

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

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

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

ව්‍යාපාර අධ්‍යයනය I  
வணிகக் கல்வி I  
Business Studies I

32 E I

පැය දෙකයි  
இரண்டு மணித்தியாலம்  
Two hours

### Instructions:

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

Index No. : .....

### For Examiner's Use Only

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

1. Some goods and services are given below.

- |                  |                    |
|------------------|--------------------|
| A – Newspapers   | B – Healthcare     |
| C – Clothing     | D – Legal Advocacy |
| E – Education    | F – Vegetables     |
| G – Social media | H – Televisions    |

From the above, what is the option that contains only services?

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

2. Some inputs used for production are given below.

- |                   |                      |
|-------------------|----------------------|
| A – Land          | B – Competency       |
| C – Staff         | D – Information      |
| E – Knowledge     | F – Entrepreneurship |
| G – Raw materials | H – Inventory        |

From the above, what is the option that contains only intangible inputs?

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

3. A company's ability to form a joint venture with a foreign party represents a/an

- |                  |                            |               |
|------------------|----------------------------|---------------|
| (1) threat.      | (2) strength.              | (3) weakness. |
| (4) opportunity. | (5) strength and a threat. | (.....)       |

4. What is the minimum number of shareholders required to form a Private Limited Company in Sri Lanka, according to the Companies Act No. 07 of 2007?

- |       |        |         |
|-------|--------|---------|
| (1) 1 | (2) 2  | (3) 3   |
| (4) 7 | (5) 10 | (.....) |

5. A business strategy that a company uses to take control of the entire supply chain is

- |                           |                             |                           |
|---------------------------|-----------------------------|---------------------------|
| (1) forward integration.  | (2) horizontal integration. | (3) vertical integration. |
| (4) backward integration. | (5) conglomerates.          | (.....)                   |

6. The following table shows some stakeholders and their interests in a business.

Stakeholders	Interests
(i) Creditors	A - Employment generation
(ii) Shareholders	B - Job Security
(iii) Government	C - Financial stability
(iv) Consumers	D - Returns
(v) Employees	E - Value

What is the option that correctly matches the interests according to the order of business stakeholders given above?

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

7. The following table shows some government income sources and collecting authorities.

<b>Income sources</b>	<b>Authority</b>
(i) Rates	A - Department of Motor Traffic
(ii) Tariffs	B - Department of Inland Revenue
(iii) Advance Personal Income Tax (APIT)	C - Department of Immigration and Emigration
(iv) Emission Test Charges	D - Local Authorities
(v) Visa fee	E - Sri Lanka Customs

What is the option that correctly matches the collecting authority according to the order of income source?

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

8. From the following, select the key entrepreneurial characteristic that an entrepreneur should possess to convert environmental opportunities into reality.

- (1) Leadership (2) Innovation (3) Persistence  
(4) Passion (5) Self-motivation (.....)

9. From the following, the funds collected by a unit trust is deployed in

- (1) fixed assets of companies.
- (2) credit facilities for companies.
- (3) current and savings accounts.
- (4) investment portfolio.
- (5) financial institutions for a fixed interest rate. (.....)

**10.** Following are some characteristics of enterprises.

- A – Niche market focus  
B – Global operations  
C – Market dominance  
D – Self-employment  
E – Decentralised decision making  
F – Informal structure  
G – Autonomy  
H – Limited access to capital

From the above, what is the option that correctly contains characteristics of only Micro, Small and Medium (MSM) enterprises?

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

**11. Real Time Gross Settlement System (RTGSS) of the Central Bank of Sri Lanka is**

- (1) an off-line fund transfer system.
- (2) an electronic fund settlement system.
- (3) a cheque imaging and truncation system.
- (4) a scripless securities settlement system.
- (5) a scripless securities depository system.

12. Indemnity principle of insurance will **not** be applicable for  
 (1) building insurance. (2) marine insurance. (3) fire insurance.  
 (4) motor insurance. (5) life insurance. (.....)
13. Which of the following is **not** an attribute of printed media?  
 (1) Broader coverage (2) Delayed feedback  
 (3) Better visualization (4) Personal interaction  
 (5) Geographical scattering (.....)
14. Which aspect of logistics involves the process of moving goods from customer back to the seller for recycling purpose?  
 (1) Inbound (2) Outbound (3) Distribution  
 (4) Reverse (5) Third party (.....)
15. When the Sri Lankan rupee depreciates against the US Dollar, select the option that correctly indicates the general effect to the import and export quantities of Sri Lanka.

	Imports	Exports
(1)	Increase	Decrease
(2)	Increase	Increase
(3)	Decrease	Decrease
(4)	Decrease	Increase
(5)	Increase	No effect

16. The following table shows different types of agents and their roles. (.....)

Agents	Roles
(i) Del credere agent	A - Connects buyer and seller
(ii) Auctioneer	B - Buys or sells goods under one's own name
(iii) Broker	C - Guarantees to pay for goods sold on credit
(iv) Commission Agent	D - Arranges sales of goods to the highest bidder
(v) Factor	E - Buys or sells on personal desire

What is the option that correctly matches the roles according to the order of agents given above?

- (1) B, D, E, C, A (2) C, A, D, B, E (3) C, D, A, E, B  
 (4) D, C, A, E, B (5) D, C, E, A, B (.....)
17. What is the managerial sub role that focuses on constructing a positive image towards the organization?  
 (1) Monitor (2) Spokesperson (3) Figurehead  
 (4) Disturbance handler (5) Resource allocator (.....)
18. Consider the following statements A and B. (.....)

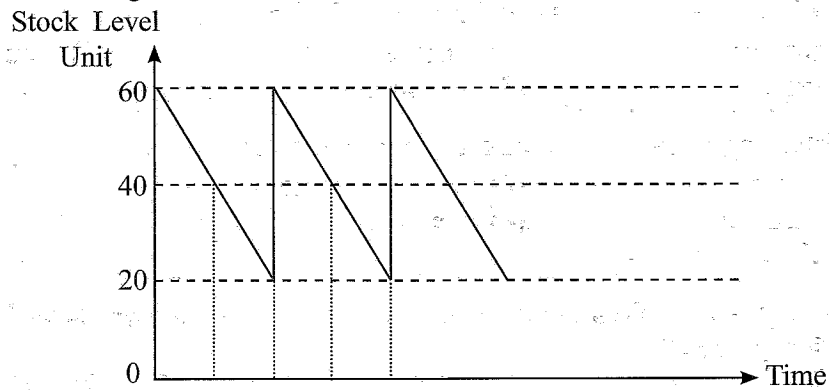
**Statement A :** One of the main objectives of a business is to utilize resources in an efficient manner.

**Statement B :** One of the main objectives of a business is to maximize customer satisfaction at any cost.

From the above two statements,

- (1) only A is correct.  
 (2) only B is correct.  
 (3) both A and B are incorrect.  
 (4) while both A and B are correct, A is elaborated through B.  
 (5) while both A and B are correct, A is not elaborated through B. (.....)

19. Consider the following chart.



According to the above chart, what is the inventory quantity in units that will assist to continue the production of an organization if the ordered quantity has not been received on time?

- (1) 20                      (2) 30                      (3) 40                      (4) 50                      (5) 60                      (.....)

20. Following are some of the parties who are involved in a physical distribution channel.

A – Wholesaler

B – Factory

C – Retailer

D – Agent

E – Customer

The correct sequence of a physical distribution channel would be

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

21. Some goods are given below.

A – Furniture

B – Smart phone

C – Magazine

D – Jewellery

E – Refrigerator

F – Soft drinks

G – Bread

H – Television

From the above, select the option that correctly includes only shopping goods.

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

22. What is an example for an internal and direct source of funds of a business?

- (1) Retained profits                      (2) Ordinary shares                      (3) Factoring  
(4) Venture capital                      (5) Trade credits                      (.....)

23. From the following, the type of the domestic debt that was recently restructured by the Government of Sri Lanka is

- (1) commercial papers.                      (2) debentures.                      (3) treasury bills.  
(4) treasury bonds.                      (5) bank loans.                      (.....)

24. The process of locating, identifying and attracting suitable applicants for a job is called as

- (1) selection.                      (2) planning.  
(3) recruitment.                      (4) confirmation.  
(5) retaining.                      (.....)

25. The following table shows some financial information of a business.

Description	Jan	Feb	March	April
Opening Balance (Rs.)	10 000			?
Cash inflows (Rs.)	30 000	40 000	40 000	50 000
Cash outflows (Rs.)	20 000	65 000	40 000	45 000

According to above information, how much is the opening cash balance for the month of April?

- (1) Rs. 15 000                      (2) Rs. 10 000                      (3) Rs. 5 000  
(4) Rs. (10 000)                      (5) Rs. (5 000)                      (.....)

26. The following table shows types of employees and descriptions of them.

Employee types	Descriptions
(i) Casual	A - Work for an unlimited period
(ii) Contract	B - Undergo a trial period
(iii) Permanent	C - Work for a limited period
(iv) Probationary	D - Work on a needed basis
(v) Temporary	E - Work for a specific period

What is the option that correctly matches the descriptions in the order of employees types?

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

27. Select the correct indicator that reflects employees' job satisfaction. (.....)

- (1) Promotions                      (2) Termination                      (3) Dismissal  
 (4) Transfer                      (5) Absenteeism (.....)

28. Following are some characteristics relating to currency.

- A - Tangibility                      B - Global acceptability  
 F - High risk                      D - Low divisibility  
 E - Intangibility                      C - Remote accessibility  
 G - Low risk                      H - High divisibility

Compared with physical currency, what is the option that matches only the characteristics of digital currency?

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

29. The following table depicts some terms in financial statements and their calculation methods. (.....)

Terms	Methods
(i) Net profit	A - Net profit – income tax
(ii) Sales revenue	B - Sales revenue – cost of sales
(iii) Profit for the period	C - Opening stock + purchases + inward carriage – (value of outward returns + closing stock)
(iv) Gross profit	D - Gross profit + operating income – operating expenses
(v) Cost of sales	E - Cash sales + credit sales – value of inward returns

What is the option that correctly matches the calculation methods according to the order of terms?

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

30. Which of the following is a source of primary data? (.....)

- (1) Self-administered surveys  
 (2) Government agency reports  
 (3) Central Bank Reports  
 (4) Department of Census and Statistics reports  
 (5) Newspapers and magazines (.....)

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

31. (a) Reduction of energy waste emphasizes ..... sustainability whereas, equity emphasizes ..... sustainability.
- (b) Adhering to the stipulated minimum wage payment is an example for ..... responsibility whereas paying more than the stipulated minimum wage is an example for ..... responsibility of a business.
32. (a) Monetary policy manages the money supply and ..... while fiscal policy manages the government spending and ..... income.
- (b) A tax charged on total sales revenue of a business is ..... tax whereas, the amount deducted by a bank from an individual's interest income is ..... tax.
33. (a) A partnership agreement could be either in verbal, ..... or implied forms and according to the Partnership Act of 1890, in the absence of a partnership agreement, profits should be .....divided among the partners.
- (b) A company limited by ..... does not issue shares and its primary purpose will not be making .....
34. (a) A reduction in the list price of a product sold to customers is ..... discounts whereas the discounts given to debtors when making early payments is ..... discounts.
- (b) A firm that engages in buying and selling securities on behalf of investors is a ..... company and such companies should be registered at the Securities and ..... Commission of Sri Lanka.
35. (a) Production process of manufacturing a large quantity of shirts is an example for a ..... production and stitching a shirt for a customer order is an example for a ..... production.
- (b) Control charts techniques is used in ..... process control and regular group meetings to discuss the issues of quality of products is an example for quality .....
36. (a) Computer-aided design (CAD) is used during the product ..... stage whereas, computer-aided manufacturing (CAM) is used during the product ..... stage.
- (b) Equipment and work stations which are arranged in a sequential order is ..... layout whereas, equipment and machines are brought to the place of production is ..... layout.
37. (a) A company that uses a single brand for multiple products is an/a ..... brand and use of various brands for multiple products is known as an/a ..... brand.
- (b) Dividing a market into homogeneous groups is market ..... and a percentage of an industry's total sales that is captured by a company is market .....

38. (a) The option which allows the lessee to purchase the assets at the end of the lease period is known as ..... lease whereas the option which requires the lessee to return the assets to the lessor at the end of lease period is known as ..... lease.
- (b) Interest ..... ratio is used to measure the ability of a company to pay interest on its outstanding debt whereas assets ..... ratio is used to measure how efficiently a company uses its assets to generate revenue.
39. (a) Skills required for employees on current job can be enhanced through ..... and new skills required for future career of them can be enhanced through .....
- (b) An association formed by employees to protect their rights is known as a trade ..... and the process of negotiating between employer and employee is known as a collective .....
40. (a) The cost which remains unchanged with the output is called as ..... cost and the cost that changes with the output is called as ..... cost.
- (b) The processing of collected data all at once is called as ..... processing and the processing of data while receiving is called as ..... processing.

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

41. Mention **four** reasons as to why entrepreneurship is important for a country.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

42. Write the correct promotion mix for the following examples.

Example	Promotion mix
(1) Buy one get one free (BOGOF)	(A) .....
(2) A personal visit to a potential customer	(B) .....
(3) Sponsoring a cricket tournament	(C) .....
(4) A personalized email campaign	(D) .....

43. Indicate **four** benefits a manager can obtain by analysing the financial statements of a company.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

44. Name **four** contractual savings institutions in Sri Lanka.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

45. Write **four** benefits an employee can obtain from an employee performance appraisal.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

46. Mention **four** key functions of a Computer-Based Information System (CBIS).

- (1) .....
- (2) .....
- (3) .....
- (4) .....

47. Indicate **four** agency activities of the Central Bank of Sri Lanka.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

48. Write the full form of Information Technology related abbreviations given below.

- (1) AI : .....
- (2) WWW : .....
- (3) LAN : .....
- (4) VOIP : .....

49. Name **four** key parties involved in a letter of credit (LC) used in international trade.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

50. Indicate **four** key factors a lending organizations would consider in a business plan when deciding to grant a loan.

- (1) .....
- (2) .....
- (3) .....
- (4) .....

\* \* \*



AL/2024/32/E-II

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

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

ව්‍යාපාර අධ්‍යයනය **II**  
 வணிகக் கல்வி **II**  
**Business Studies II**

**32 E II**

පැය තුනයි  
 மூன்று மணித்தியாலம்  
**Three hours**

අමතර කියවීමේ 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**

- 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.
  - (a) What is the production sector Amanda's business belong to? Give a reason for your answer. (02 marks)
  - (b) State **two** advantages and **two** disadvantages of Amanda being an owner-manager of the business. (02 marks)
  - (ii) (a) Name **two** characteristics of Amanda's business. (02 marks)
  - (b) State **four** ways that Amanda's business can contribute to the growth of the economy. (02 marks)
  - (iii) (a) Considering the case, write **two** task environmental forces and **two** macro environmental forces that influence Amanda's business. (02 marks)
  - (b) Indicate **two** social responsibilities to be fulfilled by Amanda's business to the society. (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)
  - (b) Indicate **two** reasons as to why foreign fast food franchises should be considered as competitors to Amanda's business. (02 marks)
  - (v) (a) Describe the impact of layoff for existing employees of this business. (02 marks)
  - (b) Suggest **two** strategies Amanda can implement to recover the lost sales. (02 marks)

(Total 20 marks)
- 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)
- (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)
- (ii) (a) If the cost of production of agri-products increases, how does it impact the businessmen and consumers? (02 marks)
- (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)
- (iii) (a) State **two** ways Kalana and Akbar can add value to tea. (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)
- (iv) (a) Explain **four** key ways that differentiate a partnership from a private limited company. (02 marks)
- (b) State **four** limitations of a private limited company. (02 marks)
- (v) Write **two** advantages and **two** disadvantages to this business by obtaining a long-term bank loan. (04 marks)
- (Total 20 marks)
3. (i) (a) What is 'social entrepreneurship'? (02 marks)
- (b) Write **four** challenges of social entrepreneurship. (02 marks)
- (ii) (a) Describe **two** differences between an entrepreneur and a businessman. (02 marks)
- (b) State **four** advantages a customer can obtain through digital payment methods. (02 marks)
- (iii) (a) Explain **four** ways that differentiate large scale enterprises from Micro, Small and Medium scale (MSM) enterprises. (02 marks)
- (b) State **four** reasons that cause Micro, Small and Medium (MSM) scale enterprises to fail in Sri Lanka. (02 marks)
- (iv) (a) Describe the difference between 'mortgage loans' and 'bank overdrafts'. (02 marks)
- (b) Indicate **two** benefits a businessman can obtain by purchasing treasury bills. (02 marks)
- (v) (a) Write **two** purposes of maintaining records in counter foils of cheques. (02 marks)
- (b) What is meant by 'micro-financing'? (02 marks)
- (Total 20 marks)
4. (i) (a) Name **two** beneficiaries of a life insurance. (02 marks)
- (b) State **two** benefits an exporter can obtain through Export Credit Insurance. (02 marks)
- (ii) (a) Mention **four** advantages of social media to a business organization. (02 marks)
- (b) State **four** disadvantages of signs and symbols used in communication. (02 marks)
- (iii) (a) What is meant by 'free trade'? (02 marks)
- (b) Explain the term 'multi-modal transport' with an example. (02 marks)
- (iv) (a) State **two** differences between an agent and a distributor? (02 marks)
- (b) Explain with an example how do tariff barriers (TB) differ from non-tariff barriers (NTB). (02 marks)
- (v) (a) Indicate **four** reasons why wholesale trade is important to a producer? (02 marks)
- (b) Explain **four** advantages of online trade for a businessman. (02 marks)
- (Total 20 marks)

[See page three]

## Part II

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)
  - (b) Based on the behaviour, name the leadership style Ridma adopts considering the case. Give a reason for your answer. (02 marks)
  - (ii) (a) State the controlling technique Ridma uses in the production process. (02 marks)
  - (b) Describe **two** elements that should contain in the toys products for children to ensure quality. (02 marks)
  - (iii) Name **two** financial and **two** non-financial motivational methods Ridma can apply. (04 marks)
  - (iv) (a) Describe **two** methods the factory can use to enhance machine productivity. (02 marks)
  - (b) Explain **two** advantages Ridma can obtain by using recycled materials in toy manufacturing. (02 marks)
  - (v) (a) What is a 'cellular layout'? (02 marks)
  - (b) Write an advantage and a disadvantage of the cellular layout. (02 marks)
- (Total 20 marks)
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)
  - (b) Describe **two** advantages of using JIT method in the inventory control. (02 marks)
  - (ii) (a) Define 'target market'. (02 marks)
  - (b) Briefly describe the importance of conducting market research for the above company. (02 marks)
  - (iii) (a) Name the base the above company adopted to segment the market and give a reason for your answer. (02 marks)
  - (b) Write **four** benefits the company can obtain through market segmentation. (02 marks)
  - (iv) (a) Name the market promotion method Facebook, YouTube, Instagram and TikTok refers to. (02 marks)
  - (b) Write **two** characteristics that can be observed at the growth stage of a product life cycle. (02 marks)
  - (v) (a) What is the break-even point in units and rupees of this company? (02 marks)
  - (b) If the company sold 15 units of cars, calculate the profit. (02 marks)
- (Total 20 marks)

7. (i) (a) Define the 'liquidity ratio'. (02 marks)  
(b) Explain **two** benefits of liquidity ratio for a business. (02 marks)
- (ii) (a) Indicate **four** benefits of preparing a cash budget for a business. (02 marks)  
(b) What is 'inter-bank call money market' of the Central Bank of Sri Lanka? (02 marks)
- (iii) (a) Describe the impact of excess employees for a company. (02 marks)  
(b) Write **two** methods a company can use to identify employee grievances. (02 marks)
- (iv) (a) State **four** disciplinary actions an employer can take against employees. (02 marks)  
(b) Write **four** benefits a member is entitled to obtain from the Employee Trust Fund (ETF). (02 marks)
- (v) (a) What is 'performance appraisal'? (02 marks)  
(b) Describe **two** advantages a business can obtain by maintaining a 'skill inventory'. (02 marks)
- (Total 20 marks)
8. (i) (a) Mention **four** ways in which data can be presented. (02 marks)  
(b) Name **four** characteristics of good information. (02 marks)
- (ii) (a) Describe **two** benefits an organization can obtain by using information technology. (02 marks)  
(b) Explain 'File Transfer Protocol' (FTP). (02 marks)
- (iii) (a) State the key difference between proprietary software and open-source software. (02 marks)  
(b) What is a 'computer virus'? (02 marks)
- (iv) (a) State **four** information that should be presented in the Competitive Analysis of marketing plan. (02 marks)  
(b) Explain why the business plan is needed to an organization. (02 marks)
- (v) (a) What is 'working capital'? Write **two** reasons as to why it is essential for a business. (02 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)

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**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
			<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 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  $\triangle$  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)

.....  
.....  
.....

✓

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

(ii)

.....  
.....  
.....

✓

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

(iii)

.....  
.....  
.....

✓

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

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

### 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 '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 essay-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 write the relevant details.

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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

( $\frac{1}{2}$  mark  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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
- (1/2 mark × 2 = 01 mark)

Macro/environmental factors

1. Legal environment
  2. Economic environment
  3. Technological environment
- (1/2 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
- (1/2 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  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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  $\times$  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

( $\frac{1}{2}$  mark  $\times$  2 = 01 mark)

**To the Consumer**

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

( $\frac{1}{2}$  mark  $\times$  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  $\times$  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  $\times$  2 = 02 marks)

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

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

(Name and describe  $\frac{1}{2}$  mark  $\times$  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
- ( $\frac{1}{2}$  mark  $\times$  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  $\times$  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  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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 financial bonds

( $\frac{1}{2}$  mark  $\times$  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

( $\frac{1}{2}$  mark  $\times$  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 2. Long-term 3. It can be given by any financial institution 4. Comparatively low interest 5. Interest to be paid for the full amount of the loan 6. Purchased properties and assets have to be obliged as collaterals	1. A Current account is compulsory 2. Short-term 3. Only Commercial banks 4. Comparatively high interest 5. Interest is applicable only for the used amount 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

*(1/2 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

*(1/2 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  $\frac{1}{2} \times 02 = 01$  mark)

(Explaining 02 elements  $\frac{1}{2} \times 02 = 01$  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.

( $\frac{1}{2} \times 04 = 02$  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

( $1 \times 02 = 02$  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.

(1/2 × 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

(1/2 × 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

( $\frac{1}{2} \times 04 = 02$  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

( $\frac{1}{2} \times 04 = 02$  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  $\frac{1}{2} \times 2 = 01$  mark)  
(Explaining facts  $\frac{1}{2} \times 2 = 01$  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.

( $\frac{1}{2} \times 4 = 02$  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  $1 \times 2 = 02$  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

*( $\frac{1}{2} \times 2 = 01$  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

*( $01 \times 2 = 02$  marks)*

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