All Rights Reserved.

Confidential

Department of Examinations - Sri Lanka

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

32 - Business Studies

Marking Scheme



This has been prepared for the use of marking examiners. Changes would be made according to the views presented at the Chief/Assistant Examiners' meeting.

Amendments to be included.

G.C.E. (A/L) Examination – 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) $\frac{4}{5}$ + (ii) $\frac{3}{5}$ + (iii) $\frac{3}{5}$ = $\frac{10}{15}$

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 'V' 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.

***

S

Department of Examinations

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

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

Marking Scheme

Paper I

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

✪ **Special Instructions**

02 Marks per answer

Total Marks 2 × 30 = 60

- Question no. **31 to 50, ½ mark** will be given for each answer.

31. a) Environmental, Social

    b) Legal, Ethical

32. a) Interest rate, Tax/ tax and non-tax (The word tax compulsory) or Government

    b) Turnover, Withholding

33. a) Written, Equally

    b) guarantee, Profits

34. a) Trade, Cash

    b) Share brokering/ Brokering, Exchange

35. a) Batch/ Assembly line, Job/ Order based

    b) Statistical, Circles

36. a) Designing, Production/Manufacturing

    b) Product, Fixed position/ Fixed

37. a) Family, Individual/ Personal/ Product

    b) Segmentation, Share

38. a) Financial, Operating

    b) Coverage, Turnover

39. a) Training, Development

    b) Union, Bargaining

40. a) Fixed, Variable

    b) Batch, Real-time

41.

1. Contributing development and growth of the economy
2. Utilizing regional resources
3. Increasing the standard of living
4. Earning of foreign currency
5. Developing Innovations and technology
6. Creating employment opportunities.
7. Developing / Encouraging social system development

42.

A – Sales Promotion
B – Personal selling
C – Public Relations
D – Direct marketing

43.

1. To know whether expected goals were achieved or not
2. To measure the success of the business
3. To compare operation performance and development
4. To identify future development opportunities
5. Risk management
6. To compare competitive advantages
7. To the financial management
8. To manage resources

44.

1. Insurance companies
2. Employee provident fund / (EPF)
3. Employee trust fund / (ETF)
4. Government service provident fund
5. Approved pension and provident fund

45.

1. To comprehend own competencies/ skills
2. To receive financial and non-financial benefits
3. Being qualified to be promoted
4. Training opportunities
5. To receive service satisfaction

46.

1. Data collection
2. Data processing
3. Data storage
4. Information distribution
5. Data given decisions
6. Data analytics
7. To control the performance of the system

47.

1. Management of government debt
2. Foreign exchange control
3. Functioning as a primary institution for small-scale, micro-scale financing
4. Management of employees provident fund (EPF)

48.

1. AI - Artificial intelligence
2. WWW - World Wide Web
3. LAN - Local Area Network
4. VOIP - Voice Over Internet Protocol

49.

1. Importer
2. Importer's bank
3. Exporter
4. Exporter's Bank

50.

1. Project cost / Business cost
2. Potential profit / Future profit
3. Method of cash flows
4. Ability to repay the loan
5. Collateral requirement
6. Business strategies

General Certificate of Examination (Adv. Level)

Examination - 2024

32 - Business Studies

Part I

Question 01

1. Amanda is an owner-manager of a fast food outlet. She sells healthy organic food while accepting orders via online. However, the sales volume of organic food has declined due to the country's economic instability, competition from foreign franchises and the legal restrictions on the use of plastic containers. Consequently, she decided to layoff some of her employees.

(i) (a) What is the production sector Amanda's business belong to? Give a reason for your answer. (02 marks)

Service sector ***(01 mark)***

Reason

Providing hospitality services through Selling foods ***(01 mark)***

(b) State **two** advantages and **two** disadvantages of Amanda being an owner-manager of the business. (02 marks)

Advantages

1. Can start easily
2. Can enjoy all profits
3. Independent decision making
4. Fewer rules and regulations
5. Direct relationship with customers
6. Safety of confidential business information

(½ mark×2 = 01 mark)

Disadvantages

1. Difficulties in collecting capital
2. Individual decisions may not correct always
3. Bearing losses alone
4. Management is difficult due to the complex role

(½ mark×2 = 01 mark)

(ii) (a) Name **two** characteristics of Amanda's business. (02 marks)

1. Conducting the business via online
2. Healthy foods
3. The owner acts as the manager of the business

(01mark×2 = 02 marks)

(b) State **four** ways that Amanda's business can contribute to the growth of the economy. (02 marks)

1. Contributing to Gross Domestic Production (GDP)
2. Employment opportunities
3. Contributing towards innovations
4. Paying taxes
5. Contributing to environmental protection
6. Contributing to create a healthy community

(½ mark×4 = 02 mark)

(iii) (a) Considering the case, write **two** task environmental forces and **two** macro environmental forces that influence Amanda's business. (02 marks)

Close /Task/ Immediate environment factors

1. Suppliers
2. Customers (Consumers)
3. Competitors

(½ mark×2 = 01 mark)

Macro/environmental factors

1. Legal environment
2. Economic environment
3. Technological environment

(½ mark×2 = 01 mark)

(b) Indicate **two** social responsibilities to be fulfilled by Amanda's business to the society. (02 marks)

1. Creating employment opportunities
2. Waste management
3. Creating green products
4. Community service
5. Working environmentally friendly manner

(01 mark×2 = 02 marks)

(iv) (a) According to the Food (labelling and advertising) Regulation of 2005 in Sri Lanka, name **four** mandatory information that should be stated on food packages. (02 marks)

1. Stating ingredients clearly
2. Production batch number
3. Date of expired
4. Date of manufacturing
5. Weight or volume
6. Manufacturer's name and address
7. Country of origin
8. Storing instructions

(½ mark×4 = 02 marks)

(b) Indicate **two** reasons as to why foreign fast food franchises should be considered as competitors to Amanda's business. (02 marks)

1. Producing similar goods
2. Entering the same target market
3. Acquiring a part of the target market

(01 mark×2 = 02 marks)

(v) (a) Describe the impact of layoff for existing employees of this business. (02 marks)

1. Lack of employee motivation
2. Reducing the dedication of the employees
3. Reducing employee performance due to less production
4. Being frustrated the existing employees
5. Increasing risk in job security
6. Increasing the job stress of employees due to increasing the workload
7. Cause to employee turnover and employee absenteeism

Mentioning 01 point - 01 mark
Explanation - 01 mark

(b) Suggest **two** strategies Amanda can implement to recover the lost sales. (02 marks)
(Total 20 marks)

1. Taking steps to sell high-quality products
2. Charging a lower price rather than competitors and providing higher service facilities like trade promotions
3. Focusing on selling products with Eco-friendly packages
4. Obtaining the service of specialized and polite employees
5. Designing a working environment and surroundings to provide a greater value to the customer
6. Making changes in the food menu (menu engineering)

(01 mark×2 = 02 marks)
Total = 20 marks

Question 02

2. The legal advisor of Kalana and Akbar advised them to register their agri-business as a partnership. Recently, they received an order for value added tea. For the completion of this order, an additional investment of Rs. 5 million is required for which they are considering the following options:

- admitting a new partner
- forming a private limited company
- obtaining a bank loan

(i) (a) Write **four** benefits Kalana and Akbar can enjoy by forming their business as a partnership. (02 marks)

1. Easy to commence
2. Easy dissolution
3. Can collect more capital
4. Ability to utilize different skills of other partners
5. Ability to share the liability
6. Increasing enthusiasm due to the collective liability

(½ mark×4 = 02 marks)

(b) Indicate **two** advantages Kalana and Akbar can obtain by registering their business as a partnership under the Business Names Ordinance, No. 06 of 1918 in Sri Lanka. (02 marks)

1. Ensuring the legal ownership of the business
2. Receiving recognition for the business
3. Easy to obtain loans
4. Ability to get the consumers' trust
5. Ability to resolve conflicts
6. Easy to convert into a company

(01 mark×2 = 02 marks)

(ii) (a) If the cost of production of agri-products increases, how does it impact the businessmen and consumers? (02 marks)

To the businessman

1. Increasing the cost of inputs
2. Decreasing sales
3. Decreasing profits

(½ mark×2 = 01 mark)

To the Consumer

1. Increasing the purchasing cost
2. Decreasing living standard
3. Needs to find alternative products

(½ mark×2 = 01 mark)

(b) Indicate the main criteria to be followed in admitting a new partner for a partnership in the absence of a partnership deed. (02 marks)

- It requires the consent of all partners (Should be a collective decision)
- Entering into the agreement related to sharing profits, introducing capital, and the information about liability

(02 marks)

(iii) (a) State **two** ways Kalana and Akbar can add value to tea. (02 marks)

1. Taking steps to sell packeted tea
2. Increasing the quality of the products
3. Environmental friendly services
4. Market innovation (Tea toffees/ tea tablets)
5. Introducing special varieties (Flavoured, Taste)

(01 mark×2 = 02 marks)

(b) Write **two** services Kalana and Akbar can obtain from Sri Lanka Export Development Board (EDB) to promote their agri-products in international market. (02 marks)

1. Sponsoring trade exhibitions
2. Providing export marketing facilities
3. Advocacy services
4. Introducing new markets
5. Technological services

(01 mark×2 = 02 marks)

(iv) (a) Explain **four** key ways that differentiate a partnership from a private limited company. (02 marks)

1. Establishment
2. Legality / legal personality
3. Capital introduction
4. Ownership
5. Management
6. Legal requirements
7. Tax payments
8. Decision making
9. Continuity / Perpetual Succession
10. Liability

(Name and describe ½ mark×4 = 02 marks)
(Only naming 4 factors 1 mark)

(b) State **four** limitations of a private limited company. (02 marks)

1. Limited capital due to the limited number of shareholders
2. Inability to issue shares to the general public
3. Restrictions in debt capital
4. The complex procedure of the establishment
5. Restrictions on transferring shares
6. Can't be acted as a listed company
7. Dual Taxation
8. The complex procedure of the dissolution

(½ mark×4 = 02 marks)

(v) Write **two** advantages and **two** disadvantages to this business by obtaining a long-term bank loan. (04 marks)

Advantages

1. A specific interest has to be paid
2. Ability to pay installments through the earnings
3. Relatively low interest is applicable
4. Having an agreement on re-payment time
5. Less financial risk
6. Increasing the real value of money
7. Can collect large amounts of funds

(01 mark×2 = 02 marks)

Disadvantages

1. Need of collaterals / Securities
2. High cost of obtaining loans
3. Being a long-term liability
4. Ownership being uncertain
5. Providing loans only for a specific purpose
6. Interest cost is high

(01 mark×2 = 02 marks)
Total = 20 marks

Question 03

3. (i) (a) What is 'social entrepreneurship'? (02 marks)

Engaging in innovations to solve social, environmental and cultural problems with intention of social service.
Benefits such as mental satisfaction, acceptance, praise, mutual health are expected through this.

(02 marks)

(b) Write **four** challenges of social entrepreneurship. (02 marks)

1. Difficulties in hiring skillful employees
2. The balance between social and financial goals
3. Issues of obtaining finance for business projects (Investments)
4. Risk of expansion of the business
5. Competition with traditional businesses

(½ mark×4 = 02 marks)

(ii) (a) Describe **two** differences between an entrepreneur and a businessman. (02 marks)

Entrepreneur	Businessman
1. Commences a business with his own idea or new concept	1. Commences a business with an existing idea or concept
2. The Business opponents of the entrepreneur is himself	2. Has other business opponents
3. The entrepreneur prepares himself for new business opportunities	3. The businessman is always engaged in his business activities
4. Is an innovator	4. Traditionalist
5. Faces risks	5. Engaged in activities protectively
6. When problems arise, face them courageously to overcome them	6. Gets discouraged when faced with difficulties

(½ mark×4 = 02 marks)

(b) State **four** advantages a customer can obtain through digital payment methods. (02 marks)

1. Speedy payments
2. Low cost
3. Global payment method
4. Rewards and Discounts
5. 7/24 basis
6. Ability to obtain recordings
7. Flexibility
8. Safety of money due to not having physical relationships

(½ mark×4 = 02 marks)

(iii) (a) Explain **four** ways that differentiate large scale enterprises from Micro, Small and Medium scale (MSM) enterprises. (02 marks)

1. Limited sources of capital
2. Less technological and infrastructure facilities
3. Less legal restrictions
4. Different methods of making decisions (Flexible decision-making)
5. Increasing employee relationships
6. Less market shares
7. Comparatively a smaller number of employees
8. Less financials bonds ***(½ mark×4 = 02 marks)***

(b) State **four** reasons that cause Micro, Small and Medium (MSM) scale enterprises to fail in Sri Lanka. (02 marks)

1. Market problems
2. Technological problems
3. Financial problems
4. Employee issues
5. Infrastructure problems
6. Family conflict regarding business matters
7. Management issues

(½ mark×4 = 02 marks)

(iv) (a) Describe the difference between 'mortgage loans' and 'bank overdrafts'. (02 marks)

Mortgage Loans
Is a long-term loan provided by a financial institution to an individual or business, secured against immovable property like real estate. The borrower agrees to repay the loan in regular installments over a specified period and comparatively less interest is applicable.

Bank Overdraft
A short-term credit facility that allows a current account holder to issue cheques for a specific amount of money that is available in their bank account with the approval of the bank and comparatively high interest is applicable.

(For the complete answer with 02 points – 02 marks)

Or

Mortgage Loans	Bank Overdraft
1. No need to have a current account	1. A Current account is compulsory
2. Long-term	2. Short-term
3. It can be given by any financial institution	3. Only Commercial banks
4. Comparatively low interest	4. Comparatively high interest
5. Interest to be paid for the full amount of the loan	5. Interest is applicable only for the used amount
6. Purchased properties and assets have to be obliged as collaterals	6.Collateral is not compulsory

(For the complete answer with 02 points – 02 marks)

(b) Indicate **two** benefits a businessman can obtain by purchasing treasury bills.(02 marks)

1. Confirmation of paying the total amount and the relevant interest by the government.
2. Securable investment
3. Ability to sell a secondary market
4. High Liquidity
5. Receiving interest at the moment of purchasing

(01 mark×2 = 02 marks)

(v) (a) Write **two** purposes of maintaining records in counter foils of cheques. (02 marks)

1. Ability to get information about the ones (paying, amount, date)
2. Acts as legal proof
3. Ease of bank reconciliation activities
4. To fulfill the tax and legal requirements
5. Reduces fraud and errors

(01 mark×2 = 02 marks)

(b) What is meant by 'micro-financing'? (02 marks)

Micro-financing is the provision of small loans, savings, and other financial services to individuals or e-mail businesses typically in low-income communities, who lack access to traditional banking services.

(02 marks)

Total = 20 marks

Question 04

4. (i) (a) Name two beneficiaries of a life insurance. (02 marks)

1. Insured / Insuree
2. Nominated beneficiaries

(01 mark×2 = 02 marks)

(b) State two benefits an exporter can obtain through Export Credit Insurance. (02 marks)

1. Introducing insurance policies on not receiving and delay of money due to commercial and non-commercial reasons
2. Providing guarantees to banks and financial institutes as receiving financial facilities for exporters in pre-shipments and post-shipments
3. Provide information about foreign customers

(01 mark×2 = 02 marks)

(ii) (a) Mention four advantages of social media to a business organization. (02 marks)

1. Brand promotion
2. Ability to address a wide customer base
3. Cost-effectiveness
4. Market expansion
5. Convenience for market research
6. Easy to attract employees
7. Introducing new products
8. focus on target promotions

(½ mark×4 = 02 marks)

(b) State four disadvantages of signs and symbols used in communication. (02 marks)

1. There will be problems in exchanging information where the recipient suffers from a sight impairment.
2. If signs and symbols get distorted over time, miscommunication can occur
3. It can be difficult to understand some signs and symbols
4. The need for knowledge of signs and symbols before they are understood

(½ mark×4 = 02 marks)

(iii) (a) What is meant by 'free trade'? (02 marks)

Conducting trading activities without having tax and non-tax barriers

(02 marks)

(b) Explain the term 'multi-modal transport' with an example. (02 marks)

Use of multiple modes (more than one mode) of transport to move goods or passengers by one transporter or one distributor.
(Transportation which is done by integrating roads, railways, airways, and waterways by one transporter)

(for a complete answer 02 marks)

(iv) (a) State **two** differences between an agent and a distributor? (02 marks)

Agent	Distributor
1. Selling goods to the consumer with the authority of the head (No having an ownership of goods)	1. Purchasing goods and selling them to wholesalers, retailers and consumers (Having an ownership of goods)
2. Receiving a commission	2. Receiving profits
3. No risk involvement	3. Bearing a risk

(01 mark×2 = 02 marks)

(b) Explain with an example how do tariff barriers (TB) differ from non-tariff barriers (NTB). (02 marks)

Tariff Barriers are taxes or duties imposed by a government on imported or exported goods.
Ex: Vehicles import tax, Rice import tax

Non- Non-tariff barriers are access but use financial and non-financial limitations like quotas, licenses, embargoes, or standards to control the quantity or type of goods.
Ex: Licence fee for imported vehicles
Limitations on rice (Quantity, Dates)

(01 mark×2 = 02 marks)

(v) (a) Indicate **four** reasons why wholesale trade is important to a producer? (02 marks)

1. Purchasing the products of the producer in bulk/lots / batches
2. Providing information about the market
3. Providing various services to the producer (Financial facilities, obtaining raw materials)
4. Make the production activities comfortable
5. Minimizing the effort of distribution and selling
6. Less risk for the producer
7. Displaying the production due to locating warehouses in several places

(½ mark×4 = 02 marks)

(b) Explain **four** advantages of online trade for a businessman. (02 marks)

1. Convenience in buying and selling
2. Less stock maintenance cost
3. Ability to provide facilities for many consumers
4. 24-hour global service
5. Less employee cost
6. Less financial risk
7. Quick responses to customers

(½ mark×4 = 02 marks)

Total = 20 marks

Part II

Question 05

5. Ridma established a toy manufacturing factory that uses recycled materials and implements a cellular production layout. She applies diverse employee motivational methods and gets employee involvement in decision making. Moreover, she adopts the methodology of early correction before problems occur in the production process. Her management is characterized by self-confidence, industry expertise and collaboration with the workforce.

(i) (a) Mention **two** managerial skills Ridma possesses. (02 marks)

1. Conceptual skills
2. Human skills / Interpersonal skills
3. Technical skills

(01×02 = marks)

(b) Based on the behaviour, name the leadership style Ridma adopts considering the case. Give a reason for your answer. (02 marks)

Employee-oriented leadership style ***(1 ×01 = 01 mark)***

Reasons –

1. Utilization of employees for decision-making
2. Using different motivational methods

(1 ×01 = 01 mark)

(ii) (a) State the controlling technique Ridma uses in the production process. (02 marks)

A feed-forward control ***(02 mark)***

(b) Describe **two** elements that should contain in the toys products for children to ensure quality. (02 marks)

1. Non-toxic
2. Accordance with standards (Durability/ Safety)
3. Helps childhood development
4. Producing toys according to the age of the children
5. Proper functioning

(Naming 02 elements ½ × 02 = 01 mark)
(Explaining 02 elements ½ × 02 = 01 mark)

(iii) Name **two** financial and **two** non-financial motivational methods Ridma can apply. (04 marks)

Financial Motivations

1. Remuneration (Salary and wages)
2. Bonus
3. Other allowances
4. Providing company products with concessionary prices
5. Loan facilities

(01× 02 = 02 marks)

Non-financial Motivations

1. Employee training
2. Giving promotions
3. Providing job security
4. Providing a conducive environment and supplying new equipment
5. Providing housing and recreational facilities
6. Appreciation of performances
7. Awarding
8. Employee empowerment

(01 × 02 = 02 marks)

(iv) (a) Describe **two** methods the factory can use to enhance machine productivity. (02 marks)

1. Using sophisticated technological equipment
2. Using non-broken machines
3. Maintaining machines properly

(01×02 = 02 marks)

(b) Explain **two** advantages Ridma can obtain by using recycled materials in toy manufacturing. (02 marks)

1. Minimization of cost
2. Increasing profit
3. Reducing carbon footprint
4. Social recognition (Through Social responsibilities)
5. Introducing new products
6. Receiving government patronage
7. Reduction of waste

(Explaining 2 advantages 1 × 02 = 02 marks)

(v) (a) What is a 'cellular layout'? (02 marks)

Preparing layout by fixing similar and scalene machinery in separate cells to flow the functions of production in the production process is known as cellular layout

(02 marks for a complete answer)

(b) Write an advantage and a disadvantage of the cellular layout. (02 marks)

Advantages

1. Reducing material handling cost
2. Reducing lead time
3. Easy communication
4. Minimizing work in progress
5. Increasing the quality of the product
6. Growth in productivity
7. Carrying out activities according to the production schedules.
8. Reducing machine idle time and reducing employee idle time

(01 × 01= 01 mark)

Disadvantages

1. High initial cost
2. Requirement of multi-skill employees
3. High employee stress
4. Bottlenecks in production activities.

(01 × 1= 01 mark)

Question 06

6. ABC Automobile (Pvt) Ltd Company produces and sells luxury branded cars targeting high-profile and wealthy individuals. The company uses JIT inventory control method and conducts market research for products which are at the growth stage of the product life cycle. The promotional media used by the company are mainly Facebook, YouTube, Instagram and TikTok. The company sells a car at a price of Rs. 10 000 000 and variable cost is Rs. 3 500 000. Fixed costs is Rs. 65 000 000.

(i) (a) What is meant by the 'JIT method'? (02 marks)

The method of obtaining materials for production at the required time in the correct quantity and delivering the output to the market immediately is known as JIT methods

(02 marks)

(b) Describe **two** advantages of using JIT method in the inventory control. (02 marks)

1. Increasing profit due to decreasing cost
2. Having efficient supply chain management
3. Minimizing storing cost
4. Improvement of working capital due to less stock cost
5. Increasing output
6. Being a demand for full production
7. Increasing cash flows

(Explaining 02 facts = 01 × 2 = 02 marks)

(ii) (a) Define 'target market'. (02 marks)

Focusing on a specific consumer group from the total market by a producer to sell the product or introducing his product to the selected consumer group itself can be stated as target market ***(02 marks)***

(b) Briefly describe the importance of conducting market research for the above company. (02 marks)

To understand the success of the own product, how it can be successful in the existing market in relation to the market share and product development with comparison to the competitors

(02 marks)

(iii) (a) Name the base the above company adopted to segment the market and give a reason for your answer. (02 marks)

Psychological basis *(01 mark)*
Reason - Aiming people with high social status *(01 mark)*

(b) Write **four** benefits the company can obtain through market segmentation. (02 marks)

1. Since the entire market is subjected to analysis, much awareness regarding the market can be gained.
2. Ability to recognize the appropriate and periodic market
3. Ability to utilize the limited resourcing available in the firm efficiently and effectively
4. The firm can minimize the market risk
5. Ability to launch marketing programs more successfully.

(½ × 04 = 02 marks)

(iv) (a) Name the market promotion method Facebook, YouTube, Instagram and TikTok refers to. (02 marks)

Social Media methods *(02 marks)*

(b) Write **two** characteristics that can be observed at the growth stage of a product life cycle. (02 marks)

1. Increasing sales
2. High profit margin
3. Increasing competition
4. Wide distribution
5. Increasing customer base
6. Expansion of market/ new markets
7. Increasing marketing expenses

(1 × 02 = 02 marks)

(v) (a) What is the break-even point in units and rupees of this company? (02 marks)

- 10 units *(01mark)*
- Rs.100000000 *(01mark)*

(b) If the company sold 15 units of cars, calculate the profit. (02 marks)
(Total 20 marks)

Rs.32500000 *(02 marks)*

Question 07

7. (i) (a) Define the 'liquidity ratio'. (02 marks)

A Liquidity ratio shows the ability of the business to meet the short-term bonds/ liabilities or to identify short-term insolvency.

(02 marks)

(b) Explain **two** benefits of liquidity ratio for a business. (02 marks)

1. To identify the short-term insolvency of the business
2. To identify the liquidity
3. To identify the financial issues
4. To manage assets and liabilities
5. To determine financial strength

(01×02 = 02 marks)

(ii) (a) Indicate **four** benefits of preparing a cash budget for a business. (02 marks)

1. Ability to make effective cash investments if any future cash excess can be identified in advance
2. Ability to prepare for possible cash shortages successfully if any future shortages can be identified in advance
3. Facilitating planning and controlling of cash by comparing it with actual cash transactions
4. Assisting in confirming the future financial conditions of the business when obtaining business loans.

(½ × 04 = 02 marks)

(b) What is 'inter-bank call money market' of the Central Bank of Sri Lanka? (02 marks)

The market where the short-term loan demand and short-term loan supplies take place among commercial banks is known as the interbank call money market.

(02 marks)

(iii) (a) Describe the impact of excess employees for a company. (02 marks)

- Increasing cost
- Increasing employee idle time
- Demotivating employees
- Reducing total production
- arising of financial problems
- Increasing employee absenteeism/turnover

(Explaining answer including at least two facts stated above 01 × 2 = 02 marks)

(b) Write **two** methods a company can use to identify employee grievances. (02 marks)

1. Exit interview
2. Suggestion box
3. Attitude survey
4. Open-door policy

(01 × 02 = 02 marks)

(iv) (a) State **four** disciplinary actions an employer can take against employees. (02 marks)

1. Reprimand/ verbal warning
2. Written warnings
3. Fines or recharging the loss
4. Suspension of the job temporary
5. Transferring from the job
6. Holding of salary increments or making it delaying
7. Demotion from the post
8. Termination from the job

(1/2 × 04 = 02 marks)

(b) Write **four** benefits a member is entitled to obtain from the Employee Trust Fund (ETF). (02 marks)

1. Eligibility for death benefits
2. To obtain loans
3. Scholarships for grade 5 students
4. Reimbursement of expenses on eye lenses
5. Insurance facilities for permanent disabilities
6. Financial support for advanced-level students for vocational education
7. Financial assistance for heart surgeries
8. Financial assistance for kidney transplant

(½× 04 = 02 marks)

(v) (a) What is 'performance appraisal'? (02 marks)

The process of supervising and reporting to what extent the relevant duties are performed successfully by the employee.

(02 marks)

(b) Describe **two** advantages a business can obtain by maintaining a 'skill inventory'. (02 marks)

(Total 20 marks)

1. Identification of skills gap
2. Ability to recognize training and development opportunities
3. Ability to understand the competencies of existing employees
4. To maintain a skillful workforce continuously
5. Ability to identify the succession.
6. To use when promoting employees

(Explaining 2 facts 1 × 02 = 02 marks)

Question 08

8. (i) (a) Mention **four** ways in which data can be presented. (02 marks)

1. Pictorial data
2. Numerical data
3. Audio data
4. Visual data

(½ × 04 = 02 marks)

(b) Name **four** characteristics of good information. (02 marks)

1. Descriptive
2. Flexible
3. Readily available
4. Comparable
5. Understandable
6. Reliable
7. Accuracy
8. Timely
9. Cost-effectiveness
10. Completeness
11. Relevancy

(½× 04 = 02 marks)

(ii) (a) Describe **two** benefits an organization can obtain by using information technology. (02 marks)

- Speed
  By obtaining even the complex things at a high speed and by classifying them, they could be reused.
- Accuracy
  That the chances of making any mistakes by individuals are high. However since the number of people that participate in electronic information operations systems is less, the chances for making any mistake are very low.
- Flexibility
  Ability to use for various functions exquisitely and ability to make any changes according to the relevant function.
- Reliability
  It is something that is created by accuracy. Improved quality This means, the affairs conducted using this technological information also contain high quality.
- Management of large quantity of information
  While a large amount of information could be obtained using technology, there is the ability to manage them to make decisions using that information as required.
- Less Employment
  Employees are being minimized because of using technological equipment.

- Less Space
  Being sufficient for the usage of technological equipment.

- Low Cost
  There is the ability to minimize the cost by being thrift because of the above factors.

(Naming facts ½ × 2= 01 mark)
(Explaining facts ½ × 2= 01 mark)

(b) Explain 'File Transfer Protocol' (FTP). (02 marks)

Standard communication protocol used to transfer computer files from a server to the client's computer using network

Marks can be awarded for the explanation in the teacher's guide
(02 marks)

(iii) (a) State the key difference between proprietary software and open-source software. (02 marks)

Proprietary software is developed by a company or individual and can be used after payment. This software cannot be changed by the user.

(01 mark)

Open-source software is available without payment and users can improve and further develop.

(01 mark)

(b) What is a 'computer virus'? (02 marks)

A computer virus is a type of malicious software designed to replicate itself and spread from one computer to another. It typically attaches itself to legitimate programs or files and activates when the infected program or file is opened or executed

(02 marks)

(iv) (a) State **four** information that should be presented in the Competitive Analysis of marketing plan. (02 marks)

1. Existing competition
2. Competition and their strengths
3. Entrepreneur's strengths and weaknesses to face the competition.
4. Barriers to accessing the market such as cost time, technology, and patent rights.

(½ × 4 = 02 marks)

(b) Explain why the business plan is needed to an organization. (02 marks)

1. The business plan depicts where the business should go in the future (explaining its mission, goals, and objectives)
2. It gives a comprehension of the business to the interested parties.

3. To identify the required resources for the business and to maneuver them easily.
4. Ability to organize future business activities in order and well through the deportation of everything suitably.
5. Useful for evaluating the performance of the business
6. Assist in attracting employees for the positions of the business.
7. Easy to regulate and control.

(Explaining answer including about 02 facts 1 × 2 = 02 marks)

(v) (a) What is 'working capital'? Write two reasons as to why it is essential for a business. (02 marks)

The funds a company uses to manage its day-to-day operations / Money required to maintain day-to-day business activities is known as working capital.

(01 mark)

Reasons:

1. To maintain daily activities without interruptions.
2. To use fixed assets
3. To implement plans successfully
4. To protect business goodwill
5. To reduce risk

(½×2= 01 marks)

(b) Write two benefits a business can enjoy by obtaining an Environment Protection Licence (EPL) from the Central Environmental Authority in Sri Lanka. (02 marks)

(Total 20 marks)

1. Minimizing impact on the environment through emissions by adapting Eco-friendly approaches.
2. Providing technical guidance to control environmental pollution.
3. Legal protection for environmental issues
4. Able to compete with the international market by producing green products

(01 × 2= 02 marks)

****