



PROVINCIAL DEPARTMENT OF EDUCATION-NORTH WESTERN PROVINCE

THIRD TERM TEST 2022

Grade 10 Business & Accounting Studies - I & II

03 hours

Name / Index No -

Business & Accounting Studies - I

Note :

- Answer all questions
- In each of the questions 1 to 40 pick one of the alternative (1), (2), (3), (4) which you consider as correct or most appropriate
- Mark a (x) on the corresponding to your choice in the answer sheet provided
- Further instructions are given on the back of the answer sheet. Follow them carefully.

01. One of a main common business objective that can be seen in a profit oriented business is,

- (1) Increasing the quality of goods and services
- (2) Increasing customer satisfaction
- (3) Generating employment opportunities
- (4) Employee welfare (.....)

02. The requirements that must be fulfilled essentially for existence are called as needs, A characteristic of a need is,

- (1) being unlimited (2) being diverse (3) being limited (4) being complex (.....)

03. Match the column "X" with column "Y"

X	Y
1. Land	A - Building, Vehicle
2. Labour	B - minerals, forest resources
3. Capital	C - takes the Risk, creates innovations
4. Entrepreneurship	D - Accountants, Managers

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

04. The individuals who provides resources to the business are name as,

- (1) suppliers (2) owners (3) customers (4) managers (.....)

05. Individuals performing the operations of a business are known as employees. An objective of an employee is,

- (1) face the competition (2) Take investment decisions
- (3) Earning a sufficient profit (4) Job security

06. Match the column "X" with column "Y"

X	Y
1. Community	A - Generating employment opportunities
2. Government	B - Promotions & job satisfaction
3. Managers	C - providing and collecting loans
4. Financial Institutions	D - Social welfare

- (1) 1D, 2A, 3B, 4C (2) 1D, 2C, 3A, 4B
 (3) 1B, 2A, 3C, 4D (4) 1B, 2C, 3D, 4A (.....)
07. The business environment can be classified in to 02 types and select the answer which is indicating only external environment factors.
 (1) competitors, owners (2) Suppliers, employees
 (3) competitors, customers (4) Managers, suppliers (.....)
08. "The allocation of money by the government annual budget for the development of infrastructure facilities" is related to,
 (1) Pilitical environment (2) legal environment
 (3) Economic environment (4) Global environment (.....)
09. The most reason for the rapid development of the technological environment is,
 (1) Nano technology and digital technology (2) New inventions and creations
 (3) Business activities and personal life styles (4) Computer technology and internet (.....)
10. Income distribution is,
 (1) Income received from employment
 (2) The amount of goods and services received from a certain salary.
 (3) The relationship between inflation and interest rates.
 (4) How the national income of a country has been distributed among its people. (.....)
11. due to the international trade embargo, the world oil supply is limited and the price of crude oil increases relate to the,
 (1) economic environment (2) Political environment
 (3) Global environment (4) Legal environment (.....)
12. By studying internal environment of a business, The business friendly variables are known as①..... and the negative impacts are known as②.....
 The suitable words for the blanks 1 & 2 respectively are
 (1) Strengths, Threats (2) Opportunities, weaknesses
 (3) Opportunities, Threats (4) Strengths, Weaknesses (.....)
13. According to which act, if the initial capital of the partnership is greater than Rs. 1000, it is required to be conducted under a written agreement,
 (1) The partnership ordinance of 1890
 (2) The business name ordinance No. 6th of 1918
 (3) The prevention of fraud ordiance Act No. 7th of 1840
 (4) The companies act No 07th of 2007 (.....)
14. Select the business organization which is fully owned to the government.
 (1) State departments (2) State companies
 (3) State corporations (4) Cooperative societies (.....)

15. It is required to submit an application to register the business name within,
 (1) 07 days (2) 14 days (3) 25 days (4) 30 Days (.....)
16. It is not a accounting soft ware?
 (1) sage (2) MYOB (3) MS Word (4) Acc pac (.....)
17. Select the answer which includes current assets only of a business.
 (1) furniture, debtors, bank balance (2) stock, cash, debtors
 (3) Cash, bank balance, bank loan (4) Creditors, Bank balance, stock (.....)
18. An increase in equity except due to the increases from capital introductions by owners is known as,
 (1) drawings (2) additional capital (3) Income (4) Expenses (.....)
19. When settling creditors from owner's private cash,
 (1) Decrease assets, decrease liabilities (2) Decrease equity, decrease assets
 (3) Increase equity, decrease equity (4) increase equity, decrease liabilities (.....)
20. The accounting equation of Samitha's business as at 01-01-2022 is as follows.

$$\begin{array}{rcl} \text{Assets (Rs)} & = & \text{Equity (Rs)} + \text{Liabilities (Rs)} \\ 500\,000 & = & 350\,000 + 150\,000 \end{array}$$

Select the corrected accounting equation, After paying bank loan interest Rs. 18 000

- | | | | | | |
|-------------|---|-------------|---|------------------|---------|
| Assets (Rs) | = | Equity (Rs) | + | Liabilities (Rs) | |
| (1) 518 000 | = | 368 000 | + | 150 000 | |
| (2) 482 000 | = | 350 000 | + | 132 000 | |
| (3) 482 000 | = | 332 000 | + | 150 000 | |
| (4) 500 000 | = | 368 000 | + | 132 000 | (.....) |
21. Payables of a business that had arose as a result of Past transactions are known as,
 (1) liabilities (2) Assets (3) Equity (4) Expenses (.....)
22. Investment Interest income of a business should be classified under which type ?
 (1) Drawings (2) Income (3) Expenses (4) Assets (.....)
23. Achini started an event management business by investing her own Rs. 300 000 and a bank loan Rs. 200 000. The accounting equation relates to above transaction is,
- | | | | | | |
|-------------|---|-------------|---|------------------|---------|
| Assets (Rs) | = | Equity (Rs) | + | Liabilities (Rs) | |
| (1) 500 000 | = | 200 000 | + | 300 000 | |
| (2) 500 000 | = | 300 000 | + | 200 000 | |
| (3) 300 000 | = | 300 000 | + | - | |
| (4) 200 000 | = | - | + | 200 000 | (.....) |
24. "Receiving commission income" affects to both
 (1) assets and liabilities (2) Assets and expenses
 (3) expenses and liabilities (4) Assets and equity (.....)
25. Following transactions occurred in a textile business.
 A - Sold textiles to Sanduni on credit Rs. 20 000
 B - Received Rs. 15 000 from Sanduni
 C - Rs. 5 000 has written off as had debts.
 source documents relates to above transactions are,
 (1) Sales journal, Cash book, General journal
 (2) Invoice, Voucher, receipt
 (3) Sales journal, Cash book, cash book
 (4) Invoice, receipt, Journal voucher (.....)

26. Select the transaction which records in the General journal
- (1) Credit purchases of trade goods
 - (2) Purchased machinery Rs. 40 000
 - (3) Credit sales of trade goods
 - (4) Purchased a machine on credit for the use of the business. (.....)
27. Viraj has taken a bank over draft facility Rs. 15 000. The bank has been paid Rs. 10 000 as the insurance premium, When the bank has a favourable balance Rs. 6 000. The amount of bank over draft is,
- (1) Rs. 15 000
 - (2) Rs. 10 000
 - (3) Rs. 6 000
 - (4) Rs. 4 000 (.....)
28. The balance of the bank account of Vindya's business was Rs. 44 000 as at 31/08/2021. On that day, the balance of the bank statement was not tally. The reasons for the difference are as follows.
- A - Unpresented cheques Rs. 5 000
 - B - Bank charges Rs. 2 000
 - C - Direct remittances Rs. 8 000
 - D - Issued but dishonoured cheques Rs. 9 000
- The balance of the adjusted bank account is,
- (1) Rs. 42 000
 - (2) Rs. 50 000
 - (3) Rs. 59 000
 - (4) Rs. 52 000 (.....)
29. The balance of the bank statement is,
- (1) Rs. 64 000
 - (2) Rs. 48 000
 - (3) Rs. 57 000
 - (4) Rs. 52 000 (.....)
30. Furniture account of a business is an^①..... account and purchases account is an^②..... account
The corrected words for above blanks respectively are,
- (1) asset, expense
 - (2) expense, Income
 - (3) expense, equity
 - (4) Asset, Equity (.....)
31. Textile businessman Kavindu sold a textile stock to Avindu Rs. 100 000 on credit. When settling the due amount Avindu has given 10% discount.
When recording this discount of Kavindu's business should be
- (1) Debited to discount allowed account Rs. 10 000
 - (2) Credited to discount allowed account Rs. 10 000
 - (3) Debited to discount received account Rs. 10 000
 - (4) Credited to discount received account Rs. 10 000 (.....)
- **Using following information answer question No. 32 & 33**
 - The petty cash expenses for the month of september 2022 of a certain business was Rs. 13350. The petty cash balance was Rs. 300 as at sep 01 and Rs. 1650 as at sep 30.
32. The petty cash imprest of this business is
- (1) Rs. 13 300
 - (2) Rs. 15 000
 - (3) Rs. 13 650
 - (4) Rs. 15 300 (.....)
33. The amount of reimbursement as at 01/02/2021 of this business is
- (1) Rs. 15 300
 - (2) Rs. 15 000
 - (3) Rs. 13 650
 - (4) Rs. 13050 (.....)
34. Following purchases journal prepared by Gayan's business for the month of August.

Purchases Journal

Date	Inv. No	Supplier	Amount(Rs)	L.P
8 / 25	131	Shalani	75 000	
A		B	75 000	

Corrected words for the above blanks A and B respectively are

- (1) 08/31 Credited to the purchases Account (2) 08/31 debited to the purchases account
(3) 08/25 Debited to the purchases Account (4) 08/25 Credited to the purchases Account
(.....)

35. When posting the transactions of the sales journal into the ledger, it should be,

- (1) debited to the relevant creditors accounts (2) Credited to the relevant creditors accounts
(3) Debited to the relevant debtors accounts (4) Credited to the relevant debtors accounts
(.....)

36. On 10/09/2022 Sameera business purchased an iron cupboard Rs. 100 000 from Ranasinghe plc on credit for the use of the business. The related source document and the prime entry book for above transaction respectively are,

- (1) General journal, Journal Voucher (2) Purchases Journal, Purchases Invoice
(3) Journal Voucher, General Journal (4) Purchases invoice, Purchases Journal
(.....)

37. Select the Accounting error which affects to the agreement of the Trial balance

- (1) A Sales invoice worth Rs. 19 000 has been recorded as Rs. 9 000
(2) A purchases invoice Rs. 5 000 has been completely omitted from books.
(3) Paid building rent Rs. 25 000 has been credited to the building account.
(4) Paid to creditors Rs. 12 000 has been credited to both cash and creditors accounts. (.....)

38. The trial Balance is,

- (1) a source document (2) a ledger account
(3) a list of balances (4) A prime entry book

• **Using following information answer question No. 39 & 40**

The total of the debit column of the Trial balance of wishwa's business was Rs. 77 200 and the total of the credit column was Rs. 74 200. Following are some of the errors identified while searching for the reasons for the difference.

- ★ Paying electricity bill Rs. 12 000 has been recorded as Rs. 1200 in the electricity bill account
★ Paying insurance charges Rs. 7 000 has been completely omitted from books

39. The difference of the Trial balance should be recorded in the suspense account as a

- (1) Credit balance Rs. 3 000 (2) Debit balance Rs. 3 000
(3) Debit balance Rs. 77 200 (4) Credit balance Rs. 77 200 (.....)

40. The related journal entry to rectify above No. 01 errors is,

- (1) Electricity bill Acc Dr. Rs. 1200
 Suspense Acc Cr Rs. 1200
(2) Suspense Acc Dr. Rs. 1200.
 Electricity bill Acc Cr Rs. 1200
(3) Electricity bill Acc Dr Rs. 10 800
 Suspense Acc Cr Rs. 10800
(4) Suspense Acc Dr. Rs. 10 800
 Electricity Acc Cr Rs. 10 800 (.....)



PROVINCIAL DEPARTMENT OF EDUCATION-NORTH WESTERN PROVINCE

THIRD TERM TEST 2022

Grade 10 Business & Accounting Studies - II

Name / Index No -

Notes :

- Answer five questions only as instructed
- Any extra questions answered if not struck off by the candidate himself will be crossed out by the examiner without being marked.
- Including question No. 01, answer 05 questions selecting 02 questions from each of the parts I and II
- Write your answers in neat hand writing.

(01) Studying following case, answer question No. i - x .

Chalani who has completed a dress making course at the National Apprenticeship and Vocational Training Authority, Started a ladies tailoring shop on 01/01/2022 by investing Rs. 200 000 and 02 sewing machines worth Rs. 25 000 by naming "salu Roo" at a rented building near the school in the city with a help of lady employee

Following transactions occurred during the month of January.

- 01/01 Opening a bank current account Rs. 75 000
- 01/02 Purchased raw material Rs. 25 000
- 01/04 Purchased equipment Rs. 10 000
- 01/15 Received Rs. 35 000 from sales
- 01/20 Purchased raw material on credit Rs. 15 000
- 01/22 Paid electricity bill Rs. 4500
- 01/23 Issued a cheque for employees salary Rs. 20 000
- 01/28 Received from sales Rs. 25 000
- 01/29 Paid building rent Rs. 15 000
- 01/30 Deposited cash in the bank Rs. 75 000

On 02./01 Chalani obtained a bank loan Rs. 200 000 under the interest rate 6%

- (i) (a) What is the human need which "Salu Roo" business fulfilled?
(b) State 02 factors of production and give an example each can be seen in 'Salu Roo' business
- (ii) (a) State a strength and an opportunity of this case
(b) What is the type of business organization that National Apprenticeship and vocational training Authority relates to?
- (iii) (a) Should "Salu Roo" business be registered?
(b) Give reasons for your answer.

- (iv) (a) Write 02 factors relates to the internal environment
- (b) Write a transaction which indicate the dual impact of "increase assets and discrease assets" of this business.
- (v) Write the accounting equation as at 01. 01. 2022 with values.
- (vi) (a) Write the related source document and the prime entry book for the transaction occurred in 01/20
- (b) Write the double entry for above transaction occurred in 01/20
- (vii) State the purchases account of "Salu Roo" business as at 31/01/2022
- (viii) (a) Write down the double entry for receiving bank loan on 01/02
- (b) Record it in to the ledger
- (ix) (a) Write down the double entry occurred in 01/23
- (b) Calculate the bank loan interest for the month of February.
- (x) Calculate the cash balance as at 31/01/2022 of the "Salu Roo" business

Part I - Business Studies

• **Answer 02 questions only.**

- (02. (i) (a) Explain exchange system/Bartar system.
- (b) What is a business?
- (ii) State whether the following statement are true or false
- (a) Man requires goods and services from birth to death (.....)
 - (b) A business is not an economic activity (.....)
 - (c) Profit is the main objective of most public sector businesses (.....)
 - (d) Now a days, no one can produce every thing he wants (.....)
- (iii) It can be seen public sector and Private sector businesses in a country. Always these businesses act on profit.
- Do you agree on this statement? explain
- (iv) Sithunga used the traditional methods of advertising art in his area and now he use computers and new technology to sell his creations to the world market through electronic media.
- (a) Accounting to the product produced what is the type of business organization which Sithunga's business relates?
 - (b) Write 02 advantages of using electronic media for this business.
- (03) (i) (a) What is business environment?
- (b) Classify business environment in to two main types.
- (ii) State whether the following statements are true or false
- (a) Business environment forces do not change rapidly (.....)
 - (b) The existence of a business depends on the customers (.....)
 - (c) In some businesses, owners are also managers. (.....)
 - (d) Suppliers belong to the internal environment (.....)

- (iii) (a) Customers are the people who buy goods and services of a business. How should businesses work for that purpose ?
- (b) Write 02 examples of changes in business due to technological change.
- (iv) In the face of the economic crisis in the country, the businessmen changed the prices of the goods at their will and engaged in various tricks and made the customers very uncomfortable.
- (a) Name a government institution that can file a complaint for customer protection in relation to the above case.
- (b) What law can be implemented in relation to the above incident to protect the customer.
- (04) (i) 10 people involved in the fishing industry voluntarily came together and started a limited liability business with collective ownership.
- (a) What is the type of business organization that they have started ?
- (b) How is the initial capital provided for that type of organization.
- (ii) State whether the following statements are true or false
- (a) A partnership may be dissolved due to death of a partner or a partner being bankrupt. (.....)
- (b) The institutions that will be directing and fully governed by the government under a ministry are called as state Departments. (.....)
- (c) According to the partnership ordinance, there should be 02 members minimum in a partnership (.....)
- (d) By registering a sole proprietorship it can be achieved a legal personality. (.....)
- (iii) Name the type of business organization for following businesses.
- (a) Sri Lanka ports Authority
- (b) Amith stores
- (c) Quintas and sons
- (d) Gunawansa Private Limited Company
- (iv) Name an advantage and a disadvantage can be seen in an incorporated company.

Part II - Accounting

• **Answer 02 questions only.**

- (05) (i) What is accounting?
Write 02 objectives of accounting
- (ii) In addition to the transactions some events that had occurred in businesses. Give 02 examples for events of a business.
- (iii) Write whether the increase or decrease of each of following accounts should be written in the debit side or credit side of the account.

Account	Increase	Decrease
(a) Purchases Acc
(b) Equipment Acc.
(c) Capital Acc
(d) Electricity bill Acc

- (iv) Following transactions occurred in Amila's business during the first week after the commencing date 01/01/2022

(a)	Invested opening Capital	Rs. 20 000
(b)	Obtained a bank loan	Rs. 50 000
(c)	Credit purchases from Anil	Rs. 10 000
(d)	Paid rent	Rs. 15 000

Present the above transactions in the following account equation.

<u>Seral No.</u>	<u>Assets</u>	=	<u>Equity</u>	+	<u>Liabilities</u>
(a)
(b)
(c)
(d)

- (v) A business conducts following ledger accounts

(a) Debtors Account	(b) Insurance Charges Account
(c) Bank loan Account	(d) Machinery Account
(e) Drawings Account	(f) Creditors Account
(g) Salaries Account	(h) Capital Account

Classify above Accounts under the following account types.

1. Assets Acc
2. Liabilities Acc
3. Expenses Acc.
4. Equity Acc.

- ((06) (i) Write a transaction each cash receipts and cash payments.
- (ii) Following are some transactions occurred in Supun's business for the 1st week of the month of July 2022.
- ★ 2022-07-01 Cash balance Rs. 91 000
 - ★ 2022-07-03 Obtained a bank loan Rs. 100 000
 - ★ 2022-07-04 Paid to creditor Piyal Rs. 48 000
 - ★ 2022-07-05 Paid insurance charges Rs. 25 000
 - ★ 2022-07-06 Sales on cash Rs. 50 000
- (a) Record above transactions in a cash book of Amila's business.
- (b) Calculate the cash balance after balancing off the cash book.
- (ii) The bank informed to Tharindu's business that the deposited cheque Rs. 150 000 received from debtor Sudesh has been dishonoured.
- Write the double entry to record above dishonouring deposited cheque of Tharindu's business.

- (iv) The petty cash imprest of Shashikala's business is Rs. 2500 and it has received to the petty cashier on 01/04/2022. The petty cash payments for the month of April 2022 are as follows.

Date	VouchNo.	Description	Value (Rs)
2022/04/05	001	Stationery expenses	750
2022/04/10	002	Postal expenses	250
2022/04/17	003	Postal-letter registration ex.	150
2022/04/25	004	Travelling expenses	1000

Required,

Record above transactions in the petty cash book and balancing off it as at 3/04/2022

- (07) (i) Briefly explain the general journal
- (ii) Select the following account balances which record in whether debit column or credit column in the Trial balance.
- (a) Purchases Rs. 100 000
 - (b) Capital Rs. 700 000
 - (c) Cash Rs. 180 000
 - (d) Bank loan interest Rs. 10 000
- (iii) Nadeeshani's business has a favourable bank account balance of Rs. 40 000 as at 31/03/2022. However the bank statement has a difference balance on that day. Following reasons were identified for this difference.
- ★ The direct remittances as dividends Rs. 15 000
 - ★ The direct remittances from debtors Rs. 11 000
 - ★ Issued byt unpresent cheque (No. 255213) Rs. 8000
 - ★ Deposited but unrealized cheque (No. 039411) Rs. 14 000
- Required
- (a) Adjust the bank account
 - (b) Bank reconciliation statement
- (iv) The total of the debit column was Rs. 118 000 and the total of the credit column was Rs. 188 000 of the Trial balance which was prepared by Madhushan's business as at 31/03/2022. The reasons for the difference are as follows.
- ★ Rent paid Rs. 2 000 has been credited both cash book and the rent account
 - ★ Received from debtors Rs. 6 000 has been recorded twice in the debtors account.
 - ★ Paid equipment repair expenses Rs. 3000 has been debited to the equipment account.
- (a) In which side should be recorded above difference in the suspense account?
 - (b) Write the rectifying Journal entries for above errors.

Answer - Paper I

1 - (2)	2 - (3)	3 - (4)	4 - (2)	5 - (4)	6 - (1)	7 - (3)	8 - (1)	9 - (2)	10 - (4)
11 - (3)	12 - (4)	13 - (3)	14 - (1)	15 - (2)	16 - (3)	17 - (2)	18 - (3)	19 - (4)	20 - (3)
21 - (1)	22 - (2)	23 - (2)	24 - (4)	25 - (4)	26 - (4)	27 - (4)	28 - (3)	29 - (1)	30 - (1)
31 - (1)	32 - (2)	33 - (4)	34 - (2)	35 - (3)	36 - (1)	37 - (4)	38 - (3)	39 - (2)	40 - (3)

Paper II

01. (i) (a) Cloths (01 mark)
- (b) Labour - Employee
Capital - Cash
- Sawing Machines (01 mark)
- entrepreneurship - Owner (Chalani)
- (ii) (a) Strength - Chalani has followed a course
Opportunity - The business located near the school (01 mark)
- (b) State corporation (01 mark)
- (iii) (a) Yes (01 mark)
- The business name is other than the full name of its owner (01 mark)
- (iv) (a) Employee, Owner/Chalani (01 mark)
- (b) Purchasing equipment Rs. 10 000
Depositing cash Rs. 75 000 in the bank (01 mark)
- (v) Assets = Equity + Liabilities
250 000 = 250 000 + - (02 mark)
- (vi) (a) Source document - Purchases invoice
Prime entry book - Purchases journal (01 mark)
- (b) Purchases Account Dr Rs. 15 000
Creditors Account Cr Rs. 15 000 (01 mark)
- (vii) Purchases Acc
- | | | | |
|------|-----------|--------|--|
| 1.2 | Cash | 25 000 | |
| 1.20 | Creditors | 15 000 | |
- (02 mark)
- (viii) (a) Cash book Dr. Rs. 200 000
Bank loan Acc Cr Rs. 200 000 (01 mark)
- (b) Cash book
- | | | | |
|-----|-----------|---------|--|
| 2.1 | bank loan | 200 000 | |
|-----|-----------|---------|--|
- (01 mark)
- Bank loan acc
- | | | | |
|--|-----|-----------|---------|
| | 2.1 | Cash book | 200 000 |
|--|-----|-----------|---------|
- (ix) (a) Salary Account Dr. Rs. 20 000
Bank Account Cr. Rs. 20 000 (01 mark)
- (b) $200\,000 \times \frac{6}{100} \times \frac{1}{12} = \text{Rs. } 1000$ (01 mark)

(x)

Cash book

($\frac{1}{2}$)	1/1	Capital	200 000	1/1	Bank	75 000	($\frac{1}{2}$)
($\frac{1}{2}$)	1/17	Sales	35 000	1/2	raw material	25 000	
	1/28	Sales	25 000	1/3	Equipment	10 000	
				1/22	Electricity	4 500	
				1/29	Rent	15 000	
				1/30	Bank	75 000	
				1/31	b/c/f	55 500	→ ($\frac{1}{2}$)
			<u>260 000</u>			<u>260 000</u>	
	2/1	b/b/f	55 500				

(02 marks)

- (02)(i) (a) People exchanged their excess goods with others to obtain other goods they wanted (01 marks)
- (b) An economic activity which manufactures or provides different goods and services in order to fulfil human needs and wants (01 marks)
- (ii) A - True B - False C - False D - True ($\frac{1}{2}$) x 4 = 02)
- (iii) Not agree (01 marks)
- Most of the private sector businesses operate with the expectation of profit, many businesses in the public sector operate with the expectation of social welfare (01 marks)
- (iv) (a) Service providing businesses (01 marks)
- (b) Ordering goods
- Paying cash
- Advertising or any suitable answer (01 marks)
- (03)(i) (a) The environment in which the factors affecting businesses are activated (01 marks)
- (b) Internal environment
- External Environment ($\frac{1}{2}$ x 2 = 01)
- (ii) A - False B - True C - True D - False
- (iii) (a) By identifying the needs and wants of the customers and fulfilling them properly. (01 marks)
- (b) Now use telephones and e mail instead of normal mail, computers and information systems are used instead of manual accounting etc. (01 marks)
- (iv) (a) Consumer affairs Authority (01 marks)
- (b) Consumer affairs Authority act No. 09 of 2003 (01 marks)

Part II - Answer

- (04)(i) (a) A cooperative society
- (b) Subscription fees.
- (ii) A - True B - True C - False D - False
- (iii) a) State corporation b) Sole proprietorship c) Partnership d) Incorporated company
- (iv) Advantages - Can raise more capital, Having a legal personality, Continued existence
- Limited liability.
- Disadvantages - Higher legal influences, not easy to start

- (05) (a) (a) Providing information to the stakeholders to take decisions.
 (b) To know the profit or loss
 To fulfill legal requirement
 To minimize omissions and frauds

(ii) Damaged trade stock Rs. 50 000

A debtor worth Rs. 23 000 has being bankrupt

(iii) (a) Debit, Credit (b) Debit, Credit

(c) Credit, debit (d) Debit, Credit

(iv) Assets = Equity + Liabilities

(a) +20 000 = +20 000 -

(b) +50 000 = - +50 000

(c) +10 000 = - +10 000

(d) -15 000 = -15 000 -

(v) (a) - Asset (b) expenses (c) liabilities (d) Assets

(e) Expenses (f) Liabilities (g) expenses (h) Equity

(06) (i) Give marks for corrected transactions

(02 marks)

(ii) (a) Cash book

Date	A.No	Description	Amount	Date	Description	Amount
7/1		b/b/f	91 000	7/4	Creditors Acc.	4 000
7/3		Bank loan	100 000	7/5	Insurance Acc	25 000
7/6		sales acc	50 000			
				7/7	b/c/f	168 000
			241 000			241 000
7/8		b/b/f	168 000			

(03 marks)

(b)Rs. 168 000

(01 marks)

(iii) Debtors Acc. Debit Rs. 150 000

Bank Acc. Credit Rs. 150 000

Petty cash book

Receipt Rs.	L.p	Date	Description	V. n	Amount Rs.	Analysis columns			
						Station ery	Paostal	Trave lling	Led ger
2 500		4 /1	Cash						
			Stationery	001	750	750			
			Postal	002	250		250		
			Letter Registration	003	150		150		
			Travelling	004	1 000			1 000	
					2 150	750	400	1 000	
			b/c/f		350				
2 500			b/b/f		2 500				
350									

(04 marks)

- (07) (i) The general journal is the prime entry book to record transactions that are not recorded in other prime entry books. (02 marks)
- (ii) (a) debit (b) Credit (c) debit (d) debit (02 marks)

Adjusted Bank account			
b/b/f	40 000	($\frac{1}{2}$)	
Dividend	15 000	($\frac{1}{2}$)	
Debtors remittances	11 000	($\frac{1}{2}$)	b/c/f 66 000 ($\frac{1}{2}$)
	<u>66 000</u>		<u>66 000</u>
b/b/f	66 000		

(02 marks)

Bank reconciliation Statement

balance of the adjusted bank account	66 000	($\frac{1}{2}$)
+ Unpresented cheque	<u>8 000</u>	($\frac{1}{2}$)
	74 000	
- unrealized cheques	<u>(14 000)</u>	($\frac{1}{2}$)
The balance of the bank statement as at 31/03/2022	<u>60 000</u>	($\frac{1}{2}$)

(02 marks)

