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අධායන පොදු සහකික පතු (උසස් පෙළ) විභාගය, 2020 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2020 General Certificate of Education (Adv. Level) Examination, 2020

වාහ අධායනය II බාණ් සහ්බ් II Business Studies II



ூட තුනයි மூன்று மணித்தியாலம் **Three hours**

අමතර කියවීම් කාලය - මිනිත්තු 10 යි மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள் Additional Reading Time - 10 minutes

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

Instructions:

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

Part I

- 1. After completing a professional course, Asha commenced a beauty salon named 'Amasha' and appointed Amara as its manager. Asha invested Rs. 500 000 obtained through a loan and Rs. 200 000 from her savings in this business. She bought a building worth of Rs. 600 000 and the balance was spent to import modern equipment for the business to deliver a high quality service. She and her trained staff are ready to provide service at any time by either visiting customers' homes or at the beauty salon, considering the convenience of the customers.
 - (i) Classify this business according to the following criteria: (a) Ownership (b) Objective (c) Scale (d) Production sector (04 *marks*) (ii) (a) Briefly describe whether Asha's business fulfills a need or a want of a person. (02 *marks*) (b) Name and describe two tactics except the price that Asha has adopted to increase the demand of the customers. (02 marks)(iii) (a) List two strengths and two weaknesses of this business. (02 marks)(b) Describe two ways the industry to which Asha's business belongs to contributes for the economic development. (02 marks)(iv) (a) Mention four limitations that can be seen in these types of businesses. (02 marks)(b) Write four resources, with examples in addition to entrepreneurship, employed by Asha's business. (02 marks)(v) Explain four ways that Asha can further improve entrepreneurial characteristics and skills. (04 *marks*)

(Total 20 marks)

2.	(i)	(a) Name four institutions established in Sri Lanka to which you can make		
			•	marks)
		(b) Briefly describe two trade malpractices committed by traders.		marks)
	(ii)	(a) Describe what is meant by a 'formal organization'.	•	marks)
		(b) Mention four characteristics of public limited companies.	(02	marks)
	(iii)	(a) Define 'franchise businesses'.	(02	marks)
		(b) Describe how a listed public company differs from an unlisted public company.	(02	marks)
		Keerthi runs an exporting company by purchasing fish from local suppliers. Due to the COVID-19 pandemic, the export price of fish declined from U.S. \$ 16 to \$ 06 per kg. Therefore, Keerthi decided to close down the business but employees and residents in the area were agitated over this decision.		
		(a) What is meant by 'social responsibility' of this business?	(01	marks)
		(b) Name three parties who are interested in the above business and state one		
		reason for each party to show interest in it.	(03	marks)
	(v)	Explain the way in which a rational consumer behaves in the market using four facts. (<i>Total</i>		marks) marks)
3.		irline operated by the government was integrated with a private airline named Alpha', with the intention of increasing its market share.		
		(a) What is meant by 'business merger' ?	(02	marks)
		(b) Name the type of integration that occurred between the above two companies and describe that integration type.	(02	marks)
	(ii)	(a) Write four advantages that a businessman can obtain from leasing companies.	(02	marks)
		(b) State four agency activities of the Central Bank of Sri Lanka.	(02	marks)
	(iii)	(a) Describe two differences between licensed commercial banks and licensed		
		financial companies.	,	marks)
		(b) Describe the two main settlement systems of 'Lanka Settle' system.	(02	marks)
	(iv)	(a) Describe the importance of air transportation for the economy giving two reasons.	(02	marks)
		(b) Describe two current trends in the road transport sector in Sri Lanka with two	(00	7 \
		examples.	`	marks)
	(v)	Explain what is meant by 'quantitative factors' in defining small and medium size		7
		enterprises and provide two examples for those. (Total	,	marks) marks)
			3	
4.	(i)	(a) What is meant by a 'Letter of Credit'?	(02	marks)
		(b) Name four fields of cooperative activities of the South Asian Association for Regional Cooperation (SAARC).	(02	marks)
	(ii)	(a) Name the parties that should contribute to the Employee Provident Fund (EPF)		
	. •	and mention the minimum percentages of contribution they should make.	(02	marks)
		(b) State four ways of identifying non-insurable risks.	(02	marks)
	(iii)	(a) State four points that should be considered when writing a cheque.	(02	marks)
		(b) Briefly explain, the importance of restricted endorsement giving two reasons.	(02	marks)

- (iv) (a) What is meant by 'general liability insurance'? (01 marks)
 - (b) Explain the importance of communication for business affairs giving three reasons. (03 marks)
- (v) Explain why 'barcodes' are important for a business using **four** reasons. (04 *marks*) (*Total* 20 *marks*)

Part II

5. (i) (a) Describe what is 'an organization'.

(02 *marks*)

(b) Explain the relationship between 'effectiveness' and 'efficiency'.

(02 *marks*)

- (ii) (a) Write two advantages and two disadvantages of decentralizing an organization. (02 marks)
 - (b) State four reasons on the importance of control process.

(02 *marks*)

(iii) (a) What is 'value added' of a product?

(02 *marks*)

(b) Briefly explain 'cell layout' with an example.

(02 *marks*)

(iv) (a) State two benefits of resource analysis in the planning process.

(01 *marks*)

(b) Explain why conceptual skills are more important for top managers giving two reasons.

(03 marks)

(v) The actual and forecasted information of Saravanas Shoe Manufacturing Company are given in the table below.

Description	2020	2021		
Description	(Actual)	(Forecasted)		
Pair of shoes (units)	500	1 000		
Fixed costs	Rs. 212 000	increased by 50%		
Variable cost (per pair)	Rs. 200	Rs. 200		
Selling price (per pair)	Rs. 730	Rs. 730		

Calculate the following for the year 2021.

- (a) Total production cost
- (b) Production cost of a pair of shoes
- (c) Break-even point in quantity
- (d) Difference of break-even quantity compared to 2020

(04 marks) (Total 20 marks)

- 6. (i) (a) State four issues that a business may face when using new technology. (02 marks)
 - (b) Explain how shopping goods differ from speciality goods with an example. (02 marks)
 - (ii) A merchant sets the prices of his goods 20% less than the competitors' price.
 - (a) What is the prime objective of the above pricing method?

(01 *marks*)

(b) Briefly explain the effect to gross profit of the merchant when using such a pricing method.

(03 *marks*)

- (iii) (a) State four benefits that can be claimed to a business through trade promotion. (02 marks)
 - (b) "Channel of distribution will vary based on the nature of consumer goods." Explain this statement giving **two** examples.
- (iv) (a) List four objectives of financial management.

(02 marks)(02 marks)

(b) Describe **two** advantages that shareholders can obtain through effective financial management. (02

(02 *marks*)

(v) Explain four benefits that a businessman can gain through market segmentation. (04 marks)

(Total 20 marks)

7.	(i)	Using	the	given	information,	calculate	each	of	the	following	ratios.
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	Rs.
Net profit (before tax)	60 000
Preferred dividend	15 000
Preference shares	200 000
Ordinary shares	300 000
Sales	100 000
Income tax payable	10 000
Loan interest	5 000

- (a) Net profit ratio.
- (b) Return on equity ratio.
- (c) Debt equity ratio.
- (d) Interest coverage ratio.

(04 *marks*)

(ii) (a) What is 'capitalization of reserves'?

- (02 *marks*)
- (b) State four advantages of investing in government securities for an investor. (02 marks)
- (iii) (a) Mention the importance of share price indices to investors giving four reasons. (02 marks)
 - (b) Describe **two** advantages that a business can obtain through recruiting employees on a temporary basis. (02 *marks*)
- (iv) (a) List **four** possible ways in which employee mobility can be done after performance evaluation.

(02 *marks*)

- (b) Differentiate between employee absenteeism and employee turnover.
- (02 *marks*)
- (v) Explain **four** factors that can influence human resource demand of a firm. (04 marks) (Total 20 marks)
- 8. (i) (a) List two advantages and two disadvantages of internet banking service for a businessman. (02 i

(02 *marks*)

- (b) Identify 'computer security threats' and name two such threats.
- (02 *marks*)
- (ii) (a) Mention **four** functions expected to be accomplished through an effective information system. (02 marks)
 - (b) Describe for which purpose do employees use knowledge level information system. (02 marks)
- (iii) (a) Describe the importance of a finance plan for a business using two facts. (02 marks)
 - (b) Briefly describe **four** reasons as to how an estimated cash flow is important for an entrepreneur. (02 *marks*)
- (iv) (a) Write two ways of increasing the working capital of a business. (01 marks)
 - (b) State **two** reasons for delisting a listed company from the Colombo Stock Exchange and explain them. (03 marks)
- (v) A person intends to invest a part of his money in either stock market or make a fixed deposit in a commercial bank. Explain **two** advantages and **two** disadvantages of each alternative investment method.

 (04 marks)

(Total 20 marks)