G.C.E. (A/L) Examination – 2023(2024)

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

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 ballpoint pen for marking. (Only the Chief/Additional Chief Examiner may use a mauve color pen.)
2. Note down the 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 the Examiner's initials.
4. Write down the 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) 4/5 + (ii) 3/5 + (iii) 3/5 = 10/15

MCQ answer scripts: (Template)

1. Marking templates 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 'ν' 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.

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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Department of Examinations

G.C.E.(A/L) Examination - 2023 (2024)

Subject code 32 **Subject** **BUSINESS STUDIES**

Marking Scheme

Paper I

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

✪ **Special Instructions :**

02 Marks per answer

Total Marks 2 × 30 = 60

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

31. a) Environmental, Economic, (Planet/Profit)(any order)

    b) Legal, Social

32. a) Reserve, Cash

    b) Fiscal / Budgetary, Monetary

33. a) Vision, Mission

    b) Feedforward, Concurrent

34. a) Non-verbal, Verbal

    b) Internal, External

35. a) Inventory, Breakeven

    b) Seller, Marketing

36. a) Consumer, Industrial

    b) Patent, Brand

37. a) Business, Executive

    b) Human, Technical

38. a) Risk, Dividends(Returns)

    b) Mergers, Acquisitions

39. a) Third, Reverse

    b) Investment, Financing

40. a) Big data, Global

    b) Product, Process

41.

1. Creativity
2. Innovation
3. Social Awareness
4. Empathy
5. Visionary
6. Adaptability
7. Transparency
8. Upgrading Living Standards of Community
9. Resilience
10. Environment Friendliness

42.

1. Exporting
2. Licensing
3. Franchising
4. Alliances and joint venturers
5. Foreign Direct Investment (FDI)
6. Acquisitions
7. Foreign Branches
8. Turnkey Projects
9. Management Contracts

43.

1. Focus
2. Customers
3. Goals
4. Required Financial Resources

44.

1. Core Benefits
2. Generic/Basic Product
3. Expected Product
4. Augmented Product
5. Potential Product

45.

1. Increasing efficiency
2. Optimizing inventory levels
3. Reducing ordering cost
4. Minimizing Cost of Storage
5. Bulk Order Discounts
6. Reducing Wastage
7. Reducing stockouts
8. Improve operational performance

7. ed

46.

1. ISO 9001
2. ISO 14001
3. ISO 22000
4. ISO 45001

47.

1. Receiving Dividends
2. Participating in the Management
3. Voting Rights
4. Ability for Collateral
5. High Liquidity
6. Right Issues
7. Bonus Issues
8. Rights to Capital Gains

48.

1. Sanitary Certificate/ Quarantine Certificate/ Health Certificate
2. Letter of Credit
3. Proforma Invoice
4. Letter of Origin

49.

1. Hardware
2. Liveware
3. Software
4. Firmware

50.

1. Job Analysis
2. Job Specification
3. Evaluation of applications/ Short Listing
4. Appointment/Hiring

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AL/2023(2024)/32/E-II

සියලු ම හිමිකම් ඇවිරිණි /முழுப் பதிப்புரிமையுடையது/All Rights Reserved]

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාරතමේන්තුව
இலங்கைப் பரீட்சைத் திணைக்களம், Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2023 (2024)
கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2023 (2024)
General Certificate of Education (Adv. Level) Examination, 2023 (2024)

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. Amali registered a yoghurt manufacturing firm by the name of 'Yummy Yoghurt'. She operates it by a loan obtained from a state bank. She intends to operate the business activities while engaging in social responsibilities. Amali has recruited five workers for the business. Currently, she explores new avenues that can add value to the product.

(i) (a) State the classification of this business based on each of the following:
(1) nature of the product (01 mark)
(2) objective (01 mark)
(b) Write **four** advantages Amali gains by obtaining a bank loan for the business. (02 marks)

(ii) (a) Describe the meaning of 'value addition'. (02 marks)
(b) State **two** advantages Amali can obtain from the value addition to the product. (02 marks)

(iii) (a) Indicate the legal requirement Amali should adhere to based on each of the following aspects:
(1) Business registration (01 mark)
(2) Percentage of employer contribution for Employee Trust Fund (ETF) (01 mark)
(b) State whether 'Yummy Yoghurt' firm is liable or not to pay income tax? Briefly explain your answer. (02 marks)

(iv) (a) Mention **two** social responsibilities Amali can perform through her business. (02 marks)
(b) Briefly explain why a business needs to engage in social responsibilities. (02 marks)

(v) Name **two** external and **two** internal stakeholders and state an influence from each stakeholder on Amali's business. (04 marks)

(*Total* 20 *marks*)

2. Rasika established a software development firm in Sri Lanka on his own. Initially, his business catered to local clients and eventually expanded to the international level. During this period, Rasika has showcased a dynamic leadership style and built a good rapport with his clients. He is also very keen to participate in training programs to upscale his skills. Because of the complexity and size of the business operations, Rasika intends to convert the business into a Private Limited Company.

(i) (a) State **four** limitations of a sole proprietorship. (02 marks)
(b) Write **two** entrepreneurial skills Rasika possesses based on the above case. (02 marks)

[See page two

(ii) (a) If Rasika develops a web-based software, state whether that belongs to a good or a service and justify your answer giving **two** reasons. (02 marks)

(b) Write **two** advantages of a Private Limited Company compared to a sole proprietorship. (02 marks)

(iii) (a) State separately, the minimum number of directors to be appointed for a Public Limited Company and a Private Limited Company according to the Companies Act No. 07 of 2007. (02 marks)

(b) Name **four** documents needed to be submitted to the Registrar of Companies office to incorporate Rasika's business as a Private Limited Company according to the Companies Act No. 07 of 2007. (02 marks)

(iv) (a) Write **four** benefits Rasika can enjoy by outsourcing certain activities of his business. (02 marks)

(b) Mention **two** challenges he will have to face when outsourcing the business activities. (02 marks)

(v) State and explain **two** contributions this business can provide to address the current economic crisis in Sri Lanka. (04 marks)

(*Total* 20 *marks*)

3. (i) (a) What is meant by 'management of public debts' by the Central Bank of Sri Lanka. (02 marks)

(b) Explain the role of 'Sri Lanka Inter-bank Payment System' (SLIPS). (02 marks)

(ii) (a) What is the role of unit trust management companies? (02 marks)

(b) In which instance does a bank dishonour a cheque stating 'refer to drawer'? (02 marks)

(iii) (a) What is meant by subrogation principle of insurance? (02 marks)

(b) Introduce 'marine cargo insurance'. (02 marks)

(iv) (a) State what is 'informal communication' and provide an example for it. (02 marks)

(b) Write **two** advantages and **two** disadvantages of informal communication. (02 marks)

(v) (a) Write **four** advantages of containerization for the transportation of goods. (02 marks)

(b) Briefly explain the difference between transport and logistics? (02 marks)

(*Total* 20 *marks*)

4. (i) (a) Write **four** differences between wholesale trade and retail trade. (02 marks)

(b) State **two** factors to be considered in designing a warehouse for storing industrial chemicals. (02 marks)

(ii) (a) State **two** e-business models and briefly explain each of them. (02 marks)

(b) What is meant by e-retailing? (02 marks)

(iii) (a) Define 'product franchises'. (02 marks)

(b) State **four** advantages of internationalization for a business. (02 marks)

(iv) (a) Describe **two** functions of a bill of lading. (02 marks)

(b) What is Entrepot trade? (02 marks)

(v) (a) State **two** multi-lateral trade agreements. (02 marks)

(b) Mention **four** advantages a country can gain from multi-lateral trade agreements. (02 marks)

(*Total* 20 *marks*)

[See page three

Part II

5. Kamalini is the owner of a printing company. With the growth of the company, Kamalini realized the need of creating an organizational chart and delegating authority. She adopts control systems and employ motivational tactics to enhance the quality of the printing.

(i) (a) What is an 'organizational chart'? (02 marks)

(b) Write **four** principles Kamalini needs to consider in creating an organizational structure. (02 marks)

(ii) (a) What is meant by 'delegation of authority'? (02 marks)

(b) Write **two** challenges Kamalini faces in delegating authority? (02 marks)

(iii) (a) Explain why employee motivation is required for Kamalini's company. (02 marks)

(b) Write **two** non-financial motivational tactics Kamalini can adopt for her business. (02 marks)

(iv) (a) Explain how quality of printing will be enhanced if Kamalini uses Computerized Numerical Control (CNC) system for production. (02 marks)

(b) Some production details of Kamalini's company are given below.

Description	Estimated	Actual
Raw material cost per unit	Rs. 200	Rs. 250
Raw material quantity per unit of production	06 kg	08 kg

If the company produced 300 units in January,

(1) Calculate the price variance. (01 mark)

(2) State whether the variance calculated in (1) above is favourable or unfavourable for Kamalini's business. (01 mark)

(v) State most appropriate production method that Kamalini should apply for her business with **three** advantages of it. (04 marks)

(Total 20 marks)

6. Kanchana recently started an electrical appliance manufacturing company in Sri Lanka. Although his products are at an introductory stage of the Product Life Cycle, he is much concerned about the quality of products. He is also interested in sources of financing and breakeven point of the business.

(i) (a) State **two** characteristics of a product which is at an introductory stage. (02 marks)

(b) Write **two** challenges Kanchana will face at the introductory stage of the product. (02 marks)

(ii) (a) State **four** quality elements Kanchana should consider in designing a product. (02 marks)

(b) Suggest **four** methods of advertising Kanchana can use to promote the products. (02 marks)

(iii) (a) What is 'market segmentation'? (02 marks)

(b) Briefly explain **two** methods Kanchana can adopt to segment the domestic electrical appliance market. (02 marks)

(iv) (a) Write **two** direct financial sources Kanchana can use for the business. (02 marks)

(b) State **two** instances where capital investment decisions are needed to be made in operating Kanchana's business. (02 marks)

[See page four

(v) Some information on production-related costs of Kanchana's business are given below:

	Rs.
Fixed cost	300 000
Variable cost (per unit)	500
Selling price (per unit)	1 000

(a) Calculate the break-even point:
(1) in units (01 mark)
(2) in rupees (01 mark)
(b) If the company sells 1 500 units, what will be the profit gained? (01 mark)
(c) If the company doubles the selling price, what will be the new break-even point in units? (01 mark)
(*Total* 20 *marks*)

7. (i) (a) Name **two** ways a Public Limited Company can register in the Colombo Stock Exchange (CSE). (02 marks)
(b) What is meant by the 'All Share Price Index' (ASPI)? (02 marks)
(ii) (a) State **two** differences between cash budget and capital budget. (02 marks)
(b) Mention **four** objectives of financial management. (02 marks)
(iii) (a) Explain what is meant by Return on Investment (ROI) ratio and indicate **two** decisions an investor can make by using it. (02 marks)
(b) State why an organization requires human resource planning and write **two** advantages that can be obtained from it. (02 marks)
(iv) (a) Write **two** advantages and **two** disadvantages of recruiting casual employees for an organization. (02 marks)
(b) State **two** benefits each an employer and employee can gain through a performance appraisal. (02 marks)
(v) (a) State **two** ways of providing on-the-job training and indicate **two** benefits an organization can obtain from it. (02 marks)
(b) Write **four** advantages of an effective grievance handling process for a business. (02 marks)
(*Total* 20 *marks*)

8. (i) (a) Explain what is meant by 'exit interviews' and state **two** benefits an organization can obtain from it. (02 marks)
(b) Explain the process of data processing using an example. (02 marks)
(ii) (a) State **four** methods that information can be classified according to the source. (02 marks)
(b) Write **two** methods a company can adopt to ensure data protection. (02 marks)
(iii) (a) Describe 'Strategic Information Systems' (SIS) and write **two** advantages from it for an organization. (02 marks)
(b) Explain how Management Information Systems assist decision making of middle managers. (02 marks)
(iv) (a) State **two** instances each where social media can be a threat to businesses and customers. (02 marks)
(b) State **four** situations a business plan is required for an organization. (02 marks)
(v) (a) What is a 'green product'? (02 marks)
(b) Write **four** advantages for consumers from green products. (02 marks)
(*Total* 20 *marks*)

* * *

General Certificate of Examination (Adv. Level)

Examination - 2022(2023)

32 - Business Studies

Part I

01. (i)

1. Amali registered a yoghurt manufacturing firm by the name of 'Yummy Yoghurt'. She operates it by a loan obtained from a state bank. She intends to operate the business activities while engaging in social responsibilities. Amali has recruited five workers for the business. Currently, she explores new avenues that can add value to the product.

(i) (a) State the classification of this business based on each of the following:
(1) nature of the product (01 mark)
(2) objective (01 mark)
(b) Write **four** advantages Amali gains by obtaining a bank loan for the business. (02 marks)

(ii) (a) Describe the meaning of 'value addition'. (02 marks)
(b) State **two** advantages Amali can obtain from the value addition to the product. (02 marks)

(iii) (a) Indicate the legal requirement Amali should adhere to based on each of the following aspects:
(1) Business registration (01 mark)
(2) Percentage of employer contribution for Employee Trust Fund (ETF) (01 mark)
(b) State whether 'Yummy Yoghurt' firm is liable or not to pay income tax? Briefly explain your answer. (02 marks)

(iv) (a) Mention **two** social responsibilities Amali can perform through her business. (02 marks)
(b) Briefly explain why a business needs to engage in social responsibilities. (02 marks)

(v) Name **two** external and **two** internal stakeholders and state an influence from each stakeholder on Amali's business. (04 marks)

(Total 20 marks)

(a)

1. Secondary **(01 mark)**
2. Profits **(01 mark)**

(b)

1) Only a specific interest has to be paid
2) Receiving tax concessions/relief
3) Being formalized by preparing a business plan
4) Able to pay installments while earning profits
5) Ability to compromise the repayment period of loan

6) Reducing the interest
7) Building up confidence among external parties **(1/2 x 04 = 02 mark)**

(ii)

(a) The difference between the cost of inputs used in production and the selling price of the finished goods or value added at each stage of production

(02 marks)

(b)

1) Increasing the value of the product
2) Ability to set a higher price
3) Increasing the profit margin
4) Ability to face market competition
5) Increasing customer attraction
6) Consumer loyalty for the product

(01 mark x 02 = 02 marks)

(iii) (a)

1. When the business is operated by using a name other than Amali's full name, it is required to register under Business Names Ordinance No: 06 of 1918

(Total 01 mark)
(Only the reason ½ mark without legal source)

2. 3% **(01 mark)**

(b) No: **(01 mark)**
Since the firm has no legal personality, tax should be paid by the name of Amali, not by the name of the business firm.

(01 mark)

(iv) (a)

1) Creating employment opportunities
2) Managing waste
3) Creating green products/Eco-friendly products
4) Community welfare services
5) Conducting business activities in an environmentally friendly manner.
6) Providing quality products

7) Discharging social responsibilities for other parties.
8) Paying due taxes properly

(01 mark x 2 = 02 marks)

(b) As businesses are conducted using scarce and public resources, they are obliged to discharge social responsibilities.

(02 marks)

(v)

External parties

Customers

1) Bargaining prices
2) Increasing quality
3) Bargaining Trade conditions
4) Securing consumer rights
5) providing customer feedback

Suppliers

1) Providing quality materials
2) Bargaining prices
3) Imposing conditions on material supplies
4) Continuous supply of materials
5) Providing materials on time
6) Providing appropriate supply services

Bank

1) Influencing on interest
2) Imposing credit terms and conditions
3) Imposing limitations on credit repayment period
4) Imposing conditions on collaterals

Government

1) Providing financial incentives
2) Creating a favorable business environment

Naming two parties ½ x 2 = 01 marks
Mentioning influence 1/2 x 02 = 01 marks

Internal Parties

Amali / Owner

1) Providing capital
2) Innovations
3) Building company image through discharging social responsibilities
4) Creating trust

Employees

1) Fulfilling duties
2) Contributing towards the growth of the business
3) Bargaining on job-related matters

Naming two parties ½ x 2 = 01 marks
Mentioning influence 1/2 x 02 = 01 marks
(Total = 04 marks)

02. (i)

2. Rasika established a software development firm in Sri Lanka on his own. Initially, his business catered to local clients and eventually expanded to the international level. During this period, Rasika has showcased a dynamic leadership style and built a good rapport with his clients. He is also very keen to participate in training programs to upscale his skills. Because of the complexity and size of the business operations, Rasika intends to convert the business into a Private Limited Company.

(i) (a) State **four** limitations of a sole proprietorship. (02 marks)
(b) Write **two** entrepreneurial skills Rasika possesses based on the above case. (02 marks)

(ii) (a) If Rasika develops a web-based software, state whether that belongs to a good or a service and justify your answer giving **two** reasons. (02 marks)
(b) Write **two** advantages of a Private Limited Company compared to a sole proprietorship. (02 marks)

(iii) (a) State separately, the minimum number of directors to be appointed for a Public Limited Company and a Private Limited Company according to the Companies Act No. 07 of 2007. (02 marks)
(b) Name **four** documents needed to be submitted to the Registrar of Companies office to incorporate Rasika's business as a Private Limited Company according to the Companies Act No. 07 of 2007. (02 marks)

(iv) (a) Write **four** benefits Rasika can enjoy by outsourcing certain activities of his business. (02 marks)
(b) Mention **two** challenges he will have to face when outsourcing the business activities. (02 marks)

(v) State and explain **two** contributions this business can provide to address the current economic crisis in Sri Lanka. (04 marks)

(Total 20 marks)

(a)

1. Limited sources of funds
2. Probability of failing decisions taken by the owner
3. No legal personality
4. No continous existence
5. Management is difficult when expanding the business
6. Enjoying losses alone
7. Bearing risk alone

(1/ 2 mark x 04 = 02 marks)

(b)

1. Leadership Skills
2. Interpersonal Skills
3. Management Skills

(01 mark x 02 = 02 marks)

(ii) (a) **Service** **(01 marks)**

Reasons

1) Subscription or pay-per-use
   or
2) Hosted by the developer on a server and the user can access it

(1/ 2 x 02 = 01 marks)

OR

Product **(01 marks)**

Reasons

1) Purchase a license
2) Software should be installed in a company server and used on it

(1/ 2 x 02 = 01 marks)

(b)

1) Ability to collect more capital
2) Existence of legal personality
3) Continuous existence / ongoing concern
4) Ability to hire a competent management team
5) Limited liability
6) Ability to share risk
7) Existence of a formal management structure
8) Existence of good governance

(01 x 02 = 02 marks)

(iii) (a)

1) Public Limited Companies - 02
2) Private Limited Companies - 01

(01 x 02 = 02 marks)

(b)

1) Duly filled application form
2) Articles of association
3) Consent letters from the initial directors to work as directors of the company
4) Consent from the initial secretary to work as the secretary of the company

(1/ 2 x 04 = 02 marks)

(iv) (a)

1) Ability reduce cost (Employee / Overhead)
2) Increasing efficiency
3) Minimizing workforce
4) Ability to exceed the existing capacity
5) Saving time
6) Suitable when providing urgent orders
7) Ability to focus on core business activity
8) Ability to use expert knowledge

(1/ 2 x 04 = 02 marks)

(b)

1) Security and reliability issues
2) Disregarding organizational values
3) Difficult to control
4) Communication issues
5) Discouraging internal employees
6) Quality issues
7) Possibility of creating new competitions
8) Ability to leak confidential information about the company

(01 x 02 = 02 marks)

(v)

1) By earning foreign exchange
2) By creating employment opportunities
3) By creating opportunities for innovations
4) by minimizing cost through increasing efficiency
5) By paying taxes
6) By contributing to supporting and related industries

(Naming 02 facts = 02marks)
(Explaining 02 facts = 02 marks)
(Total = 04 marks)

03.

(i) (a) What is meant by 'management of public debts' by the Central Bank of Sri Lanka. (02 marks)
(b) Explain the role of 'Sri Lanka Inter-bank Payment System' (SLIPS). (02 marks)
(ii) (a) What is the role of unit trust management companies? (02 marks)
(b) In which instance does a bank dishonour a cheque stating 'refer to drawer'? (02 marks)
(iii) (a) What is meant by subrogation principle of insurance? (02 marks)
(b) Introduce 'marine cargo insurance'. (02 marks)
(iv) (a) State what is 'informal communication' and provide an example for it. (02 marks)
(b) Write **two** advantages and **two** disadvantages of informal communication. (02 marks)
(v) (a) Write **four** advantages of containerization for the transportation of goods. (02 marks)
(b) Briefly explain the difference between transport and logistics? (02 marks)
(Total 20 marks)

(i) (a) Activities related to acquiring funds from low-cost sources of finance and investing them in effective ways are known as Public Debt Management

(02 marks)

(b) The system with the use of computers is used for settlement of interbank transactions. This is maintained by CBSL

(02 marks)

(ii) (a)

1) Collection of funds from the investors and investing in profitable avenues
2) Participation in the administration and investment functions of unit trust and acting as the promoter of trust.

(02 marks)

(b) Not having sufficient funds in the current account

(02 marks)

(iii)

(a) When the insurer has settled the loss for the damages caused to the insured property, the transfer of other advantages and rights from external parties that the insured can obtain, to the insurer is known as subrogation **(02 marks)**

(b) Insurance coverage obtained by the importer or the exporter to minimize possible losses that can occur to the shipment /cargo **(02 marks)**

(iv)

(a) Informal communication means communication that takes place without a prescribed channel or outside of the organizational structure. **(01 marks)**

Ex: Gossip, grapevine **(01 marks)**

(b) **Advantages:**

1) Being faster than formal communication
2) Fulfilling social and mental requirements
3) The ability to discover some hidden and truthful information
4) The ability to prepare for the decision-making in advance **(1/2 x 2 = 01 marks)**

Disadvantage:

1) More space to flow false information
2) Misunderstandings
3) Tarnishing the goodwill
4) Not covering all related parties
5) Being an irresponsible communications

(1/2 x 02 = 01 marks)

(v) (a) **Advantages:**

1. Protecting the product
2. Easy to transport
3. Ability to provide standards such as length, width, and weight
4. Ease of operational/handling activities
5. Having economic returns

(1/2 x 04 = 02 marks)

(b) Transportation is the process of moving people or goods from one place to another place utilizing different means.

(01 marks)

Logistics is the process of planning and implementation of the flow of goods, services, and relevant information forward and backward from the point of consumption efficiently and effectively intending to ensure the fulfillment of customer needs and wants.

(01 marks)

04.

(i) (a) Write **four** differences between wholesale trade and retail trade. (02 marks)
(b) State **two** factors to be considered in designing a warehouse for storing industrial chemicals. (02 marks)

(ii) (a) State **two** e-business models and briefly explain each of them. (02 marks)
(b) What is meant by e-retailing? (02 marks)

(iii) (a) Define 'product franchises'. (02 marks)
(b) State **four** advantages of internationalization for a business. (02 marks)

(iv) (a) Describe **two** functions of a bill of lading. (02 marks)
(b) What is Entrepot trade? (02 marks)

(v) (a) State **two** multi-lateral trade agreements. (02 marks)
(b) Mention **four** advantages a country can gain from multi-lateral trade agreements. (02 marks)

(Total 20 marks)

(i) (a)

Wholesale Trade	Retail Trade
1) Purchasing for resale	1) Purchasing for end consumption
2) Comparatively, low prices	2) Comparatively, higher price
3) Selling/purchasing large quantities	3) Selling/purchasing small quantities
4) Having few types of goods	4) Vast variety of good
5) Few buyers	5) Many buyers
6) Sound customer relations	6) Comparatively low customer relations

(½ X 4 = 02 marks)

(b)

1) Adhering to legal requirements
2) Zoning and intensity of use in the warehouse
3) Maintaining the required temperature
4) Establishing emergency arrangements
5) Minimizing environment hazards
6) Minimizing social risks
7) Providing restricted access **(1 X 2 = 02 marks)**

(ii) (a)

1) B2B - Business to Business
2) B2C - Business to Consumer
3) C2C - Consumer to Consumer

4) G2C - Government to Consumer
5) B2G - Business to Government
6) G2B - Government to Business
7) C2G - Consumer to Government
8) G2G – Government to Government

(Naming , ½ X2 = 01 mark)
(Description ½ X 2 01 mark)

(b) All the activities relevant to buying and selling goods and services with the intention of end consumption through digital media. **(02 marks)**

(iii)

(a) A product franchise is a business arrangement in which the owner of a particular product, brand, or trademark (known as the franchisor) grants another individual or entity (known as the franchisee) the right to operate a business using that product or brand name.

(02 marks)

(b)

1) Market expansion
2) Ability to use modern technology
3) Ability to distribute products all over the world
4) Ability to get international recognition for the brand name
5) Ability to earn more returns
6) Locational advantages
7) Achieving economies of scale advantage

(½ X 4 = 02 marks)

(iv) (a)

1) Act as a written proof of submitting goods to the shipping company/agent
2) Evidence of ownership of the goods
3) Agreements between ship owners/shipping agents and exporters
4) Assistance for customs clearance

(01 X 2 = 02 marks)

(b) Where goods are imported from another country and kept in a warehouse at the point of entry without being brought into the country and re-exported to another country.

(02 marks)

(v) (a) NAFTA, SAFTA, APTA, EEA, AFTA, BIMSTEC

(1X 2 = 02 marks)

(b)

1) Market expansion
2) A stable market
3) Developing international cooperation
4) Easy to face for the price deviations
5) Gaining various facilities like duty concessions
6) Ensuring all member countries gain equal rights
7) Creating employment opportunities

(½ X 4 = 02 marks)

Part II

05.

Kamalini is the owner of a printing company. With the growth of the company, Kamalini realized the need of creating an organizational chart and delegating authority. She adopts control systems and employ motivational tactics to enhance the quality of the printing.

(i) (a) What is an 'organizational chart'? (02 marks)

(b) Write **four** principles Kamalini needs to consider in creating an organizational structure. (02 marks)

(ii) (a) What is meant by 'delegation of authority'? (02 marks)

(b) Write **two** challenges Kamalini faces in delegating authority? (02 marks)

(iii) (a) Explain why employee motivation is required for Kamalini's company. (02 marks)

(b) Write **two** non-financial motivational tactics Kamalini can adopt for her business. (02 marks)

(iv) (a) Explain how quality of printing will be enhanced if Kamalini uses Computerized Numerical Control (CNC) system for production. (02 marks)

(b) Some production details of Kamalini's company are given below.

Description	Estimated	Actual
Raw material cost per unit	Rs. 200	Rs. 250
Raw material quantity per unit of production	06 kg	08 kg

If the company produced 300 units in January,

(1) Calculate the price variance. (01 mark)

(2) State whether the variance calculated in (1) above is favourable or unfavourable for Kamalini's business. (01 mark)

(v) State most appropriate production method that Kamalini should apply for her business with **three** advantages of it. (04 marks)

(Total 20 marks)

(i) (a)

The way of showing the positions, functions, authority, accountability, responsibilities, and coordination of a formal organization is known as an organizational chart.

(02 marks)

(b)

1) Unity of command
2) Chain of command
3) Span of Control
4) Centralization and decentralization
5) Job specialization
6) Rules, regulations, and procedure
7) Coordination
8) Hierarchy

(½ X 4 = 02 marks)

(ii)

(a) Delegating decision-making authority to lower levels

(02 marks)

(b)

1) Incompetency of employees
2) Lack of accountability
3) Risk of information leaking
4) Hesitate to accept the authority and responsibility

(01 x 02 = 02 marks)

(iii) (a)

1) To enhance employee productivity
2) To improve good industrial relations
3) To improve the goodwill of the business
4) To minimize employee absenteeism
5) To decrease employee turnover
6) To decrease resource wastage
7) To ensure a happy workforce
8) To capitalize on employee talents
9) To achieve organizational goals and objectives

(1/2 x 04 = 02 marks)

(b)

1) Training Employees
2) Promoting Employees
3) Ensuring job security
4) Creating a suitable working environment
5) Providing modern equipments
6) Providing health facilities, housing facilities, food, uniforms
7) Employee involvement in management
8) Organizing entertainment activities
9) Employee Appreciation
10) Employee empowerment

(1/2 x 04 = 02 marks)

(iv) (a)

1) Reducing wastage
2) High precision/accuracy

(01 x 02 = 02 marks)

(b)

1. (50x300) = Rs. 15,000 **(01 mark)**
2. Unfavorable **(01 mark)**

(v) Batch production **(01 mark)**

Advantages:

1) Ability to change design batch-wise
2) Reduce unit cost because of comparatively lot production
3) Ability to prioritize orders
4) Increase production volume
5) Customization

(01 X 03 = 03 marks)

06.

Kanchana recently started an electrical appliance manufacturing company in Sri Lanka. Although his products are at an introductory stage of the Product Life Cycle, he is much concerned about the quality of products. He is also interested in sources of financing and breakeven point of the business.

(i) (a) State **two** characteristics of a product which is at an introductory stage. (02 marks)

(b) Write **two** challenges Kanchana will face at the introductory stage of the product. (02 marks)

(ii) (a) State **four** quality elements Kanchana should consider in designing a product. (02 marks)

(b) Suggest **four** methods of advertising Kanchana can use to promote the products. (02 marks)

(iii) (a) What is 'market segmentation'? (02 marks)

(b) Briefly explain **two** methods Kanchana can adopt to segment the domestic electrical appliance market. (02 marks)

(iv) (a) Write **two** direct financial sources Kanchana can use for the business. (02 marks)

(b) State **two** instances where capital investment decisions are needed to be made in operating Kanchana's business. (02 marks)

(v) Some information on production-related costs of Kanchana's business are given below:

	Rs.
Fixed cost	300 000
Variable cost (per unit)	500
Selling price (per unit)	1 000

(a) Calculate the break-even point:

(1) in units (01 mark)

(2) in rupees (01 mark)

(b) If the company sells 1 500 units, what will be the profit gained? (01 mark)

(c) If the company doubles the selling price, what will be the new break-even point in units? (01 mark)

(Total 20 marks)

(i) (a)

1) Low sales
2) Low profits/ losses
3) High promotion cost
4) Offer a basic product

(01 X 02 = 02 marks)

(b)

1) Lack of consumer awareness
2) Competitiveness and legal and regulatory issues
3) Consumer refusal
4) Issues in identifying a pricing methds
5) Issues in identifying the target market
6) Issues in market positioning
7) Issues in distribution

(01 X 02 = 02 marks)

(ii) (a)

1) Durability
2) Proper functioning
3) Safety / Security
4) Reliability
5) Standardization
6) Suitability

(1/2 X 04 = 02 marks)

(b) TV, Radio, Posters, Banners, Billboards, Digital boards, Seasonal publications, News Papers, Brochures, Social media, e-mail campaign

(1/2 X 04 = 02 marks)

(iii)

(a) Segmenting the entire market with dissimilar features into groups of similar features is known as market segmentation

(02 marks)

(b)

1) **Demographical Factors** - (Social classes, Income)
2) **Behavioral Factors** - (Occasion, Loyalty**)** **(1 X 2 = 02 marks)**

(iv) (a)

1) Retained profits
2) Provision for depreciation
3) Selling of extra assets
4) Strict control of working capital
5) Bank loans
6) Personal loans

(1 X 2 = 02 marks)

(b)

1) Modernizing the business
2) Expanding the business
3) Diversifying the business
4) Fixed assets/ Long term securities

(1 X 2 = 02 marks)

(v) (a)

I. BEP in Units $= \frac{\text{Total fixed cost}}{\text{Contribution per unit}}$

$= \frac{300,000}{1,000 - 500}$

$=$ 600 units

(01 mark)

II. BEP in Rs. $=$ 600 units x Rs. 1,000

$=$ Rs. 600,000

(01 mark)

(b) Expected Units $= \frac{\text{TFC + Profit}}{\text{CPU}}$

$1500 = \frac{300,000 + \text{Profit}}{500}$

$1500 \times 500 = 300,000 + \text{Profit}$

$750,000 - 300,000 = \text{Profit}$

Rs. 450,000 $=$ Profit

(01 mark)

(c) BEP in Units $= \frac{\text{TFC}}{\text{CPU}}$

$= \frac{300,000}{2,000 - 500}$

$= \frac{300,000}{1500}$

$=$ 200 Units **(01 mark)**

07.

(i) (a) Name **two** ways a Public Limited Company can register in the Colombo Stock Exchange (CSE). (02 marks)

(b) What is meant by the 'All Share Price Index' (ASPI)? (02 marks)

(ii) (a) State **two** differences between cash budget and capital budget. (02 marks)

(b) Mention **four** objectives of financial management. (02 marks)

(iii) (a) Explain what is meant by Return on Investment (ROI) ratio and indicate **two** decisions an investor can make by using it. (02 marks)

(b) State why an organization requires human resource planning and write **two** advantages that can be obtained from it. (02 marks)

(iv) (a) Write **two** advantages and **two** disadvantages of recruiting casual employees for an organization. (02 marks)

(b) State **two** benefits each an employer and employee can gain through a performance appraisal. (02 marks)

(v) (a) State **two** ways of providing on-the-job training and indicate **two** benefits an organization can obtain from it. (02 marks)

(b) Write **four** advantages of an effective grievance handling process for a business. (02 marks)

(Total 20 marks)

(i) (a)

1) Through an Initial Public Offer (IPO)
2) Offer for sale
3) Through an Introduction

(02 marks)

(b) All Share Price Index (ASPI) -

This shows the fluctuations of prices of voting ordinary shares of all the listed companies in the Colombo Stock Exchange

(02 marks)

(ii) (a)

Cash Budget	Capital Budget
1) Short term 2) Cash flow decisions 3) Cash receipts and disbursement	1) Long term 2) Investments decisions 3) Investment and return

(1 X 2 = 02 marks)

(b)

1) Profit maximization
2) Maximizing earnings per share

3) Establishment of long-term financial stability
4) Maintaining the liquidity at an optimum level
5) Maximizing the wealth of shareholders
6) Optimal utilization of resources
7) Stakeholder satisfaction
8) Risk management

(½ X 4 = 02 marks)

(iii) (a)

ROI shows the relationship between the returns of the business related to the total investment as a percentage

(01 mark)

Decisions

1) Selecting investment opportunity
2) Portfolio management decision
3) Benchmarking and investing decision

(1/2 x 2 = 01 marks)

(b) Ability to determine workforce requirements and make decisions regarding the activities to be implemented to fulfill those requirements to achieve the goals and objectives of a firm.

(01 mark)

Advantages

1) Ability to determine the future human resources requirements
2) Ability to minimize labour cost by identifying excess and deficiencies in labour and taking necessary action for them
3) Ability to avoid unnecessary costs that may occur due to sudden recruitment
4) Ability to utilize human resources efficiently and productively.
5) Ability to lead the other management functions of the organization in the expected manner
6) Ability to develop competent employees

(1 X 2 = 01 marks)

(iv) (a)

Advantages:

1) No guarantee of permanency
2) Minimize the labour cost
3) When necessary, the employee can be terminated

4) Flexibility in recruitments
5) Less barging power on employee rights

(1/2 X 2 = 01 mark)

Disadvantages:

1) Lack of accountability of employees
2) Lack of employee loyalty
3) Lack of commitment
4) Additional cost due to repeat recruitments
5) High absenteeism

(1/2 X 2 = 01 mark)

(b)

Employer:

1) To recognize training needs
2) To make decisions on promotion and transfers
3) To make decisions on salary increment
4) To increase the employee productivity

(1/2 X 2 = 01 mark)

Employee:

1) Increase employee motivation
2) Ability to enjoy benefits through performance evaluation
3) Being qualified for future promotions
4) Ability to increase personal returns
5) Ability to recognize own strengths/ weaknesses

(1/2 X 2 = 01 mark)

(v) (a)

1) Coaching
2) Apprenticeship
3) Job rotation
4) Internships
5) Under study
6) Mentoring
7) Shadow training

(1/2 X 2 = 01 mark)

Benefits:

1) While training is on the job, no disturbance to production

2) Minimize training cost
3) Effective training
4) Strengthening employee affection

(1/2 X 2 = 01 mark)

(b)

1) Decreasing employee turnover
2) Controlling employee absenteeism
3) Minimizing trade union actions
4) Ensuring industrial harmony by strengthening industrial relations
5) Increasing the goodwill of the business
6) Employee motivation

(1/2 X 4 = 02 marks)

08.

(i) (a) Explain what is meant by 'exit interviews' and state **two** benefits an organization can obtain from it. (02 marks)
(b) Explain the process of data processing using an example. (02 marks)
(ii) (a) State **four** methods that information can be classified according to the source. (02 marks)
(b) Write **two** methods a company can adopt to ensure data protection. (02 marks)
(iii) (a) Describe 'Strategic Information Systems' (SIS) and write **two** advantages from it for an organization. (02 marks)
(b) Explain how Management Information Systems assist decision making of middle managers. (02 marks)
(iv) (a) State **two** instances each where social media can be a threat to businesses and customers. (02 marks)
(b) State **four** situations a business plan is required for an organization. (02 marks)
(v) (a) What is a 'green product'? (02 marks)
(b) Write **four** advantages for consumers from green products. (02 marks)
(Total 20 marks)

(i)

(a) Discussion conducted by the management of the organization with an employee about to leave or already left known as an exit interview

(01 mark)

Benefits:

1) To know the reasons for leaving the organization
   Ex: Salary issues, work-related issues, service conditions relared issues
2) To provide solution for the identified issues
3) To get knowledge about employees' awareness of the organization
4) To identify the responsibilities of the organization and match them with the expectations of the departing employee

5) Ability to identify risks and provide solutions immediately

(1/2 X 2 = 01 mark)

(b) Data ⟶ Processing ⟶ Information

(01 mark)

The process of converting data into information is known as data processing.

Ex: Preparing financial statements using daily transactions. Merging different types of data and converting them into information

(01 mark)

(ii) (a)

1) External
2) Internal
3) Primary
4) Secondary

(1/2 X 4 = 02 mark)

(b)

1) Using a formal and strong password
2) Providing security to all computers
3) Protecting from viruses
4) Continuous maintenance and control
5) Maintaining Backups
6) Firewalls and Network Security

(1 X 2 = 02 marks)

(iii) (a) Strategic Information Systems (SIS) refers to the use of information technology (IT) to support or shape the strategic goals and objectives of an organization.

(01 marks)

Advantages:

1) Supporting to make long-term decisions
2) Facilitate summarized information to the top management
3) Ability to increase efficiency
4) Ability to achieve competitive advantage
5) Assisting in effective resource management

(1/2 X 2 = 01 mark)

(b)

1) Facilitate middle-level managers to reach current performance and past reports (collecting data)
2) To analyze information daily, weekly, monthly, annually or to generate special reports when necessary
3) To make decisions related to the above situations

(1X 2 = 02 marks)

(iv) (a) **<u>To Businesses</u>**

1) Unnecessary/false criticism
2) Reputation damage
3) Competitive challenges
4) Intellectual property risks

(1/2 X 2 = 01 mark)

<u>To Customers</u>

1) Making wrong buying decisions
2) Providing wrong or misleading information
3) Privacy concerns
4) Cyberbullying
5) Tarnishing personal image

(1/2 X 2 = 01 mark

(b)

1) For new business opportunities
2) Expansions of an existing business
3) Amalgamating business
4) Business modification
5) Purchasing a business
6) Applying for a loan

(1/2 X 4) = 02 marks)

(v) (a) Green products are designed and produced with the goal of minimizing their impact on the environment throughout their life cycle, including manufacturing, use, and disposal.

(02 marks)

(b)

1) Health benefits
2) Fewer issues in disposing of waste
3) Contribution to environmental protection
4) Ability to consume quality products
5) Cost savings

6) Reduced carbon footprint
7) Resource conservation
8) Contribution to a circular economy

(1/2 X 4) = 02 marks)

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