G.C.E. (A/L) Examination – 2022(2023)

32 - Business Studies

Goals:-

This Question Paper includes questions to evaluate the competencies such as subject knowledge, understanding the usage of knowledge, and analyzing and synthesizing abilities as mentioned as the goals of the business studies syllabus.

Marking Scheme:-

Business Studies - paper I

Multiple choice	30 x 02 Marks each	=	60
Filling the Blanks	10 x 02 Marks each	=	20
Specific short answers	10 x 02 Marks each	=	20
			100

Business Studies - Paper II

Part I : 4 Questions

Part II : 4 Questions

05 questions should be answered selecting at least 02 questions from each part.

There are 08 questions. Each question includes 05 sections.

Each section carries 04 marks **X** 05	=	20 Marks
Total Marks 05 **X** 20	=	100 Marks
Paper I & Paper II	=	200 Marks
Final Marks	=	100 Marks

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Common Techniques of Marking Answer Scripts.

It is compulsory to adhere to the following standard method in marking answer scripts and entering marks into the mark sheets.

1. Use a red color ball point pen for marking. (Only Chief/Additional Chief Examiner may use a mauve color pen.)
2. Note down Examiner's Code Number and initials on the front page of each answer script.
3. Write off any numerals written wrong with a clear single line and authenticate the alterations with Examiner's initials.
4. Write down marks of each subsection in a △ and write the final marks of each question as a rational number in a □ with the question number. Use the column assigned for Examiners to write down marks.

Example:

Question No. 03

(i) ..... √ △ 4/5

(ii) ..... √ △ 3/5

(iii) ..... √ △ 3/5

03 (i) $\frac{4}{5}$ ÷ (ii) $\frac{3}{5}$ + (iii) $\frac{3}{5}$ = $\frac{10}{15}$

MCQ answer scripts: (Template)

1. Marking templets for G.C.E.(A/L) and GIT examination will be provided by the Department of Examinations itself. Marking examiners bear the responsibility of using correctly prepared and certified templates.
2. Then, check the answer scripts carefully. If there are more than one or no answers Marked to a certain question write off the options with a line. Sometimes candidates may have erased an option marked previously and selected another option. In such occasions, if the erasure is not clear write off those options too.
3. Place the template on the answer script correctly. Mark the right answers with a '√' and the wrong answers with a '0' against the options column. Write down the number of correct answers inside the cage given under each column. Then, add those numbers and write the number of correct answers in the relevant cage.

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Structured essay-type and assay-type answer scripts:

1. Cross off any pages left blank by candidates. Underline wrong or unsuitable answers. Show areas where marks can be offered with check marks.

2. Use the right margin of the overland paper to write down the marks.

3. Write down the marks given for each question against the question number in the relevant cage on the front page in two digits. The selection of questions should be in accordance with the instructions given in the question paper. Mark all answers and transfer the marks to the front page, and write off answers with lower marks if extra questions have been answered against instructions.

4. Add the total carefully and write in the relevant cage on the front page. Turn pages of the answer script and add all the marks given for all answers again. Check whether that total tallies with the total marks written on the front page.

Preparation of Mark Sheets.

Except for the subjects with a single question paper, the final marks of two papers will not be calculated within the evaluation board this time. Therefore, add separate mark sheets for each question paper. Write paper 01 marks in the paper 01 columns of the mark sheet and write them in words too. Write paper II Marks in the paper II Column and wright the relevant details.

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සියලු ම හිමිකම් ඇවිරිණි/முழுப் பதிப்புரிமையுடையது/All Rights Reserved]
இலங்கைப் பரீட்சைத் திணைக்களம், Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2022 (2023)
கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2022 (2023)
General Certificate of Education (Adv. Level) Examination, 2022 (2023)

ව්‍යාපාර අධ්‍යයනය I வணிகக் கல்வி I Business Studies I	32 E I	පැය දෙකයි இரண்டு மணித்தியாலம் *Two hours*

Instructions:

* *Answer all questions on this question paper itself.*
* *Write your Index Number clearly in the space provided above.*
* *Select the correct answers for questions from 1-30 and write its number on the dotted line given.*
* *Write short answers for questions from 31-50 on the dotted line given.*
* *Each question carries two marks.*

Index No. : .....

For Examiner's Use Only

For paper I			Signature	Code No.
Q. Nos.	Marks	1st Examiner		
01 - 30		2nd Examiner		
31 - 50		Addl. Chief		
TOTAL		E.M.F.		
		Chief		

1. Physical and mental states that needed to be essentially fulfilled by humans are called as,
(1) wants. (2) goods. (3) needs.
(4) demand. (5) values. (.....)

2. A business sector classified based on 'the nature of production' would be
(1) sole proprietorship. (2) public enterprise.
(3) franchise business. (4) primary business.
(5) industrial business. (.....)

3. Alfa Company produces high quality products by examining the methods for enhancing cost efficiency and purchasing raw materials daily. Moreover, the company is continuously concerned about innovative opportunities through novel technological strategies. The number of research and development activities included in the above case are
(1) 1. (2) 2. (3) 3. (4) 4. (5) 5. (.....)

4. If a customer prefers a certain good because of its unique identity, that good is a
(1) convenience good. (2) unsought good. (3) shopping good.
(4) private good. (5) speciality good. (.....)

5. The following table shows some international organizations and their member countries.

International Organizations	Member countries
(i) European Union (EU)	A - Cyprus
(ii) Association of South East Asian Nations (ASEAN)	B - Japan
(iii) G 8	C - Uganda
(iv) South Asian Association for Regional Cooperation (SAARC)	D - Laos
(v) African Union (AU)	E - Afghanistan

What is the option that correctly matches the member countries according to the order of international organisations given?
(1) A, D, B, E, C (2) A, E, C, B, D (3) C, B, E, A, D
(4) C, E, B, A, D (5) D, A, B, E, C (.....)

[See page two

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6. Following are two statements related to businesses.

Statement A : Strengths and weaknesses of a business can be identified through an internal environmental analysis.

Statement B : Opportunities and threats to a business can be identified through an industry environmental analysis.

From the above two statements,

(1) Only A is correct.
(2) Only B is correct.
(3) Both A and B are correct.
(4) Both A and B are incorrect.
(5) While A is correct, B is elaborated through A.

(.....)

7. Choose the option which includes the pair of businesses which is favourably affected by the devaluation of the Sri Lankan Rupee.

(1) Construction, Tourism
(2) Motor vehicles, Tourism
(3) Motor vehicles, Tea
(4) Construction, Tea
(5) Tourism, Tea

(.....)

8. 'Sustainability' means,

(1) Short-term view on environmental, economic and social forces.
(2) Long-term view on environmental, economic and cultural forces.
(3) Short-term view on environmental, political and social forces.
(4) Long-term view on environmental, economic and social forces.
(5) Long-term view on environmental, cultural and political forces.

(.....)

9. A service that is **not** provided by the local government bodies in Sri Lanka is

(1) removal of garbage.
(2) implementation of financial policies.
(3) implementation of environmental policies.
(4) collection of rates.
(5) approval of building plans.

(.....)

10. Following are some types of taxes implemented in Sri Lanka.

A – Production Tax
B – Corporate Tax
C – Advance Personal Income Tax
D – Value Added Tax
E – Social Security Tax
F – Capital Gains Tax
G – Withholding Tax

From the above, what is the group that contains only direct taxes?

(1) A, B, D, E
(2) A, C, E, F
(3) B, C, F, G
(4) C, D, E, G
(5) C, E, F, G

(.....)

11. Following are some monetary policy instruments.

A – Bank rate
B – Moral suasion
C – Open market operations
D – Margin requirements
E – Statutory reserve ratio
F – Re-finance facilities

From the above, what is the group that contains only quantitative monetary policy instruments?

(1) A, B, C (2) A, C, E (3) B, D, E (4) C, D, E (5) C, E, F (.....)

12. A criterion that does **not** classify micro, small and medium enterprises is,

(1) number of employees.
(2) production volume.
(3) invested capital.
(4) annual turnover.
(5) profit margin.

(.....)

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13. Select the correct statement pertaining to sole proprietorships.
(1) Registration is mandatory.
(2) Auditing is mandatory.
(3) Payment of income tax is mandatory.
(4) Adherence to local government regulations is mandatory.
(5) Family member participation in management is mandatory. (.....)

14. Select the option that includes an attribute of a company limited by guarantee.
(1) Profits are not distributed by the company
(2) Limiting the minimum number of directors to one
(3) There should be at least two shareholders
(4) Ability to issue shares and securities publicly
(5) Setting up with a business purpose (.....)

15. Following are some of the facts related to a company.
A – Objectives of the company
B – Rights of shareholders
C – Share capital of the company
D – Address of the registered office
E – Management of the company

Out of the above, select the group that contains only the facts to be included in an Articles of Association as per the Companies Act No. 07 of 2007 of Sri Lanka.
(1) A, B, E (2) A, C, D (3) B, C, D (4) B, D, E (5) C, D, E (.....)

16. Following are some functions of the Central Bank of Sri Lanka.
A – Management of public debt
B – Implementation of financial policies
C – Management of foreign exchange
D – Provision of financial intelligence services
E – Supervision of financial systems
F – Custodian of the Employees' Provident Fund

From the above, select the group that includes only agency functions performed by the Central Bank on behalf of the Government of Sri Lanka.
(1) A, B, C, E (2) A, C, D, F (3) B, C, E, F
(4) B, D, E, F (5) C, D, E, F (.....)

17. An example for a business risk that can be insured is,
(1) change of fashion.
(2) depreciation of machines.
(3) losses of business.
(4) fluctuation of the value of money.
(5) default of debtors. (.....)

18. 'A factor agent' means,
(1) a person who receives a brokerage for transactions by connecting buyers and sellers.
(2) a person who receives a commission by performing transactions on own discretion on behalf of the principal.
(3) a person who sells goods of the principal to a buyer who quotes the highest bid in written or verbally.
(4) a person who buys or sells goods under his own name on behalf of the principal.
(5) a person who sells goods on behalf of the principal on credit and being responsible for the collection of debts from the relevant parties.
(.....)

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19. From the following entry modes of international trade, which one entails the lowest risk?

(1) Joint ventures (2) Exports
(3) Mergers (4) Acquisitions
(5) Foreign Direct Investments (FDI)

(.....)

20. The following table shows some management concepts and descriptions relating to them.

Concepts	Descriptions
(i) Unity of command	A - A way of distributing authority, tasks and responsibilities of an organization.
(ii) Decentralization	B - The continuous flow of ordering from top to bottom of an organization.
(iii) Span of control	C - One subordinator being responsible for one supervisor.
(iv) Organization structure	D - The number of subordinates directly reporting to a manager.
(v) Chain of command	E - Delegation of decision making power from top to lower level management.

What is the option that correctly matches the descriptions according to the order of concepts given above?

(1) A, B, E, C, D (2) A, D, E, C, B (3) C, E, A, D, B
(4) C, E, D, A, B (5) E, B, C, D, A

(.....)

21. The following are some of the sources of power received by a manager.

A – Legitimate power B – Coercive power
C – Rewarding power D – Referent power
E – Expert power

From the above, select the group that includes the power received only to the position.

(1) A, B, C (2) A, C, E (3) B, C, D (4) B, D, E (5) C, D, E (.....)

22. The total annual cost and total variable cost of a manufacturing entity are Rs.360 000 and Rs.120 000 respectively. The annual income earned by the entity by selling 6 000 units was Rs.300 000. The number of units to be sold by the entity to reach the break-even point is,

(1) 4 000. (2) 8 000. (3) 10 000. (4) 12 000. (5) 20 000. (.....)

23. The component which does not belong to the holistic marketing concept is,

(1) relationship marketing. (2) internal marketing.
(3) performance marketing. (4) brand marketing.
(5) integrated marketing.

(.....)

24. From the following financial management decisions, what is a long-term financial decision?

(1) Modernization of businesses (2) Diversification of businesses
(3) Dividends (4) Stocks
(5) Bank overdrafts

(.....)

25. Following are some financial market instruments.

A – Treasury bonds B – Inter-bank call money
C – Commercial papers D – Corporate bonds
E – Treasury bills F – Shares
G – Letter of credit

Out of the above, select the option which includes instruments only pertaining to money market?

(1) A, C, D, F (2) A, D, E, G (3) B, C, E, G
(4) B, D, E, F (5) C, D, E, F

(.....)

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26. Following are some principles relating to collection of revenue.

A – Equity
B – Inseparability
C – Convenience
D – Quantifiability
E – Certainity
F – Economy

Out of the above, select the option which contains only the principles relating to taxation.

(1) A, B, D, F (2) A, C, E, F (3) B, C, D, E
(4) B, D, E, F (5) C, D, E, F (.....)

27. According to the payment of Gratuity Act No. 12 of 1983, the minimum number of years an employee should serve under an employer to qualify for a gratuity payment is,

(1) 3. (2) 4. (3) 5. (4) 6. (5) 7. (.....)

28. Below are some industrial actions to be followed by employers and employees.

A – Work to rule
B – Abstaining from overtime
C – Lockout
D – Avoiding work
E – Strike replacement
F – Picketing
G – Shifting production premises
H – Vacation of post

Out of the above, select the option which includes only the actions that can be practiced by employers to prevent industrial actions of employees.

(1) A, D, E, G (2) A, B, C, H (3) B, D, E, F
(4) C, D, E, F (5) C, E, G, H (.....)

29. The statement which describes 'System software' most accurately is,

(1) programmes developed to operate computer hardware.
(2) programmes that assist maintaining computer system orderly.
(3) programmes developed especially for computer users.
(4) physical components of computer and associated tools.
(5) tools used for storing computer programmes. (.....)

30. The following table shows quality control techniques and descriptions pertaining to them.

Techniques	Descriptions
(i) Quality circles	A - Ensuring each product is manufactured free of defects.
(ii) Zero defects	B - Streamlining production process for ensuring product quality.
(iii) Quality assurance	C - Techniques used for improving products and its process.
(iv) Quality standards	D - Small group discussions for solving issues in production.
(v) Six sigma	E - Production of goods complying with national or international standards.

Select the option which correctly matches the description according to the order of techniques given above.

(1) A, B, C, E, D (2) B, C, A, D, E (3) B, E, D, A, C
(4) D, A, B, E, C (5) D, C, E, B, A

(.....)

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இலங்கைப் பரீட்சைத் திணைக்களம்

අ.පො.ස. (උ.පෙළ) විභාගය / க.பொ.த. (உயர் தர)ப் பரீட்சை - 2022(2023)

විෂය අංකය பாட இலக்கம் **32**

විෂය பாடம் **Business Studies**

ලකුණු දීමේ පටිපාටිය / புள்ளி வழங்கும் திட்டம்

I පත්‍රය / பத்திரம் I

ප්‍රශ්න අංකය வினா இல.	පිළිතුරු අංකය விடை இல.	ප්‍රශ්න අංකය வினா இல.	පිළිතුරු අංකය விடை இல.	ප්‍රශ්න අංකය வினா இல.	පිළිතුරු අංකය விடை இல.
01.	3	11.	2	21.	1
02.	4	12.	5	22.	2
03.	2	13.	4	23.	4
04.	5	14.	1	24.	3
05.	1	15.	1	25.	3
06.	3	16.	2	26.	2
07.	5	17.	5	27.	3
08.	4	18.	4	28.	5
09.	2	19.	2	29.	1
10.	3	20.	4	30.	4

විශේෂ උපදෙස් / விசேட அறிவுறுத்தல் :

එක් පිළිතුරකට / ஒரு சரியான விடைக்கு 01 ලකුණු බැගින් / புள்ளி வீதம்
මුළු ලකුණු / மொத்தப் புள்ளிகள் 1 × 30 = 30

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- Answer Question No. **31** to **40**, by filling in the blanks with a **suitable word/words.**

31. (a) Commerce consists of two elements, ... and ..... .

(b) Managers are an ..... environmental force and suppliers are an ..... environmental force.

32. (a) According to Abraham Maslow's hierarchy of needs, food is a ..... need whereas individuals' social recognition is an ..... need.

(b) The resilience a country has to prevent insolvency is called as ..... stability and the ability to control inflation is called as ..... stability.

33. (a) Sale of shares of incorporated companies involve ..... firms and firms that pledges to buy unsold shares of an initial public offering involve ..... .

(b) Solutions for environmental and social issues are provided through ..... entrepreneurship and ..... entrepreneurship activates through identifying changes in organizations.

34. (a) Both employer and employee contribute for the employee ..... fund whereas only the employer contributes for employee ..... fund.

(b) Being absent from work without informing is called as employee ..... and not reporting to work for a prolonged period is called as ..... .

35. (a) Sale of goods through inducement is called as ..... concept and sale of goods through value creation according to the customer requirement is called as ..... .

(b) Businesses in Sri Lanka can register their brands under No. 36 of 2003 of ..... Property Act and then it becomes a ..... mark.

36. (a) Financial market consists of ..... and ..... markets.

(b) The abbreviation for global inter-bank transaction payment communication gateway is called as ..... and the abbreviation for inter-bank on-line transaction system in Sri Lanka is called as ..... .

37. (a) Short-term insolvency of businesses can be identified through ..... ratios whereas ..... ratios identify the relationship between investment in assets and its returns.

(b) ..... budget is used for estimating cash requirements to maintain future operational activities of a business and ..... budget is used for planning long-term potential investments of a business.

38. (a) A leader who accommodates subordinates' views belongs to ..... leadership style whereas a leader who acts on one's own discretion belongs to ..... leadership style.

(b) Obtaining required inputs for production process of a firm is a function of ..... logistics and supply of output to the market is a function of ..... logistics.

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39. (a) Acquisition of a rubber plantation company by a rubber glove manufacturing firm is an example for ..... integration and acquisition of a rubber glove marketing company by the same firm is an example for ..... integration.

(b) Warehousing is a process of ..... and ..... stock from the time of buying or manufacturing until they are used or sold.

40. (a) Administration of Government departments is mostly based on ..... code and administration of their finances is mostly based on ..... regulations.

(b) In a communication process, converting sender's thoughts into a form that can be transmitted is called as ..... whereas processing that message by a receiver into an understandable form is called as ..... .

- Answer question No. **41 - 50**, writing the **suitable answers** in the space provided.

41. State **four** responsibilities of a customer.

(1) .....

(2) .....

(3) .....

(4) .....

42. Name **four** types of insurance policies that can be obtained under liability insurance.

(1) .....

(2) .....

(3) .....

(4) .....

43. Write four elements of a transportation system.

(1) .....

(2) .....

(3) .....

(4) .....

44. Name **four** bases that can be used for departmentalization.

(1) .....

(2) .....

(3) .....

(4) .....

45. State **four** assumptions that are based on Product Life Cycle concept.

(1) .....

(2) .....

(3) .....

(4) .....

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46. Name **four** methods that can be used to select the most suitable candidate for a managerial position.

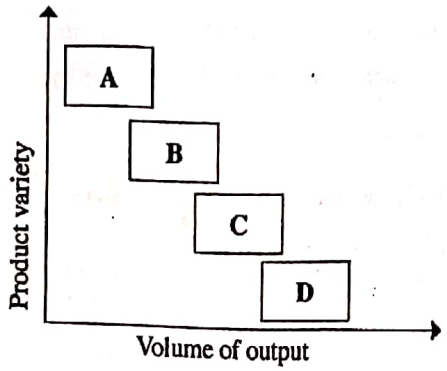
(1) .....

(2) .....

(3) .....

(4) .....

47. Name the each production method depicted by **A, B, C, D** of the given diagram.



A – .....

B – .....

C – .....

D – .....

48. Write **four** facts to be considered when preparing a business plan.

(1) .....

(2) .....

(3) .....

(4) .....

49. Indicate **four** benefits a firm can enjoy by using cloud computing technology.

(1) .....

(2) .....

(3) .....

(4) .....

50. Indicate an instance where the following technologies can be used for a businessman.

(1) Artificial Intelligence (AI) : .....

(2) Quick Response Code (QR Code) : .....

(3) Global Positioning System (GPS) : .....

(4) Computer Aided Design (CAD) : .....

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31.
(a) Trade, Supportive service
(b) Internal, Immediate (industry/task/Close)

32.
(a) Basic (Physiological), Esteem (Status)
(b) Financial, Price

33.
(a) Brokering, Underwriters
(b) Social, Intra

34.
(a) Provident (EPF), Trust (ETF)
(b) Absenteeism, Vacation of Post

35.
(a) Sales(selling), Marketing
(b) Intellectual property, Trade

36.
(a) Money, Capital (no need an order)
(b) SWIFT, SLIPS

37.
(a) Liquidity, Investment
(b) Cash, Capital

38.
(a) Democratic, Autocratic
(b) Inbound, Outbound

39.
(a) Backward, Forward
(b) Store, Preserve

40.
(a) Establishment, Financial
(b) Encoding, Decoding

41.
(1) Critical awareness
(2) Active participation.
(3) Social concern
(4) Environmental awareness
(5) Cooperation / subsidiary

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42.

(1) General liability insurance
(2) Product liability insurance
(3) Employer liability insurance/ workmen's compensation
(4) Goods in transit insurance/ Money in transit insurance
(5) Professional indemnity insurance/ directors' and officer's indemnity

43.

(1) Way
(2) Mode
(3) Power
(4) Terminal

44.

(1) Functional basis
(2) Product basis
(3) Consumer basis
(4) Geographical basis
(5) Mixed basis
(6) /Process basis
(7) Matrix base
(8) Virtual

45.

(1) Product has a specific lifetime
(2) A product passes a few various stages that bring different challenges to the marketer
(3) The sales and profit change at the various stages of the product life cycle.
(4) The marketer follows marketing goals and strategies in accordance with the nature of each stage that the product passes.

46.

(1) Interviews
(2) IQ Tests
(3) Personality Tests
(4) Case Studies
(5) Medical Test
(6) Background Test/Reference

47.

(A) Job-Shop Production
(B) Batch Production
(C) Mass Production/ Assembly Line/Flow
(D) Continuous/Process Production

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48.

(1) Focus
(2) Customers
(3) Goals
(4) Required Financial resources

49.

(1) Accessibility anywhere, with any device
(2) Ability to get rid of most or all hardware and software
(3) Centralized data security
(4) Higher performance for efficiency
(5) Quick application deployment
(6) Instant business insights
(7) Cost savings

50.

(1) Smart personal assistants, such as Siri, Cortana, and Google Now/ Automated responders and online customer support/Process automation/Sales and business forecasting/Security surveillance.

(2) Used for transactions, Direct customers to a landing page/website/ Dial your business number/Send a messages/emails/Download apps/View business location//Shopping and E-commerce.

(3) Tracking — Monitoring objects or personal movement/ Timing — Making it possible to take precise time measurements/To avoid traffic/cost calculation

(4) This enables businesses to develop design/ visualize designs/upgrade designs and send images around the world for collaboration and consultation

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Department of Examinations - Sri Lanka

සියලු හිමිකම් ඇවිරිණි/(முழுப் பதிப்புரிமையுடையது)/All Rights Reserved]

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2022 (2023)
கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2022 (2023)
General Certificate of Education (Adv. Level) Examination, 2022 (2023)

ව්‍යාපාර අධ්‍යයනය II வணிகக் கல்வி II **Business Studies II**	**32 E II**	
පැය තුනයි மூன்று மணித்தியாலம் ***Three hours***	අමතර කියවීම් කාලය - මිනිත්තු 10 යි மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள் **Additional Reading Time - 10 minutes**	

Use additional reading time to go through the question paper, select the questions you will answer and decide which of them you will prioritise.

Instructions:
* *Answer five questions selecting at least two questions from each part.*

Part I

1. 'Suwapa' company manufactures footware using local raw materials and sell them to domestic and foreign markets. The company has been encountering many risks owing to the prevailing economic crisis and import restriction of the country. Electricity and fuel crises have also affected the continuation of manufacturing. Moreover, the company is facing an issue of removing and managing of waste generated through the manufacturing of shoes.

(i) (a) What is meant by 'risk' of a business? (02 marks)

(b) Indicate **four** risks Suwapa company has encounted. (02 marks)

(ii) (a) Briefly describe how the government restriction on imports of finished footware affects the Suwapa company. (02. marks)

(b) Write **two** disadvantages for customers arising from the restriction of the imports of finished footware. (02 marks)

(iii) (a) Propose **two** actions that the Suwapa company can take to manage the cost relating to the electricity crisis. (02 marks)

(b) Indicate two methods the company can take to manage the waste. (02 marks)

(iv) Identify **two** macro environmental trends connected to the above case and explain how they affect the company. (04 marks)

(v) If the management of Suwapa company decides to discontinue the footware production in future, explain two impacts it causes to the Sri Lankan economy with examples. (04 marks)

(*Total* 20 *marks*)

2. (i) 'Franchise can be considered as a prevalent business method in the world.'

(a) Indicate **two** advantages a franchiser enjoys through this business method. (02 marks)

(b) Write **two** disadvantages a franchisee faces from this business method. (02 marks)

(ii) (a) Write **two** differences between ethics and laws. (02 marks)

(b) Briefly describe **two** pillars of sustainable development providing an example for each. (02 marks)

(iii) (a) Name **two** other statutes that affect a partnership in Sri Lanka except for the Partnership Act of 1890. (02 marks)

(b) Write **four** characteristics that can be observed in the cooperative business sector. (02 marks)

(iv) (a) Indicate **four** advantages of a limited liability company. (02 marks)

(b) According to the Companies Act No. 17, 2007 of Sri Lanka, indicate the mandatory requirement to be included in the names of listed and private companies. (02 marks)

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(v) Define what is meant by restructuring of public sector enterprises and state four objectives that a government expects to achieve through it. (04 marks)

(Total 20 marks)

3. (i) (a) Mention four parties who can cross a cheque. (02 marks)
(b) Briefly describe the legal implication of crossing a cheque as 'not negotiable'. (02 marks)

(ii) (a) Write four services an account holder can obtain through an Automated Teller Machine (ATM). (02 marks)
(b) Briefly describe one of the following.
(1) Big data
(2) E-money (02 marks)

(iii) (a) State two non-financial services the Sri Lankan government provides for the development of entrepreneurship. (02 marks)
(b) 'Creativity is a fundamental characteristic of an entrepreneur'. Briefly explain the importance of this characteristic with an example. (02 marks)

(iv) 'Entrepreneurship is considered as the life blood of a country's development.' Indicate four reasons to justify the above statement. (04 marks)

(v) Briefly describe four challenges currently faced by micro, small and medium enterprises in Sri Lanka. (04 marks)

(Total 20 marks)

4. (i) (a) Write two differences between life insurance and health insurance. (02 marks)
(b) Indicating whether a tenant could insure a rented house, briefly explain the insurance principle which was based for your answer. (02 marks)

(ii) (a) Indicate four functions of the World Trade Organization. (02 marks)
(b) State four strategies that can be adopted to increase the export earnings of Sri Lanka. (02 marks)

(iii) (a) Explain one of the logistics methods given below with an example.
(1) Reverse logistics
(2) Third Party Logistics (3PL) (02 marks)
(b) State four benefits a businessman can obtain by using proper packaging and equipment in warehousing. (02 marks)

(iv) State two ways each how the crises condition prevailed in the transportation field of Sri Lanka affect business and consumer parties. (04 marks)

(v) Describe two reasons each, for and against communicating via social media by a businessman. (04 marks)

(Total 20 marks)

Part II

5. Gihan, the Chief Executive Officer of Samagi Textiles bears risks of introducing creative projects for the growth of the business. Similarly, he represents the organization at employees' events at all possible situations and maintain effective dialogues with them. Moreover, he builds good relationships with internal and external parties.

(i) (a) What are the two main managerial roles that a manager should possess which can be identified through the above case? (02 marks)
(b) Write two sub-roles included in the above case relating to each main role identified in part (a). (02 marks)

(ii) (a) Name the prime managerial skill Gihan should possess and provide two reasons for your answer. (02 marks)
(b) If Gihan intends to develop a mission statement for his company, state four components that should be incorporated into it. (02 marks)

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(iii) 'Gihan is famous among employees as an employee-oriented leader.'

(a) Defining employee-oriented leadership style, indicate **two** characteristics of it. (02 marks)

(b) Indicate **four** benefits the business can obtain if Gihan intends to decentralize the authority of decision making. (02 marks)

(iv) Following are some of the data relating to inputs and outputs of Samagi Textiles.

Raw material	- 5 000 units
Labour	- 2 500 hours
Machine	- 4 000 hours
Energy cost	- Rs. 150 000
Labour cost	- Rs. 100 per hour
Machine cost	- Rs. 25 per hour
Raw material cost	- Rs. 10 per unit
Total output	- 300 000 units

(a) Compute the following.

(1) Labour productivity ($\frac{1}{2}$ marks)

(2) Machine productivity ($\frac{1}{2}$ marks)

(3) Total productivity (01 marks)

(b) State **two** actions the business can adopt to increase machine productivity. (02 marks)

(v) Name and briefly describe the steps that should be included into the control process in order to operate Gihan's business effectively. (04 marks)

(*Total* 20 *marks*)

6. Rasanjali is a firm which produces high quality biscuits. The newly recruited marketing manager of the firm emphasises the need of market segmentation and sales promotion to the top management. Moreover, the need of a suitable package for the product is highlighted.

(i) (a) Mention **four** requirements an effective market segmentation should contain. (02 marks)

(b) Mention **two** advantages that a business can obtain through market segmentation with examples. (02 marks)

(ii) (a) Indicate **four** facts to be considered when developing a package for biscuits. (02 marks)

(b) If there is de-marketing for biscuits, mention four strategies that a marketing manager can adopt to overcome it. (02 marks)

(iii) According to the product classification, indicate the type of good that biscuits belong to and state with reasons the most suitable distribution strategy and promotional strategy that can be used. (04 marks)

(iv) (a) Indicate **two** advantages an investor can gain by purchasing treasury bills. (02 marks)

(b) Write **two** differences between licensed commercial banks and licensed specialised banks. (02 marks)

(v) Write **four** reasons for Colombo Stock Market to be important for the economic development of Sri Lanka. (04 marks)

(*Total* 20 *marks*)

7. (i) (a) Briefly describe 'capital budgeting'. (02 marks)

(b) 'There is an advantage of sourcing funds internally than externally for a business.' Do you agree with this statement? Justify your answer. (02 marks)

(ii) (a) Briefly explain **two** reasons as to why compensation management is important for a business. (02 marks)

(b) Indicate **four** actions that an employer can take if an employee commits an indiscipline act. (02 marks)

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(iii) (a) Indicate **two** special characteristics of human resource. (02 marks)

(b) Define what is meant by 'probationary period of employees' and indicate an advantage of it for both employer and employee. (02 marks)

(iv) (a) 'Every job entails three elements:'

(1) Name the **three** elements. (01 mark)

(2) Briefly describe the inter-relations among the elements that you have identified. (01 mark)

(b) State **four** internal factors to be considered in forecasting the human resource demand. (02 marks)

(v) (a) Write **two** redresses an employee can obtain, if a labour tribunal provides a verdict that termination of the employment is not based on a reasonable cause. (02 marks)

(b) Briefly describe **two** negative consequences a company can face by not using appropriate Occupational Health and Safety (OHS) methods. (02 marks)

(Total 20 marks)

8. (i) (a) 'Information can be classified based on different criteria.' Mention the types of information based on the nature. (02 marks)

(b) State **four** functions of an information system. (02 marks)

(ii) (a) Briefly explain the difference between system software and operating software. (02 marks)

(b) Aloka company is considering suitable information systems for its employee grades. Name the suitable information system for each grade given below.

(1) Top management

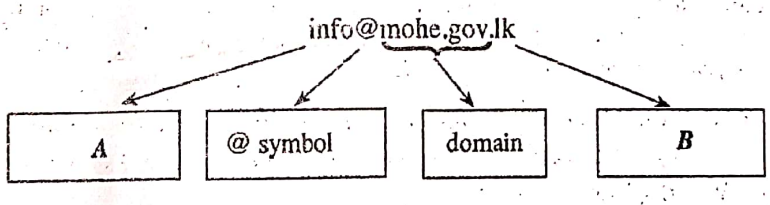
(2) Middle management

(3) Technical officers

(4) Clerical (02 marks)

(iii) (a) Write **four** advantages a business can obtain by using internet for business affairs. (02 marks)

(b) 'An email address consists of several components.' Write the suitable word for *A* and *B* of the email address given below. (02 marks)



(iv) (a) Mention **four** advantages a businessman can gain by preparing a business plan. (02 marks)

(b) Briefly describe the main objective of preparing an executive summary contained in a business plan. (02 marks)

(v) (a) State **four** instances where a financial plan that is included in the business plan is important for a businessman. (02 marks)

(b) Briefly explain the necessity of conducting an environmental assessment when preparing a business plan. (02 marks)

(Total 20 marks)

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General Certificate of Examination (Adv. Level)

Examination - 2022(2023)

32 - Business Studies

Part I

1. 'Suwapa' company manufactures footware using local raw materials and sell them to domestic and foreign markets. The company has been encountering many risks owing to the prevailing economic crisis and import restriction of the country. Electricity and fuel crises have also affected the continuation of manufacturing. Moreover, the company is facing an issue of removing and managing of waste generated through the manufacturing of shoes.

(i) (a) What is meant by 'risk' of a business?

1. (i) (a) Business risk is defined as the possibility of occurrence of any unfavorable event that has the potential to minimize gains and maximize loss of a business. In other words, the possibility of a commercial business making inadequate profits (or even losses) due to uncertainties.

(02 marks – Marks should be given for similar answers)

(b) Indicate four risks Suwapa company has encounted.

1. Electricity shortage
2. Fuel shortage
3. Waste distribution
4. Waste management
5. Economic crises of the country
6. ~~Changes in government policy (restrictions of imports)~~ as 'uses, Local input

(1/2 a mark for a point – total 02 marks)

(ii) (a) Briefly describe how the government restriction on imports of finished footware affects the Suwapa company.

The restriction on the import of finished footwear affects the company favorably because it avoids foreign competition. Moreover, since the scarcity of imported footwear in the market, sales of the footwear manufactured by the "Suwapa" will be increased, thereby increasing company profits.

(02 marks – Marks should be given for similar answers)

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(b) Write two disadvantages for customers arising from the restriction of the imports of finished footware.

1. Consumers bear higher prices
2. Limited product offering/less choice
3. Quality concerns

(02 marks – Marks should be given for similar answers)

(iii) (a) Propose two actions that the Suwapa company can take to manage the cost relating to the electricity crisis.

1. Installation of solar energy.
2. Diesel/Petrol Generators
3. Use low-power consumption equipment
4. Educate employees
5. Turn off equipment which are not compulsory

(01 for a point – maximum 02 marks)

(b) Indicate two methods the company can take to manage the waste.

1. Recycle
2. Landfill
3. Incineration
4. Waste Compaction – highly packed together

4R.

(01 for a point – maximum 02 marks)

(iv) Identify two macro environmental trends connected to the above case and explain how they affect the company.

Macro Environmental Trends and their effect on the Company

Macro Environmental trends	Their effect on the company
1. Removal of waste increase in issue.	Cost of removing waste Community concerns imposing rules Health and safety issues ~~Employee concerns~~ environmental concern
2. Managing waste excha. crisis	Cost increasing cost Health and safety issues less supply of fuel Community concerns increasing fuel comp
3. ~~Economic~~ economy crisis.	Decline in demand Increase in production cost - Import restrictions increase customs
4. ~~Natural~~	~~Issues in managing wastes~~

envird

foreign

Increase

(02 for Macro Environmental trends – 01 for each
(02 marks for effect – There should be 02 for each trend - ½ a mark for a point)

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(v) If the management of Suwapa company decides to discontinue the footware production in future, explain two impacts it causes to the Sri Lankan economy

1. Increases unemployment
2. Decrease tax collection
3. Scarcity of the product in the market
4. Disruption of the supply chain

5 decrease in GDP *(01 mark for a point - Total 02 marks*

(01for explanation with an example of each point, Total 02 marks)

6 Reduction of export income

2. (i) 'Franchise can be considered as a prevalent business method in the world.'
(a) Indicate two advantages a franchiser enjoys through this business method.

Advantages of franchising for the franchisor

1. Reduced risk as the Ability to expand his business without further investment
2. Ability to share the costs of advertising with the franchisee
3. Ability to obtain returns from the investment of the franchisee
4. Ability to obtain spontaneous (quick) returns with the franchisee's efficiency
5. Being nourished by the franchisee. provide the facility for the growth of the business.
6. Access to Capital
7. Minimal employee supervision
8. Increased brand awareness

(01 mark for a point - Total 02 marks)

Disadvantages of franchising for the franchisee

1. Because the franchisor retains his control, the franchisee does not get perfect autonomy - independant
2. Need of incurring a greater cost to receive a franchise
3. The possibility of profitability being an uncertainty
4. A certain level of risks is involved because of the dependence on the goodwill of the franchisor.
5. The franchisee facing severe inconvenience because of the need of adherence to the franchise agreement.

(01 mark for a point - Total 02 marks)

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Write two differences betw ethics & h

(b) ~~Write two disadvantages a franchisee faces from this business method.~~

The main differences between law and ethics

Law	Ethics
1. Laws are a set of rules and regulations	1. Ethics are morals and principles adapted by society from the environment.
2. Failure to follow laws can result in penalties and punishment	2. Ethics do not attract penalties and punishment.
3. Legislature make laws	3. Ethics are introduced by the society.
4. Authorities can change laws	4. Ethics are changed through the social phenomena
5. Laws are objective	5. Ethics are subjective
6. Laws are common for all (general)	6. Not generic / uncommon
7. Laws are reactive	7. Ethics are proactive
8. Laws should be written	8. unwritten

impartial not influenced by individual view

(01 mark for a difference - Total 02 marks)

(b) Briefly describe two pillars of sustainable development providing an example for each.

(b) The three key areas of sustainability are

1. **Environmental/Planet** - Focusing on environmental protection (Carbon footprints, packaging waste, water usage, and other damage to the environment)
   preserving the natural resources.
2. **Social/People** – Enhancement of social well-being (Employees, stakeholders, community)
   equal income distribution. human capital ↑ human rights.
3. **Economic/Profit – Utilization resources in an efficient manner** - (profits, compliance, good governance, and risk management)

eradicating poverty *(1/2 mark for a pillar - Total 01 mark)*
ensuring the quality life stand. *(½ example – Total 01 mark)*

(iii) (a) Name two other statutes that affect a partnership in Sri Lanka except for the Partnership Act of 1890.

1. Frauds Prevention Ordinance (07 of 1840 and No. 30 of 2022)
2. Registration of Business Names Act (No.07 of 1987) / 1918 No : 06 - Business Names Ordinance
3. Civil Procedure Code(sec.64,202,249,252)
4. Companies Act (No 07 of 2007)

(01 mark for a point - Total 02 marks)

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(b) Write four characteristics that can be observed in the cooperative business sector.

1. An independent business organization
2. Consist of a group of individuals who have got together voluntarily.
3. Collective ownership of its members.
4. Having common needs and expectations.
5. Democratically controlled business.
6. Value of a share is unchanged
7. Having one vote for each member (one man one vote)
8. Any surplus that is earned will be distributed to the members according to the value of the transaction each member has performed with the co-operative society.
9. Profit making is not the initial objective.

member welfare.

(1/2 a mark for a point - Total 02 marks)

(iv) (a) Indicate four advantages of a limited liability company.

1. Issuance of shares and debentures
2. Free transferability of shares of public composes
3. Limit of frauds due to strong legal coverage
4. Ability to collect more capital
5. Good corporate governance practices
6. Access to share market or public composes
7. Legal personality
8. Continuity — perpetual succession

(1/2 a mark for a point - Total 02 marks)

(b) According to the Companies Act No. 17, 2007 of Sri Lanka, indicate the mandatory requirement to be included in the names of listed and private companies.

Listed Company	Private Company
The name should include "**Public Limited Company (PLC)**	The name should include (Pvt) Ltd

(Total 02 marks)

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(v) Define what is meant by restructuring of public sector enterprises and state four objectives that a government expects to achieve through it.

(Total 20 marks)

Restructuring of Public Sector Enterprises (PSE) is deliberately changing structure or ownership or process of the public sector organizations.

The objectives of PSE:

1. To reduce the fiscal burden and raising funds
2. To increase competitiveness and efficiency
3. Induce technological modernization
4. Provide better consumer/public services
5. To encourage broad-based share ownership in society
6. To create an enterprise culture
7. To establish good corporate governance

8 To attract com. mgrs employ

(02 marks for explanation)

(1/2 mark for an example - Total 02 marks)

(Total 04 marks)

3. (i) (a) Mention four parties who can cross a cheque.

1. The Drawer
2. The Bearer / holder
3. The Banker / drawer
4. The Payee

(½ mark for a point. Total 02 marks)

(b) Briefly describe the legal implication of crossing a cheque as 'not negotiable'.

A person who takes a cheque marked 'not negotiable' does not acquire a better title than the person from whom he acquired the cheque. It means a person takes a stolen cheque marked with 'Not Negotiable' from another person and encashes it; then, he is liable to refund encashed money to the true owner.

(02 marks for a similar answer)

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1. Withdraw cash
2. Deposit cash
3. Transfer of cash
4. Balance inquiry
5. Bill payments
6. Change the PIN
7. Get mini statements

(½ mark for a point. 04 points - Total 02 marks)

(b) Briefly describe one of the following.
(1) Big data
(2) E-money

(b) The definition **of big data** is data that contains greater variety (complex), arriving in increasing volumes (large) and with more velocity (fast). This is also known as the three Vs.

3 ✓

E-money - E-money is defined as a digital, monetary medium of exchange that is represented on an electronic device.

(02 marks for a similar answer)

(iii) (a) State two non-financial services the Sri Lankan government provides for the development of entrepreneurship.

Non-financial incentives provided by the Government for the development of entrepreneurship.

1. Advocy services, including legal, management etc
2. Entrepreneur training and development programs
3. Research and development services.
4. Provide infrastructure facilities / Marketing facilities
5. Provide market facilities
6. Offering awards and awards of excellence

(01 mark for a point - Total 02 marks)

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(b) 'Creativity is a fundamental characteristic of an entrepreneur'. Briefly explain the importance of this characteristic with an example.

Creativity is an ability to visualize, think, and implement in a different manner. Eg. New business models, pricing, payment methods, distribution channel customer service etc.

(02 marks for a similar answer)

(iv) 'Entrepreneurship is considered as the life blood of a country's development.' Indicate four reasons to justify the above statement.

Entrepreneurship is considered the lifeblood of the country's development because it;

1. accelerates economic growth utilization of inland resources
2. promotes innovation
3. promotes social changes – minimizes disparity
4. promotes industrial development
5. develops and improves existing enterprises
6. improves productivity
7. creates employment
8. provides a new source of income
9. drives greater upstream and downstream-value-chain activities

(01 mark for a point – 04 points Total 04 marks)

(v) Briefly describe four challenges currently faced by micro, small and medium enterprises in Sri Lanka.

1. Lack of resources (finance, technology, market access, and market information / Infrastructure) insufficient infrastructure facilities.
2. Difficulties in accessing finance ↑ interest rate
3. Increased market competition and concentration from large multinationals
4. Inability to compete against larger firms
5. Subject to instability
6. lack of entrepreneurial zeal, capacity, and know-how less entrepreneur skill less awareness of modern technology.
7. weakness in management

(01 mark for a point – 04 points Total 04 marks)

8 increase in tax.
9 competitions
10 foreign exch. fluctuations.
11 overhead expansion
12 ↓ demand 13 Import restrict

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4. (i) (a) Write two differences between life insurance and health insurance.

Life Insurance	Health Insurance
1. Life Insurance offers an assured sum to the beneficiaries in the eventuality of the insured's demise	1. Health insurance covers the cost of hospital/surgical expenses if the insured person is hospitalized
2. Long term.	2. Short term
3. Financial support for Family /beneficiaries, even in your absence	3. Financial support is paid only to insure.
4. Damage is certain	4. Damage is uncertain
5. Can be mortgaged	5. Cannot be mortgaged

(01 mark for a point – 02 points Total 02 marks)

(b) Indicating whether a tenant could insure a rented house, briefly explain the insurance principle which was based for your answer.

The tenant cannot insure the rented house because the tenant has no insurable interest. This principle says that the individual (insured) must have an insurable interest in the subject matter.

(01 mark for correct reason)
(01 mark for principle)

(ii) (a) Indicate four functions of the World Trade Organization.

The functions of WTO are;

1. Administering trade agreements
2. Monitoring reviewing national trade policies
3. Acting as a forum for trade negotiations
4. Settling trade disputes
5. Technical assistance and training for developing countries
6. Building the trade capacity of developing economies
7. Cooperating with other international organizations
8. Encouraging transparency in trade transactions
9. Encouraging welfare of people of the member countries

(½ mark for a point. 04 points - Total 02 marks)

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(b) State four strategies that can be adopted to increase the export earnings of Sri Lanka.

1. Providing technical assistance
2. Searching new markets / Diversification
3. Simplifying export process
4. Improving physical infrastructure
5. Expanding access to export finance
6. Promoting bilateral and multilateral trade agreements
7. Providing Financial and non-financial incentives to exporters
8. Participating in international trade fairs and exhibitions → promoting export
9. Providing various tax benefits
10. Providing institutional support and facilities

(½ mark for a point. 04 points - Total 02 marks)

(iii) (a) Explain one of the logistics methods given below with an example.
(1) Reverse logistics
(2) Third Party Logistics (3PL)

Reverse logistics refers to the supply chain process of returning products from end users to either the retailer or manufacturer through the supply chain. In other words, reverse logistics comprises the sector of supply chains that process anything returning inwards through the supply chain or traveling 'backward' through the supply chain.

E.g
* Return of goods by customers to seller or manufacturer.
* Gas cylinders
* Removing used items

(01 mark for explanation, 01 mark for the example total 02 marks)

A third-party logistics warehouse, or 3PL for short, is an outsourced business that takes care of a company's supply chain and logistics operations..

E.g warehousing, inventory management, maintenance services , transportation, Janitorial services, Security servicers, legal services, Accounting etc

(01 mark for explanation, 01 mark for the example total 02 marks)

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(b) State four benefits a businessman can obtain by using proper packaging and equipment in warehousing.

1. Secure storage
2. Efficiency in handling and organization
3. Easy traceability of stored goods
4. Economic utilization of space
5. Improved productivity
6. Cost savings
7. Reducing damages and wastages
8. Employee safety

(½ mark for a point. 04 points - Total 02 marks)

(iv) State two ways each how the crises condition prevailed in the transportation field of Sri Lanka affect business and consumer parties.

To business
1. The cost of production will increase
2. Employees' attendance will be affected
3. The distribution schedule will be disturbed
4. Raw material can not be obtained on time
5. Supported services will be delayed.
6. Employee productivity will be lowered

(01 mark for a point - 02 points 02 mar

To consumers
1. Expenditure of consumers will be increased
2. The standard of living will be hampered
3. Inconvenience traveling
4. Delay to workplace
5. Loss of opportunity for consumption of quality goods

6 Scarcity of goods

(01 mark for a point – 02 points 02 mar
(Total 04 mark

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(c) Describe two reasons each, for and against communicating via social media by a businessman.

For
1. Attract customers, and build customer loyalty
2. Ability to get customer response,
3. Low cost
4. Wider market reach, including international markets
5. Do market research
6. Exchange ideas to improve the way do business
7. Recruit skilled staff, for example, through job networking sites like LinkedIn
8. Interacting with customers

(01 mark for a point for – 02 points 02 marks)

Against
1. Needing additional resources to manage your online presence
2. Needs active daily monitoring
3. Effect inappropriate behavior on social media sites
4. Risk of getting negative feedback
5. Information hacking
6. Information will be received to irrelevant people and not received to relevant people
7. Risk to the company's privacy

(01 mark for a point relating to against – 02 points 02 marks
(Total 04 marks)

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5. Gihan, the Chief Executive Officer of Samagi Textiles bears risks of introducing creative projects for the growth of the business. Similarly, he represents the organization at employees' events at all possible situations and maintain effective dialogues with them. Moreover, he builds good relationships with internal and external parties.

(i) (a) What are the two main managerial roles that a manager should possess which can be identified through the above case?

(b) Write two sub-roles included in the above case relating to each main role identified in part (a).

i (a) and i (b)

i (a) - Main Managerial Role	i (b) - Sub roles
1. Interpersonal	1. Figurehead
	2. Liaison
2. Informational	1. Monitor
	2. Spokesperson

3 decisional

entrepra

(i (a) - 01 mark for a main role – 02 roles 02 mark

(i (b) – ½ mark for a sub role – 04 roles 02 mark

(ii) (a) Name the prime managerial skill Gihan should possess and provide two reasons for your answer.

Conceptual skills *(01 mark for the skil*

Since Gihan is the CEO of the firm, he should have a

1. Holistic understanding of managing the business,
2. Ability to foresee the future
3. Understand and solve problems
4. Ability of astute intelligence
5. Ability to explain as a process are considered as conceptual skills.

elligent wise clever

(1/2 mark for a reason – 02 reasons – 01 mar

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(b) If Gihan intends to develop a mission statement for his company, state four components that should be incorporated into it.

1. Customers
2. Goods or services
3. Target market
4. Technology
5. Philosophy
6. Self-Concept
7. Concern for survival, growth, and profitability
8. Public Image
9. Concern about employees

(1/2 mark for a point – 04 points – 02 mark)

(iii) 'Gihan is famous among employees as an employee-oriented leader.'
(a) Defining employee-oriented leadership style, indicate two characteristics of it.

The employee-oriented style focuses much on motivating employees rather than controlling them

(01 mark for the definition)

Characteristics

1. Maintain a friendly relationship with employees
2. Maintain faithfulness
3. Maintain respectful relationship with employees.
4. Obtain employees' participation in making decisions
5. Recognizing and rewarding employees' achievements
6. Facilitate positive relationships between employees
7. Coaching
8. Allowing for an open dialogue about concerns, questions, and ideas.

(1/2 mark for a characteristic – 02 points – 01 mark)

(Total 02 marks)

(b) Indicate four benefits the business can obtain if Gihan intends to decentralize the authority of decision making.

Benefits

1. The duty of top management being reduced
2. Ability to make quality decisions
3. Ability to implement decisions easily
4. Subordinates being developed
5. Employees' motivation is increased and satisfaction being grown
6. Efficient communication
7. Better supervision and control
8. Satisfaction of human needs.

(1/2 mark for a benefit – 04 points – 02 marks)

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(iv) Following are some of the data relating to inputs and outputs of Samagi Textiles.

Raw material	- 5 000 units
Labour	- 2 500 hours
Machine	- 4 000 hours
Energy cost	- Rs. 150 000
Labour cost	- Rs. 100 per hour
Machine cost	- Rs. 25 per hour
Raw material cost	- Rs. 10 per unit
Total output	- 300 000 units

(a) Compute the following.
(1) Labour productivity
(2) Machine productivity
(3) Total productivity

iv) (a)

1. Labour productivity $= \frac{\text{out put}}{\textit{labour hours}} = \frac{300000}{2500}$

$=$ 120 units/hour or Rs 1.20/unit (½ marks)

2. Machine productivity $= \frac{\text{out put}}{\textit{mechine hours}} = \frac{300000}{4000}$

$=$ 75 units/hour or Rs 3.00/Machine cost (½ marks)

3. Total productivity $= \frac{\text{out put}}{\textit{in put}} = \frac{300000}{550000}$

$=$ 0.545 unit/cost (01 mark)

(Total:02 marks)

(b) State two actions the business can adopt to increase machine productivity.

1. Using machinery equipped with advanced technology.
2. Use unbroken machinery
3. Maintain them properly
4. Identify the bottlenecks
5. Upgrade the machines
6. Increase the capacity
7. Automation

(01 mark for action – 02 actions – 02 marks)

(v) Name and briefly describe the steps that should be included into the control process in order to operate Gihan's business effectively.

The steps of controlling can be listed as follows.

1. Establishment of standards
2. Measure the Performance
3. Recognize deviations
4. Take corrective actions

(Naming ½ mark for step 02marks
(Description1/2 mark for step – 02 marks)

Question 6

6. Rasanjali is a firm which produces high quality biscuits. The newly recruited marketing manager of the firm emphasises the need of market segmentation and sales promotion to the top management. Moreover, the need of a suitable package for the product is highlighted.

Requirements for an effective market segmentation

1. Measurability
2. Accessibility
3. Substantiality
4. Differentiability
5. Actionable

(1/2 mark for a requirement – 04 requirements – Total 02 marks)

(b) Mention two advantages that a business can obtain through market segmentation with examples.

1. Since the entire market is subjected to analysis, much awareness regarding the market can be gained
2. The ability to recognize the appropriate and periodic market.
3. The ability to utilize the limited resources available in the firm efficiently and effectively
4. The firm can minimize the market risk
5. Ability to launch marketing programs more successfully
6. Promote new product
7. Design more effective marketing
8. Deliver better customer service
9. Develop a more customer-centric culture

(01 mark for a point with an example – 02 points – Total 02 marks)

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(ii) (a) Indicate four facts to be considered when developing a package for biscuits.

1. The nature of the product
2. Benefits to the product from the package
3. Technological eligibility
4. Features of the package
5. Convenience to the trader
6. Convenience and the usefulness to the consumer
7. Environment friendliness
8. Cost incurred for the package

Rules & regulation regarding Package

(1/2 mark for a point – 04 points – Total 02 marks)

(b) If there is de-marketing for biscuits, mention four strategies that a marketing manager can adopt to overcome it.

1. Promotion — sales to change the customer Attitude
2. CSR
3. Awareness campaigns
4. Advertising
5. Redesign of products — changing the Market
6. Rebranding — Redefine the m.m.

(1/2 mark for a strategy – 04 strategies – Total 02 marks)

(iii) According to the product classification, indicate the type of good that biscuits belong to and state with reasons the most suitable distribution strategy and promotional strategy that can be used.

* Consumer goods — Convient good **(02 marks)**
* Wide distribution network **(1/2 mark)**
  – ability to buy from any outlet **(1/2 mark)**
* Advertising **(1/2 mark)**
  – To reach the mass customers **(1/2 mark)**

(Total 04 Marks)

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(iv) (a) Indicate two advantages an investor can gain by purchasing treasury bills.

1. The Government guarantees interest and maturity proceeds of the treasury bills
2. Investment is secure as there is zero default risk.
3. Treasury bills are tradable in the secondary market
4. Treasury bill is a transferable instrument where the investor can transfer ownership at any time.
5. Treasury bills are issued at a discount, and the face value is paid at maturity with interest paid upfront
6. Government securities are not subject to withholding tax

(01 mark for a point – 02 points – Total 02 marks)

(b) Write two differences between licensed commercial banks and licensed specialised banks.

Licensed Commercial Banks (LCBs)	Licensed Specialized Banks (LSBs)
1. Maintaining current accounts - Payable upon demand by cheque, draft, order, or otherwise.	1. Not authorized to accept and maintain demand deposits from the public.
2. Authorized deal with foreign currency as authorized dealers	2. Not authorized to deal with foreign currency
3. Aim is to receive funds from the public through the acceptance of money deposits	3. Aim is to engage in funding industrial activities, agricultural activities, real estate activities, or other economic activities
4. Need to register at the Monitory Board at the Central Bank.	4. Need to register under the Banking Act and requires a special license from CBSL
5. Ability to create money	5. Inability to create money
6. Short-term focus	6. Long term focus

02 Marks for 02 differences

(v) Write **four** reasons for Colombo Stock Market to be important for the economic development of Sri Lanka.

1. Encouraging individuals and institutions investments
2. Investors can enjoy various benefits by investing through Colombo Share Market
3. Companies get the opportunity to collect a large capital
4. Ability to attract foreign investors in the country
5. The Government can collect the required fund by selling government securities
6. Creating value for company shares
7. Increasing the goodwill and the image of companies
8. Receiving a secondary market for company shares

(01 mark for a point – 04 points – Total 04 marks)

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Question 7

7. (i) (a) Briefly describe capital budgeting.

Capital budgeting is the process a business undertakes to evaluate potential major projects or investments.

(02 mark for similar answer)

(b) 'There is an advantage of sourcing funds internally than externally for a business.' Do you agree with this statement? Justify your answer.

Yes. Internal funding is the simple, direct way to obtain the capital for growth.

(01Marks)

Advantages of internal sources of funds

1. Reduction in cost
2. Easy to obtain
3. No need of paying back
4. Liability of the business not being increased.
5. No need to obey special conditions
6. Retention of control and ownership
7. Avoid excessive tax

(01 marks for two points)

(ii) (a) Briefly explain two reasons as to why compensation management is important for a business.

1. Employee satisfaction
2. Attracting and retaining top talent
3. Improved performance
4. Reduced turnover
5. Enhanced reputation
6. Reduce employee absenteeism
7. Boost employee loyalty

(01 mark for a point – 02 points 02 marks)

(b) Indicate **four** actions that an employer can take if an employee commits an indiscipline act.

1. Verbal warning
2. Written warning
3. Fines or recharging the loss

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4. Suspension from the job temporary
5. Transferring from the job as a disciplinary action
6. Halting salary increments or making them delaying
7. Demotion from the post.
8. Termination from the job

(1/2 a mark for a point – 04 points 02 marks)

(iii) (a) Indicate two special characteristics of human resource.

1. Human resource is the only factor of production that lives
2. Human resources alone can think, act, analyze, and interpret
3. Ability to control all other resources
4. Increase in value through training
5. Ability to work in teams
6. The behavior of human resources is unpredictable
7. Human resource exhibits innovation and creativity
8. Human resources can be motivated either financially or non financially

(01 mark for a point – 02 points 02 marks)

(b) Define what is meant by 'probationary period of employees' and indicate an advantage of it for both employer and employee.

A probation period is a time a recruit takes to understand company policies, rules, and job responsibilities. Or the period of service that a newly recruited employee should complete before being made him/her permanent in the job is the probationary period.

(01 mark – Marks should be given for similar answers)

Advantages for an employer	Advantages for an employer
1. Allows the employer to decide whether an employee fits the work or not	1. Allows employees to decide whether work fits him/her
2. Allows the employer to evaluate new hires closely and avoid retaining new hires who are not able to meet the standards during probation	2. Able to learn and experience the working environment
	3. Able to familiarize with coworkers and the supervisors

(1/2 mark for each party – 01eachs 01 mark)

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(iv) (a) 'Every job entails three elements:'
(1) Name the three elements.
(2) Briefly describe the inter-relations among the elements that you have identified.

(1)

1. Tasks
2. Duties
3. Responsibilities

(01 mark for three elements. If less than three ½ a mark. No marks for single point.)

(2) A task is a series of distinctly identifiable motions, and a duty is a collection of tasks. Responsibility refers to the obligation to perform the entrusted tasks and duties up to the expected standards.

(01 mark – Marks should be given for similar answers)
(Total 02 marks)

(b) State four internal factors to be considered in forecasting the human resource demand.

1. Demand for the particular goods or services
2. Objectives of the firm
3. Production method
4. Future retirements of the employees
5. Number of employees to be resigned
6. Number of employees getting promotions
7. Future projects
8. Termination of service
9. Budget constraints
10. Employee dismissal

(1/2 a mark for a point – 04 points 02 marks)

(v) (a) Write two redresses an employee can obtain, if a labour tribunal provides a verdict that termination of the employment is not based on a reasonable cause.

1 Reinstatement of Service

2 Award compensation in lieu of reinstatement

(1 mark for a point – 02 points 02 marks)

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(b) Briefly describe two negative consequences a company can face by not using appropriate Occupational Health and Safety (OHS) methods.

1. Increasing the premium of health insurance scheme of the employees (due to frequent payment of compensation by the insurance companies)
2. Increasing of compensation payments.
3. Increasing charges for legal requirements.
4. Dissatisfaction and unrest of the employees increases.
5. Decreasing employee productivity.
6. Decreasing quality of the employees.
7. The damages to the tools increases.
8. Increasing the expenses of medical charges.
9. Damaging the goodwill of the business.
10. Increasing the employee absenteeism
11. Increasing employee turnover

(01 mark for a point – 02 points 02 marks)

Question 8

8. (i) (a) 'Information can be classified based on different criteria.' Mention the types of information based on the nature.

According to the nature

1. Quantitative
2. qualitative

(01 mark for a point – 02 points 02 marks)

(b) State **four** functions of an information system.

Information systems perform functions such as

1. Communicating information to the relevant parties accurately.
2. Assisting in upliftment of the quality of the product.
3. Assisting in minimizing the cost of the institute.
4. Providing a situation to face the competition successfully.
5. Ascertaining the successfulness of the managerial functions.
6. Providing relevant information for required parties at any required time.

(½ mark for a point. 04 points - Total 02 marks)

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(ii) (a) Briefly explain the difference between system software and operating software.

System software	Operating system (Software)
System software is the software that manages the resources and allows a user to interact with the system	An operating system (OS) is a program that, after being initially loaded into the computer by a boot program, manages all of the other application programs in a computer

(01 mark for each - Total 02 mark

(b) Aloka company is considering suitable information systems for its employee grades. Name the suitable information system for each grade given below.

(1) Top management
(2) Middle management
(3) Technical officers
(4) Clerical

Grade	Information system
1. Top Management	Executive Support Systems (ESS)
2. Middle Management	Management Information Systems (MIS) / Decision support system (DSS)
3. Technical officers	Knowledge Work System (KWS)
4. Clerical	Transaction Processing System (TPS)

(½ mark for a correct answer - Total 02 marks)

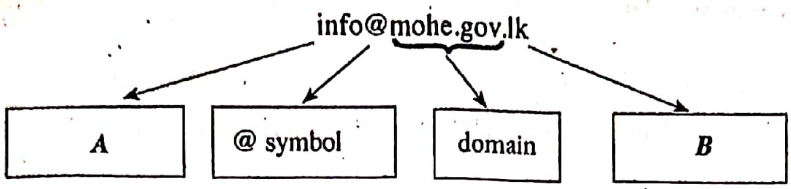
(iii) (a) Write **four** advantages a business can obtain by using internet for business affairs.

1. For e-commerce affairs
2. Ability to advertise goods and services
3. Ability to obtain necessary information of one's competitors.
4. To minimize the communication cost.
5. For expanding one's market all over the world.
6. For obtaining information easily and fast
7. For conducting business affairs using social websites by businesses.
8. For training and development.
9. Remote staff hiring

(½ mark for a point. 04 points - Total 02 marks)

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(b) 'An email address consists of several components.' Write the suitable word for *A* and *B* of the email address given below.



A = User name
B = Country code

(01 mark for a correct answer - Total 02 marks)

(iv) (a) Mention **four** advantages a businessman can gain by preparing a business plan.

1. The business plan depicts where the business should go in the future (explaining of vision, mission, goals, and objectives).
2. It gives a comprehension about the business to the interested parties.
3. To get financial facilities required by the business.
4. To identify the required resources for a business and to maneuver them easily.
5. Ability to organize the future business activities in order and well through the depiction of everything suitably.
6. Useful for evaluating the performance of the business.
7. Assists in attracting employees for the positions of the business.
8. Easy in regulation and control.
9. Create an effective strategy for growth,
10. Attract investors (including funding) / employees and lenders.

(½ mark for a point. 04 points - Total 02 marks)

(b) Briefly explain the necessity of conducting an environmental assessment when preparing a business plan.

Aim of the Executive summary is to provide a condensed version of the main document.

(02 marks for similar answer)

(v) (a) State **four** instances where a financial plan that is included in the business plan is important for a businessman.

1. To determine and obtain the amounts of funds required for business affairs
2. To make investment decisions on the funds available in the business
3. To identify the periods when financial shortcomings may arise and to decide possible solutions
4. To determine the periods when there can be excess funds in the business and make effective investment decisions.

(½ mark for a point. 04 points - Total 02 marks)

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(b) Briefly explain the necessity of conducting an environmental assessment when preparing a business plan.

The environmental assessment aims to ensure that decision-makers consider environmental impacts when deciding whether or not to proceed with a project.

(02 marks – Marks should be given for similar answ

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