



NEW

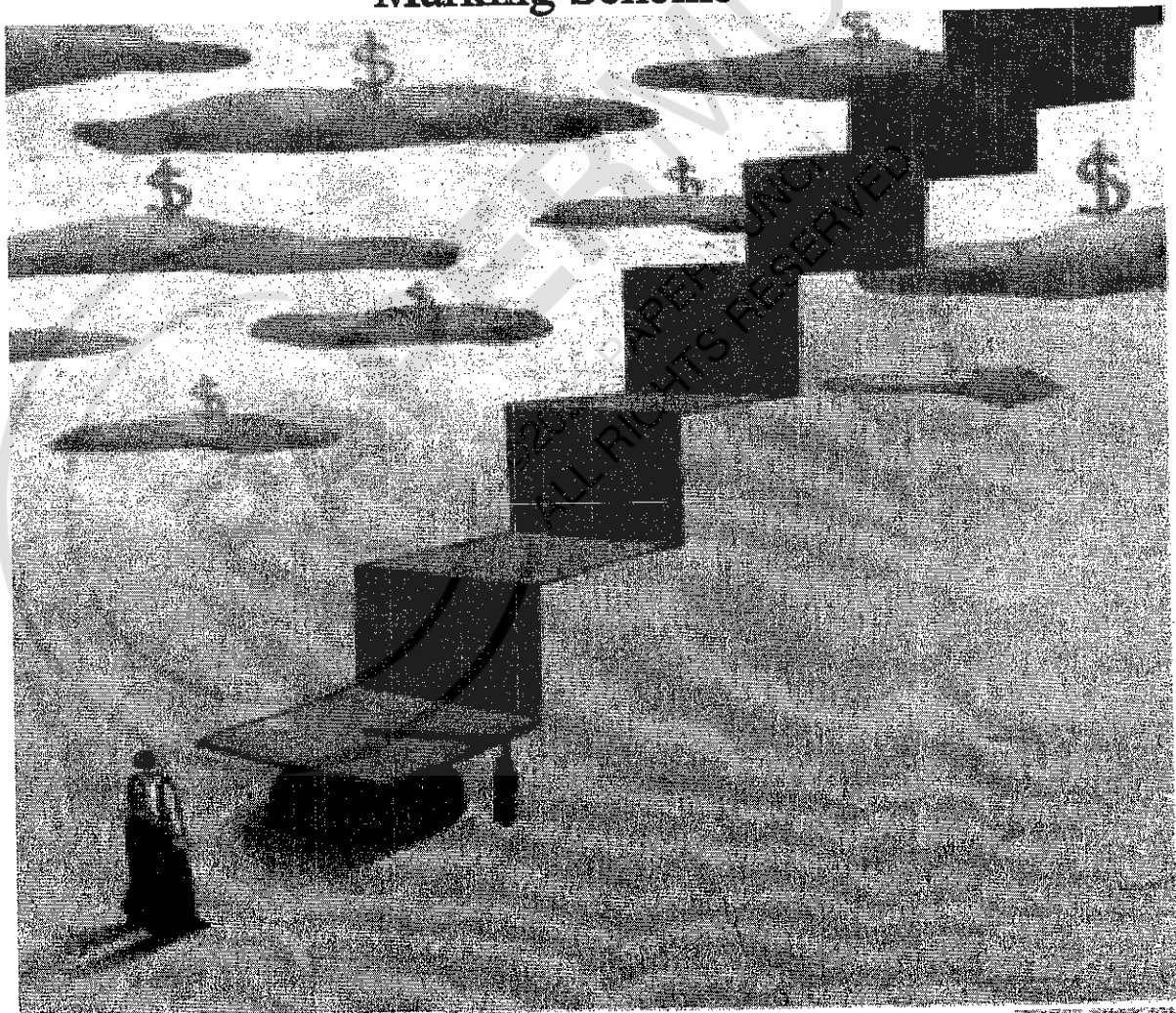
Department of Examinations - Sri Lanka

G.C.E. (A/L) Examination - 2019

# 32- Business Studies

## New Syllabus

Marking Scheme



This document has been prepared for the use of Marking Examiners. Some changes would be made according to the views presented at the Chief Examiners' meeting.

Amendments to be included



## G.C.E. (A/L) Examination - 2019

## 32 - Business Studies

**Goals:-**

This Question Paper includes questions in such a way to evaluate the competencies such as subject knowledge, understanding the usage of knowledge, 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 | = | <u>20</u>  |
|                        |                    |   | <u>100</u> |

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 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  $\triangle$  and write the final marks of each question as a rational number in a  $\square$  with the question number. Use the column assigned for Examiners to write down marks.

Example:

Question No. 03

(i) .....  
 .....  
 .....  
 (ii) .....  
 .....  
 .....  
 (iii) .....  
 .....  
 .....

✓  
 ✓  
 ✓

$\triangle$   
 $\frac{4}{5}$   
 $\triangle$   
 $\frac{3}{5}$   
 $\triangle$   
 $\frac{3}{5}$

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

#### 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 'X' 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. 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 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, final marks of two papers will not be calculated within the evaluation board this time. Therefore, add separate mark sheets for each of the question paper. Write paper 01 marks in the paper 01 column of the mark sheet and write them in words too. Write paper II Marks in the paper II Column and wright the relevant details. For the subject 51 Art, marks for Papers 01, 02 and 03 should be entered numerically in the mark sheets.

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සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved

**නව නිර්දේශය / புதிய பாடத்திட்டம் / New Syllabus**

**NEW** Department of Examinations, Sri Lanka

**අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2019 අගෝස්තු**  
**கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2019 ஓகஸ்ட்**  
**General Certificate of Education (Adv. Level) Examination, August 2019**

ව්‍යාපාර අධ්‍යයනය I  
 வணிகக் கல்வி I  
**Business Studies I**

**32 E I**

08.08.2019 / 0830 - 1030

පැය දෙකයි  
 இரண்டு மணித்தியாலம்  
**Two hours**

**Instructions:**

- \* Answer all the questions on this question paper itself.
- \* Write your Index Number clearly in the space provided above.
- \* Select the correct answers for questions No. 1-30 and write its number on the dotted line given.
- \* Write short answers for questions No. 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 |              |          |
| 01 - 30      |       | 1st Examiner |          |
|              |       | 2nd Examiner |          |
| 31 - 50      |       | Add. Chief   |          |
|              |       | Chief        |          |
| <b>TOTAL</b> |       | E.M.F.       |          |

1. Following are the four stages of business evolution.

- A - Industrial revolution
- B - Use of money
- C - Barter system
- D - Information era

Select the option that indicates the above stages of business evolution in the correct order.

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

2. Select the option that contains correctly the elements of a socio-cultural environment.

- (1) Beliefs, values, technology and standards
- (2) Values, institutions, age structure and traditions
- (3) Customs, values, organizational structures and traditions
- (4) Believes, values, customs and regulations
- (5) Believes, values, customs and traditions

(.....)

3. Following table shows macro environmental elements and certain events connecting to them.

| Elements            | Events                                |
|---------------------|---------------------------------------|
| (i) Economic        | A - Changing climatic conditions      |
| (ii) Natural        | B - Enacting new labour law           |
| (iii) Technological | C - Inventing a new production method |
| (iv) Legal          | D - Changing exchange rates           |

What is the option that correctly matches the events according to the order of the elements given above?

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



10. Which of the following is a characteristic of Intrapreneurship?
- (1) Recruiting more creative people to the position of the organization.
  - (2) Introducing innovative methods of production by creative people in the organization.
  - (3) Providing products by organizations to fulfil human needs and wants.
  - (4) Making positive impacts to the nature by addressing socio-environmental issues.
  - (5) Attempting to create a humanistic world. (.....)
11. Following are some of the characteristics of a person.
- A - discouraged by problems
  - B - willingness to implement traditional methods
  - C - willingness to take risks
  - D - willingness to work in stable environment
  - E - willingness to take challenges
- From the above, what is the option that contains only the characteristics belonging to an entrepreneur?
- (1) A and E    (2) B and C    (3) C and D    (4) C and E    (5) D and E    (.....)
12. An advantage, the investor can enjoy by investing in Unit trusts is
- (1) receiving high returns on investment.
  - (2) the ability to participate in the management of the Unit trust.
  - (3) being entitled to receive bonus shares.
  - (4) the ability to withdraw the investment at any time without penalty.
  - (5) not being necessary to pay income tax on the return on investment. (.....)
13. What is the right statement pertaining to crossing the cheques?
- (1) Payee can cross the cheque which is not crossed.
  - (2) Payee can cancel the crossing by signing on the cheque.
  - (3) All kinds of crossed cheques can be transferred to another party by endorsing.
  - (4) Cash can be obtained from a bank counter for all crossed cheques.
  - (5) Cash cheques cannot be crossed. (.....)
14. Maduri insured her life in two insurance companies, A and B for Rs.300 000 and Rs.400 000 respectively and she has been paying insurance premium regularly. If Maduri dies within the period of policy, the amount that can be claimed is
- (1) Rs.300 000.    (2) Rs.350 000.    (3) Rs.400 000.    (4) Rs.700 000.    (5) Not entitled to claim. (.....)
15. A manager stated that his responsibility is "while earning a reasonable return for the business, uplifting living standard of the community residing close to the firm." This statement most appropriately reflects the firm's responsibility towards the parties of
- (1) society and customers.    (2) owners and employees.    (3) owners and society.
  - (4) owners and customers.    (5) owners and government. (.....)
16. What is the option which correctly contains the elements of transport?
- (1) Mode, power, way, terminal    (2) Mode, power, cost, speed
  - (3) Mode, terminal, cost, speed    (4) Mode, power, way, speed
  - (5) Capacity, way, terminal, power (.....)
17. Which statement most correctly defines the term 'Super Market'?
- (1) A shop that retails essential and convenience goods on self-service basis
  - (2) A shop that maintains branches islandwide to distribute the products of a single manufacturer
  - (3) A shop that agrees to sell the products only of a single manufacturer
  - (4) A shop that maintains separate sections for each type of product in the same building
  - (5) A shop that keeps stocks in large quantities and selling in wholesale (.....)



18. The following table provides types of the documents used in international trade and descriptions relating to those documents:

| Types of Documents        | Descriptions   |
|---------------------------|--|
| (i) Customs entry         | A - Acknowledge the receipt of goods on board of a ship                            |
| (ii) Invoice              | B - Certification of the name of the country that manufactured products for export |
| (iii) Letter of origin    | C - Detail of the price, quantity, total value and name of the exporter            |
| (iv) Bill of lading (B/L) | D - Declaration of information on import or export goods prepared by an agent.     |

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

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

19. Following are some of the tasks of a manager.

- A - Coordination
- B - Communication
- C - Strategic planning
- D - Operating
- E - Controlling
- F - Policy development

From the above, what is the option that contains only the key tasks of the top management?

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

20. Following are some of the sources of finance of a business.

- A - Commercial papers
- B - Bank loans
- C - Sale of fixed assets
- D - Debentures issues
- E - Provisions for depreciation
- F - Trade credits
- G - Retained profits
- H - Sale of stock

From the above, what is the option that contains only the direct internal financial sources?

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

21. Fixed cost of XYZ company is Rs.60 000. The variable cost for producing one Unit of product A is Rs.1.00. If the unit selling price of this product is Rs.3.00, how many units should be produced to earn a profit of Rs.50 000?

- (1) 20 000 (2) 30 000 (3) 40 000  
(4) 50 000 (5) 55 000 (.....)

22. Following table indicates the quality control techniques and procedures followed by Seetha in maintaining the quality of yoghurt production.

| Quality control techniques   | Procedures   |
|------------------------------|--|
| (i) Quality assurance        | A. Forming teams of employees to discuss production related issues regularly |
| (ii) Quality circles         | B. Frequent monitoring of quality at all phases of production process        |
| (iii) Zero defects           | C. Always use right raw material in production.                              |
| (iv) Quality standards       | D. Ensuring quality of all processes of organization.                        |
| (v) Total quality management | E. Making a continuous effort to keep a 100% product quality.                |

What is the option that matches the procedures according to the order of quality control techniques given above?

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

23. Which concept reflects most appropriately, the effort of a businessman who attempts to produce goods at the lowest possible cost and make them widely available in the market?

- (1) Marketing concept                      (2) Societal marketing concept                      (3) Selling concept  
(4) Product concept                      (5) Production concept                      (.....)

24. Following is the customer value hierarchy of a product.

- A - Core benefits  
B - Augmented product  
C - Generic product  
D - Expected product  
E - Potential product

Select the option that indicates the customer value hierarchy given above in the correct order.

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

25. Some of the promotional activities conducted by a business firm as follows.

- A - Providing product information                      B - Introducing lottery system  
C - Reducing prices                      D - Sponsoring scholarships  
E - Providing product samples                      F - Participating in trade exhibitions  
G - Introducing price discounts

Out of the above, select the option that contains the activities only related to sales promotion.

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

26. Employees absenteeism means, employees are

- (1) not reporting to the work.                      (2) leaving the organization.  
(3) taking official leaves.                      (4) taking entitled leaves.  
(5) disobeying the instructions.                      (.....)

27. Which of the following does not include 'on the job training'?

- (1) Apprenticeship                      (2) Job rotation                      (3) Internship  
(4) Simulation                      (5) Role play                      (.....)

28. Select the statement that correctly states the importance of discipline management.

- (1) Minimizing disputes among employees.  
(2) Developing self-confidence of employees.  
(3) Informing decisions to employees.  
(4) Reducing medical insurance expenses.  
(5) Ensuring employees job security.                      (.....)

29. Following table shows the types of information systems and examples for each.

| Types of Information Systems               | Examples                                   |
|--|--|
| (i) Transaction Processing Systems (TPS)   | A - Providing forecasting reports          |
| (ii) Office Automaton Systems (OAS)        | B - Providing daily stock reports          |
| (iii) Management Information Systems (MIS) | C - Providing E-mail facilities            |
| (iv) Decision Support Systems (DSS)        | D - Preparing salary reports               |
| (v) Executive Support Systems (ESS)        | E - Providing investment appraisal reports |

What is the option that correctly matches the examples, according to the order of the types of information systems given above?

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

30. The summary prepared for guiding the business plan is

- (1) executive summary.                      (2) cost summary.                      (3) cash flow summary.  
(4) income summary.                      (5) debt summary.                      (.....)

- Answer questions 31 to 40, by filling in the blanks with suitable word / words.

31. (a) Two types of business organizations that aim profits but **non-compulsory** for registration are ..... and .....
- (b) Through the internal price stability, government can control ..... and ..... rate.
32. (a) An amount to be made by a franchisee to the franchisor as a percentage of gross ..... is ..... payment.
- (b) Entrepreneur, in general, commences a business with the objective of ..... whereas social entrepreneur commences a business with the objective of .....
33. (a) Small and medium scale businesses are ..... intensive and therefore they can be able to provide more ..... to the people.
- (b) Outbound logistics start from ..... and ends with .....
34. (a) Export of imported goods after value addition in the customs-bonded warehouses is ..... trade and export of equipment to imported country after use is ..... export.
- (b) To make the payments in foreign trade, the bank ..... and letter of ..... can be used.
35. (a) In management, doing the right thing is known as ..... and doing the thing right is known as .....
- (b) According to Mintzberg's role classification, the introduction of new projects by a manager falling into ..... sub-role of ..... role of manager.
36. (a) While technical skills are highly essential for the ..... managers, ..... skills are equally important to managers of all levels.
- (b) The process that formally assigning the ..... and ..... among employees is meant by delegation of power.
37. (a) Task oriented leaders are more concerned about ..... while ..... oriented leaders are more concerned about employees.
- (b) Relationship between employee inputs and ..... is known as ..... productivity.
38. (a) Presenting a series of products under the same brand by a manufacturer is known as ..... brand and designing a brand for a particular businessman is known as ..... brand.
- (b) Pricing on target return is based on ..... and pricing on going rate is based on .....
39. (a) Long-term financial decisions can be categorized as ..... structure and ..... related decisions.
- (b) The activities of cash flow statement can be mainly categorized as ..... and .....

40. (a) As two internal recruitment methods ..... referrals and ..... plan can be used.

(b) Socialization process for new employee is known as ..... and the period till for their confirmation is known as ..... period.

• For questions 41 to 50, write the specific answers in the space provided.

41. State two advantages and two disadvantages of using intermediaries in trade.

| Advantages | Disadvantages |
|------------|---------------|
| 1.         | 1.            |
| 2.         | 2.            |

42. State four objectives of Sri Lanka Export Development Board.

1. ....
2. ....
3. ....
4. ....

43. Write four reasons for the failure of Small and Medium Scale Enterprises in Sri Lanka.

1. .... 2. ....
3. .... 4. ....

44. Write four examples for licensed specialized banks in Sri Lanka.

1. .... 2. ....
3. .... 4. ....

45. Name the 4R elements in Waste Management.

1. .... 2. ....
3. .... 4. ....

46. State four advantages of decentralization for an organization.

1. .... 2. ....
3. .... 4. ....

47. What is meant by the letters in the following formula that is related to stock controlling?

$$EOQ = \sqrt{\frac{2cd}{h}}$$

1. *EOQ* : .....
2. *c* : .....
3. *d* : .....
4. *h* : .....

48. State four types of background tests that can be used by an organization in selecting a new employee.

- 1. .... 2. ....
- 3. .... 4. ....

49. State four tasks related to data processing.

- 1. .... 2. ....
- 3. .... 4. ....

50. Indicate the meaning of each symbol given below.

1.  .....

2.  .....

3.  .....

4.  .....

\* \* \*

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව  
இலங்கை பரீட்சைத் திணைக்களம்

අ.පො.ස.(උ.පෙළ)විභාගය/க.பொ.த. (உயர் தர)ப் பரீட்சை- 2019

නව නිර්දේශය/ புதிய பாடத்திட்டம்

විෂයය අංකය  
பாட இலக்கம்

32

විෂයය  
பாடம்

Business Studies

ලකුණු දීමේ පටිපාටිය/புள்ளி வழங்கும் திட்டம்  
I පහය/பத்திரம் I

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

★විශේෂ උපදෙස්/விசேட அறிவுறுத்தல் :

එක් පිළිතුරකට/ஒரு சரியான விடைக்கு 02 ලකුණු மැடுதீ/புள்ளி வீதம்

මුළු ලකුණු/மொத்தப் புள்ளிகள் 2 × 30 = 60

31. a) (Sole Proprietorship, Partnership)  
b) (Inflation, Interest)
32. a) (Sales/Production, Royalty)  
b) (Profits, Welfare)
33. a) (Labour, Employment)  
b) (Buyer/Seller, Consumer)
34. a) (Entrepot, Re)  
b) (Draft, Credit)
35. a) (Effectiveness, Efficiency)  
b) (Decision, Entrepreneur)
36. a) (Lower / First line/Front line, Interpersonal/Human)  
b) (Responsibility, Authority)
37. a) (Production /Target, Interpersonal/Human)  
b) (Output, Labour/Employee)
38. a) (Family, Private)  
b) (Cost, Competition)
39. a) (Capital, Dividends)  
b) (Investment, Operating, Financial) or (cash inflows, cash outflows)
40. a) (Employee, Succession)  
b) (Orientation, Probationary)
41. (Advantages):
- Make available various goods for buyers by collecting them from producers and suppliers
  - Introduction of new goods and services
  - Ability to obtain new information about market
  - Simplification of exchange
  - Assisting for exchange of goods and transport of services
- (Disadvantages):
- Influencing for revenue and information control
  - Ability to increase price
  - Possibility of shortage of necessary goods in the market

42.

- Increasing export value of products and services
- Building positive and satisfactory image for Sri Lankan exports
- Promoting selected products
- Creating a conducive environment for exports including SMEs

43.

- Financial issues
- Inability to meet competition
- Financial management weakness
- Lack of entrepreneurial skills
- General management weakness
- Inadequate infrastructure facilities
- Less knowledge and uses of new technology

44.

- The Housing Development Finance Corporation Bank of Sri Lanka
- National Savings Bank
- Sri Lanka Savings Bank
- Regional Development Bank
- State Mortgage and Investment Bank
- Sanasa Bank

45.

- Reduction
- Reuse
- Recycling
- Recovery

46.

- Decreasing top management duties
- Ability to take quality decisions
- Ability to implement the decisions easily
- Subordinator development
- Increasing employee motivation and satisfaction

47.

- EOQ: Economic Order Quantity  
c: Cost per Order  
d: Annual Stock Requirement ( Demand)  
h: Cost of holding / Carrying per unit

48.

- Family background
- Educational background
- Personal character
- Financial background
- Social background
- Professional background



49.

- Classifying
- Sorting
- Calculating
- Summarizing

50.



Bluetooth



QR Code



Email



Wi-Fi

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### Part I

(1) Anusha is a mobile phone retailer and a designer of novelty phone covers. She has a good knowledge and experience in designing. She generally set a low price for her phone covers through which she expects to increase sales and profits. By mid 2019, her phone cover sales have reached 50000 units and of which 20000 units were sold through online. Anusha is conducting a SWOT analysis to identify strategies for business expansion.

(i) (a) Describe the two core business activities in the above case.

1. Marketing (Retailing) – fulfilling wants and needs by retailing of mobile phones
2. Designing - value addition by designing phone covers

(Two activities  $1/2 \times 2 = 01$  marks)

(Explain  $1/2 \times 2 = 01$  marks)

(b) What are the main objectives of the above business?

1. Increasing sales/ sales maximization
2. Increasing profits/ profit maximization

(Two objectives  $2 \times 1 = 02$  marks)

(ii) Mention four factors which could have an influence on the high turnover of phone covers.

1. Design
2. Novelty
3. Price level
4. Easy to purchase/ online purchase

(Factors  $4 \times 1 = 04$  marks)

(iii) Explain two advantages and two, Anusha could obtain from online trading.

#### Advantages

1. More customers
2. Expansion of market
3. Decreasing cost
4. Easy access to market/ Able to global competition easily
5. Minimization of overhead costs
6. Less employees
7. 24 hours services
8. Less space for business

(For  $2 = 1 \times 2 = 02$  marks)

Disadvantages

1. Cost for web design
2. Decreasing customer trust
3. Security issues
4. Legal issues
5. Payment issues

(For 2 - 1 x 2 = 02 marks)

**(iv) (a) Give four advantages of SWOT analysis for a business.**Advantages

1. To identify strengths
2. To minimize weaknesses
3. To capitalize opportunities
4. To overcome threats

(1/2 x 4 = 02 marks)

**(b) Write two opportunities and two threats for phone cover industry in general.**Opportunities

1. Increasing use of mobile phones
2. Interest about new models
3. Concern about the protection of the phone

(1/2 x 2 = 01 marks)

Threats

1. New competitors
2. Frequent model changes
3. Price increase of the inputs

**(v) Write two strengths that Anusha processes and explain, how those strengths could be used for future development of the business.**

1. Design skill
2. Design knowledge
3. Design experience
4. Use of new technology
5. Ability to identify strategies

(for 2 strengths - 1 x 2 = 02 marks)

(for explanation - 1 x 2 = 02 marks)

(02)

- (i) A manager said that conflicts between company objectives and shareholder objectives pose challenges for managers. Describe this statement by taking examples from company objectives and objectives of the shareholders.

The objective of the shareholders is profit/rent maximization as the dividend whereas objective of the company is business sustainability through reinvestment.

(04 marks for similar idea)

(ii)

- (a) Explain the term, "sustainable development".

Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs.

(02 marks for similar idea)

- (b) Name two social responsibilities of a business organization towards its consumers.

1. Fairness
2. Minimizing damages
3. Protecting rights
4. Providing quality products
5. Full filling customer expectation/completing promises given to customers

(Explain 1 x 2 = 02 marks)

- iii. State four benefits that a business organization could obtain by following business ethics.

1. Growing customer confidence
2. Able to attract and retain customers
3. Able to meet competition successfully
4. Ability to maintain better human resource management
5. Ability to avoid irregularities of the affairs of accounting
6. Easy employee attraction
7. Able to attract investors easily

( 1 x 4 = 4 marks)

iv. (a) **State four services that small and Medium Scale Firms could obtain from Sri Lanka Standards Institution.**

1. Able to get standard specification
2. Providing lab facilities
3. Able to obtain local and international product certificates
4. Able to get training standardization and quality control
5. Obtaining library services
6. Providing services on system certification
7. Information service

(1/2 x 4 = 02 marks)

(b) **Describe two services types of policy interest rate used by the Central Bank of Sri Lanka to implement the financial policies.**

1. Repurchase rate

The Interest rate charged when obtaining funding by securing government securities.

2. Reverse repurchase rate

Interest rate that paid when investing in government securities (repurchasing transactions)

3. Bank Interest rate

The rate at which the Central Bank grants advances to commercial banks for their temporary liquidity purposes.

4. Statutory Reserve Ratio

The proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank.

(Naming 1/2 x 2 = 01 mark)

(Explain 1/2 x 2 = 01 mark)

**V. Describe four objectives of the Consumer Affairs Authority**

1. A delighted consumer through regulation of trade.
2. Provide redress to consumers affected by unfair trade practices.
3. Protection of traders and manufactures against anti-competitive trade practices and promotion of healthy competition.
4. Protecting consumers from exploitation
5. Consumer empowerment through education and awareness.
6. Organizational development through capacity enhancement.

( 1 x 4 = 4 marks)

**(03) (i) "Since the prices of inputs of bakery products have been increased, a bakery owner decided to find additional capital by forming a partnership. Describe four advantages of this decision.**

1. Able to collect more capital
2. Able to synergize the abilities and skills of partners
3. Distributing of responsibilities
4. Increasing interest and efficiency because of collective responsibility
5. Sharing losses among partners

(For 4 facts 1/2X 4 = 02 marks)

(Explain 1/2x 4 = 02 marks)

**(ii) Srimalee established a firm by investing Rs. 50,000, to produce ladies handbags, caps and other ornamental products using banana fiber which is widely available in her area. She recruited three unemployed females from her area on the basis of paying Rs. 800 per day after providing training on the given products. Arrangement has also been made to market her products at tourist hotels. Give the social and economic benefits of this business.**

1. Using Local Resources
2. Reduce income inequality
3. Arising new job opportunities
4. Arising new income sources
5. Increasing living standard of people
6. Development of new market
7. Ability to consumer new goods

(Explain 1x 4 = 04 marks)

(III) Describe, giving four reasons, why some of the firms may wish to remain small despite the benefits of being large

1. Minimization of employees issues
2. Minimization of overheads
3. Flexibility
4. Securing the quality of products and services
5. Entitlement of high profits
6. Able to maintain direct relationship with customers

(Two facts  $1/2 \times 4 = 02$  marks)

(Explanation  $1/2 \times 4 = 02$  marks)

(iv) (a) State two advantages that a businessman could obtain through 'Quick Response Code.'

1. Enhancing consumer trust
2. Earning more profits by selling more units
3. Ability to obtain quick information about goods
4. Minimize promotion expenses due to information availability
5. Ability use as a method of trade promotion
6. Speed of transactions

(1x 2 = 02 marks)

(b) State two basic requirements that a person has to fulfill when making payments for transactions using e-wallets through a mobile phone.

1. Download e-wallet application
2. Enter personnel information (name, email address, mobile number etc....)
3. Prepare personnel identification number (PIN)
4. Coordinate e-purse with credit and debit card

(1x 2 = 02 marks)

v. (a) **State four characteristics of a government department.**

1. Direct control under line Ministry
2. Adhering to establishment code and financial regulations
3. Mostly provide service
4. Financing through consolidated funds
5. Not a legal person

(1/2 x 4 = 02 marks)

(b) **Explain two characteristics with which state corporation can be identified from a government department.**

1. Incorporated under special and common Acts/Enactments
2. Legal personality
3. Management by Director Board
4. Able to collect funds through government loans, Institutional loans and re-investment of surplus
5. Public and Private Partnership

(explanation of 2 = 1x 2 = 02 marks)

04. i. **Luxmi wishes to start a firm in her village to buy and sell dairy products by obtaining finance from formal and informal sources. Describe four advantages that Luxmi could gain from formal financial sources over informal sources.**

1. Certain about interest rate
2. Protection from collateral
3. Formal and exact conditions
4. Able to get more time for repayment
5. Motivate to continue the business
6. Supervision by lender
7. Less possibility for failure
8. Comparatively low interest

(Facts 4, (1/2x 4 = 02 marks)

(Explanation 4, (1/2x 4 = 02 marks)



## ii. (a) Compare bearer cheque with order checks.

| bearer cheque             | order cheque               |
|---------------------------|----------------------------|
| 1. Payment for bearer     | 1. Payments for order only |
| 2. No need of endorsement | 2. Need endorsement        |
| 3. Less security          | 3. More Security           |

(Compare two facts, (1x 2 = 02 marks))

## (b) Describe employee liability insurance.

Employers' liability insurance protects employee against the cost of compensation claims made in the event of an employee injury or work-related illness.

(02 marks similar ideas)

## (III) State four weaknesses of train transport service in Sri Lanka and suggest solutions to rectify each weakness.

|    | Weaknesses  | Suggest solutions  |
|----|---|--|
| 1. | Non-availability of island wide railway network                         | Build and expansion of railway lines   |
| 2. | Inability of use the same transport method up to the end of the journey | Connecting facilities with other mode of transport.  |
| 3. | Inability to get the service whenever needs                             | Increase the number of turns of railway transports   |
| 4. | Frequently delay due to poor signal, poor conditions of railway tracks  | <ul style="list-style-type: none"> <li>• Repair signal lights</li> <li>• Using new technological methods</li> <li>• Maintaining railway lines</li> </ul> |
| 5. | Damaging goods in railway transport                                     | Use of new technological equipment for uploading and reload  |
| 6. | Less facilities for transport goods and passengers                      | Modifying compartments and use various compartment for goods.  |

(Weakness 4, (1/2x 4 = 02 marks))

(Suggest 4, (1/2x 4 = 02 marks))

iv. (a) State four ways of the importance of communication for business activities.

1. To exchange ideas between relevant parties in business transactions
2. To maintain employer – employee relationships
3. To promote marketing activities
4. To manage human and physical resources well
5. To obtain capital
6. To research and development activities

(Naming 4 factors ( $\frac{1}{2} \times 4 = 02$  marks))

(b) Give four reasons for distortion of a message in verbal communication.

1. Lack of language understandability
2. Problems in presenting correct ideas
3. Weakness in understanding correct message
4. Not concentrate on message
5. Barriers in listening
6. Present ideas quickly
7. More information present at once
8. Not presenting sufficient information

(Naming 4 factors ( $\frac{1}{2} \times 4 = 02$  marks))

v

(a) Describe the term, 'comparative cost advantage'.

Comparative advantage occurs when one country can produce a good or service at a lower opportunity cost than another.

(Answer = 02 marks)

(b) What is meant by 'e-payment systems'?

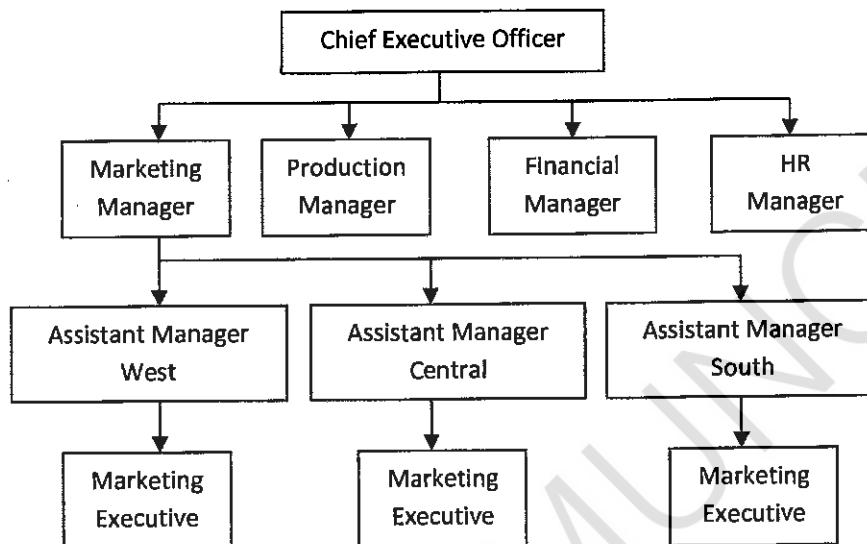
E-payment system is a way of making transactions or paying for goods and services through an electronic medium without the use of cheque or cash.

( Explain = 2 marks)

## Part II

(05)

i. Following is a part of an organization chart.



(a) What is meant by organizational structure?

The typically hierarchical arrangement of lines of authority, communications, rights and duties of an organization. Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management.

(Explanation 02 marks)

(b) Explain the term, 'span of control' and state the extent of span of control of marketing manager according to the above organizational chart.

The number of subordinates directly report to a particular manager is span of control  
(1 mark)

Wide span of control

(1 mark)

ii

(a) Explain what is meant by 'concurrent' control and 'feedback' control.

- Concurrent Control refers to steps taken to prevent deviation occur during the production process

01 mark

- Taking corrective action to rectify the deviation between expected performance and actual performance

01 mark

(b) Mention four reasons for research and development to be important for a business organization.

1. To upgrade the quality of products
2. To enhance the efficiency of the production
3. To introduce new goods and services
4. To minimize the wastage
5. To satisfy the consumer in a better way

(1/2x 4 = 02 marks)

iii Some of the information related to XY company is as follows.

|               | Budgeted<br>(Rs.) | Actual<br>(Rs.) |
|---------------|-------------------|-----------------|
| Sales Revenue | 3000              | 2750            |
| Cost of Sales | 2100              | 12700           |

(a) Calculate the sales revenue variance and the cost of sales variance

$$\text{Sales revenue variance} = 3000 - 2750 = 250$$

$$\text{Cost of sales variance} = 2100 - 12700 = (10600)$$

(1X2 = 02 marks)

(b) Explain two possible reasons for variance in sales revenue

1. Increase/decrease sales volume
2. Increase/decrease sales price

iv. "Flow production method is widely used in motor vehicle manufacturing." Explain four advantages of using this method for motor vehicle manufacturing and explain them.

1. Unit cost is less due to economies of scale
2. mostly the production flow can be controlled with less number of employee
3. Expansion of entire market
4. Ability to use modern technology easily
5. Ability to create market monopoly according to large scale production
6. Easy to face competition

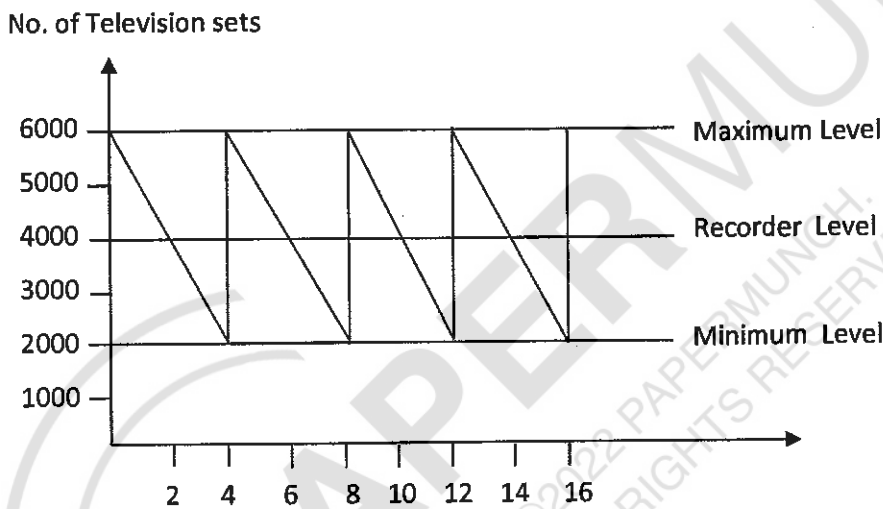
( 4 = 04 marks)

v. Compare 'process layout' with 'product layout'.

| Process Layout   | Product layout                       |
|--|--------------------------------------|
| 1. All activities relating to one stage of production happens in one work station. | 1. Line production                   |
| 2. Backward and forward movement   | 2. moving products in a liner manner |
| 3. Comparatively less capital investment   | 3. High capital investment           |
| 4. Same machine is used for multi-purpose  | 4. Specific purpose machine          |
| 5. Relatively high production time   | 5. Less time for production          |
| 6. Relatively high stocks  | 6. Less stock                        |
| 7. More work involvement   | 6. Less diverse work                 |

(06)

(i) Following diagram shows the stock levels of XYZ Company pertaining to Television sets.



Calculate the following

- (a) Cycle times = 4 weeks
- (b) Reorder level = 4000 units
- (c) Buffer stocks = 2000 units
- (d) Lead time = 2 weeks

ii. State four ways to improve material productivity.

- 1. Use of high quality raw materials
- 2. Minimize of waste
- 3. Optimal stock level
- 4. Recycle and reuse
- 5. Use of modern/state art of technology

(1x4 = 4 marks)

iii.

(a) what is 'market segmentation'?

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics.

(2 marks)

(b) Briefly explain how market segmentation would help increase of sales

1. Identification particular customer groups
2. easy to access
3. Ability take marketing decisions by efficiently allocating resources and ideal strategies
4. Able to provide better services so that sales will be increased.

(02 Marks)

iv. Describe the relationship between consumer value and consumer satisfaction.

1. Consumer value is the total evaluation of customers about the ability to satisfy customers' needs
2. Customer satisfaction is the satisfaction by manufacturing a product suiting to customers expectation

(2X 1 = 02 marks)

If the value of the product is greater than the expectation satisfaction and higher and vice versa

(02 marks)

v.

(a) what is meant by PLC?

Product Life Cycle means the sequence of stages that every product progresses through until it reaches the stage where it is finally abandoned or discontinued from the market.

(02 marks)

(b) Write two advantage that producer can gains through understanding PLC.

1. Able to comprehend the challenges of each stage of PLC and can be ready in advance
2. Able to take decisions quickly and conveniently
3. Ability to take competitive advantages
4. Ability to marketing strategies and tools for each stage of PLC
5. Ability to forecast sales

(1x 2 = 02 marks)

**7. (i). Explain two sources of external finance of a business organization with two limitations of them.**

**External source of finance**

1. Share issues
2. Bank loans
3. Leasing
4. Mortgage
5. Hire purchase
6. Debentures
7. Bank overdrafts

Facts 1 X 2 = 02 marks

**Limitations of external source of funding**

1. Sourcing cost
2. Not easy source the funds
3. Need of collaterals
4. Increasing liability of the company

(01 marks for two limitations 1x 2 = 02 marks)

ii.

**(a) Describe the importance of liquidity ratios for a business.**

- Able to understand the ability to meet short term liabilities
- Able to understand the ability of settling current liabilities quickly.

(1x2 = 02 marks)

**(b) State four factors that influence the increase of share price of a company.**

- Demand and supply of the share
- Goodwill of the company
- Dividedness policy of the company
- Economic factors of the country
- Political factors
- Behavior of investors
- Competencies of Managers

(1/2 X 4 = 02 marks)

iii. (a) Compare data and information.

| Data  | information   |
|---|---|
| <ul style="list-style-type: none"> <li>• The basic methods used as inputs in data.</li> <li>• Processing are data cannot be directly used in decision making</li> <li>• Data are no value until they are in the form of data</li> <li>• A raw material</li> </ul> | <ul style="list-style-type: none"> <li>• Outcome of data processing is information</li> <li>• Can be used in decision making</li> <li>• A value contains in information</li> <li>• A finished product.</li> </ul> |

(1x 2 = 02 marks)

(b) Explain 'knowledge worker' and provide two examples for them.

Knowledge workers are educationally qualified professionals.

(1/2x 2 = 01 mark)

Ex: lawyers, Accountants, Auditors and Engineers

(1x 2 = 02 marks)

iv. (a) State two difference between job description and job specification

| Job description   | Job specification  |
|---|--|
| <ul style="list-style-type: none"> <li>• Describe the job</li> <li>• Describe the activities, duties and responsibilities pertaining to the job</li> <li>• It is a record about the characteristics of job</li> <li>• Job specification contains a part of the job description</li> </ul> | <ul style="list-style-type: none"> <li>• Describe suitable person for the job</li> <li>• Describe the basic preparation to have for a person to compete the effectively and efficiently</li> <li>• A list of human attributes to be have to complete the job successfully</li> <li>• Job description contains a part of the job specification</li> </ul> |

(01 mark for 2 difference 1x 2 = 02 marks)



**(b) Write two reasons for obtaining membership of TU by employees.**

1. For reasonable salary
2. For conducive work environment
3. For solving issues relating to working time
4. For protecting from occupational health and safety issues
5. For job security
6. For training and development
7. For collecting bargaining

(for 2 facts 1x 2 = 02 marks)

**v. It was decided by a firm to publish a newspaper advertisement to recruit a marketing assistant. Describe briefly two advantages and two disadvantages of recruiting applicants through a newspaper advertisement.**Advantages

1. Able to select most suitable applicants from all the applicants.
2. Able to attract large number of applicants at less cost
3. Comparatively easy methods
4. Able to include details of application form, limitation, closing date etc.
5. Ability to customize according to business ability.

(1x 2 = 02 marks)

Disadvantages

1. Taking long time to receive the applications
2. Possibility of receiving unsuitable applications
3. Ability to lose most appropriate applicant
4. High cost and time for sorting the applications.

(1x 2 = 02 marks)

**8.****(i)****(a) "Interview is a popular method for selecting employees." Describe two limitations of method.**

1. Cannot select most suitable person due to biasness of interview board.
2. Unnecessary fear of candidates
3. Misleading the interview board
4. High cost and time to select most suitable candidate.

(1x 2 = 02 marks)

**(b) Mention four actions that could be taken by the management against a probationary employee who was unable to fulfill the assigned job tasks and responsibilities**

1. Issuing reprimands
2. Extension of probationary period
3. Transfer to another section
4. Termination of employment

(04 actions  $1/2 \times 4 = 02$  marks)

**(ii) Propose four suggestions to control cash flows from organization.**

1. Delay in payments
2. Retaining dividends
3. Controlling the outflow of interest and dividends though restricting loan capital
4. Marinating optimum number of employees
5. Minimizing establishment and administrative expenses
6. Stock control.

(for 4 suggestions  $1 \times 4 = 04$  marks)

**(iii) (a) Briefly explain the importance of information management for an organization.**

1. To coordinate each section
2. To give feedback
3. Growth in consumer relationship
4. Growth in employee relationship
5. To implement rules
6. Growth in innovation

( $1 \times 2 = 02$  marks)

**(b) Briefly describe two reasons for the importance of a business plan for a businessman.**

1. To guide the business operations
2. To give an understanding about the business to interested parties
3. To obtain financial facilities required by the business

( $1 \times 2 = 02$  marks)

**iv. (a) Explain the basic elements that should be included in a marketing plan.**

1. Analysis of industry and the market
2. Expected good or service to be sold
3. Target market
4. Analysis of competition
5. Expected sales
6. Marketing strategies of competitors
7. Proposed marketing strategies of the entrepreneur
8. Sales format
9. Marketing expenses

(1/2x 4 = 02 marks)

**(b) Write four factors that should be considered in a competitive analysis.**

1. Prevailing competition
2. Competitors and their strengths
3. Entrepreneurs strengths and weaknesses to face the competition
4. Barriers to access the market such as cost time technology, patent rights available and trademarks etc.

(1/2x 4 = 02 marks)

**v. Explain 'pre-operating expenses' included in the estimated project cost and provide two examples for them**

Expenses that should be incurred before the start of business.

(2 = 02 marks)

Example:

- Property development
- Expenses for obtaining infrastructure facilities like electricity and water
- Expenses for licensing

(1x 2 = 02 marks)



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