions in the ledger accounts.

01.02.2018 Sales to Kumaran	Rs. 10 000
03.02.2018 Purchase of goods from Amalan	Rs. 12 000
05.02.2018 Sales of goods by cash	Rs. 24 000
07.02.2018 Salary paid	Rs. 15 000

(04 marks)

(iv) The following transactions were carried by Vimal business during April 2018.

2018.04.01 Rs. 25 000 was deposited at bank to start a current account.

2018.04.07 Cheque received from Saravanan Rs. 6 000 (cheque No. 345) was deposited at bank.

2018.04.11 Cheque received from sales Rs. 25 000 (cheque No. 400) was deposited at bank.

2018.04.20 Electricity Rs. 6 000 was paid by cheque (cheque No. 425).

Required,

Record the above transactions in bank account.

(04 marks)

(Total 12 marks)
