

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව இலங்கைப் பரீட்சைத் திணைக்களம் Department of Examinations, Sri Lanka		63 E I, II
අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2019 දෙසැම්බර් கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2019 டிசெம்பர் General Certificate of Education (Ord. Level) Examination, December 2019		
විභේදනාංකයේ අංකය முயற்சியாண்மைக் கற்கை Entrepreneurship Studies	I, II I, II I, II	12.12.2019 / 0830 – 1140
දායක කාලය முன்று மணித்தியாலம் Three hours	අමතර කියවීමේ කාලය - මිනිත්තු 10 மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள் Additional Reading Time - 10 minutes	
Use additional reading time to go through the question paper, select the questions and decide on the questions that you give priority in answering.		

Entrepreneurship Studies I

Note :

- * Answer **all** questions.
- * In each of the questions 1 to 40, pick one of the alternatives (1), (2), (3), (4) which you consider as **correct or most appropriate**.
- * **Mark a cross (X) on the number corresponding to your choice in the answer sheet provided.**
- * Further instructions are given on the back of the answer sheet. Follow them carefully.

1. Sumith Dhananjaya, a successful entrepreneur says that he always tried to do a new thing since his childhood. The entrepreneurial characteristic shown through this is
 (1) commitment. (2) flexibility. (3) risk taking. (4) creativity.
2. Chathura Ranasinghe, a popular businessman, organizes an educational trip annually for the children in a children's home. Through this, as an entrepreneur he
 (1) contributes to the economic development.
 (2) makes his business popular.
 (3) contributes to the social welfare.
 (4) gains the social recognition.
3. Any economic activity for satisfying human needs and wants can generally be interpreted as
 (1) a market. (2) competitors. (3) a business. (4) an industry.
4. A factor that encourages 'innovation' is
 (1) considering failures as experiences.
 (2) working according to the social norms and traditions.
 (3) implementing creative ideas quickly.
 (4) finding only one solution for every problem.
5. The reason for issuing a court order to get money by auctioning Siripala's private house to pay his bank loan because of the failure of his business is that
 (1) Siripala should be accountable for the business loan.
 (2) civil law of the country is relevant to the businesses.
 (3) there is no legal entity for the business.
 (4) protecting banks is a responsibility of the government.

6. The major changes that can be seen in present rather than the past business environment are
 - (1) simplification of wants, managers being strong and customers being not strong.
 - (2) complexity of wants, increasing the competition and customers being strong.
 - (3) complexity of wants, simplification of productions and giving priority to the profit.
 - (4) simplification of wants, increasing strengths of businesses and giving priority to the profit.
7. A characteristic that **cannot** be seen in small scale businesses is that
 - (1) the modern technology can be used easily.
 - (2) recruiting and training employees are easy.
 - (3) the business can be started even with a small capital.
 - (4) the contribution of family members can be gained for the business activities.
8. A benefit that an entrepreneur can obtain through environmental analysis is being able to
 - (1) attract customers to the business.
 - (2) attract talented employees to the business.
 - (3) manage the business activities easily.
 - (4) prepare plans and strategies which suit the environmental changes.
9. A major factor that operates in internal environment of a business is
 - (1) customers.
 - (2) raw material suppliers.
 - (3) physical resources.
 - (4) competitors.
10. An activity of the role 'owner', among the roles of an entrepreneur is
 - (1) planning business activities.
 - (2) providing required resources for the business.
 - (3) motivating employees and providing required guidances.
 - (4) directing human resources for the multiple activities of the business.
11. Engaging women in entrepreneurship at present is required because
 - (1) it is a support to business development.
 - (2) there are businesses that need the contribution of women.
 - (3) it is easy to obtain loans.
 - (4) it is easy to get awards as successful entrepreneurs.
12. The abilities of the entrepreneur regarding decision making, improving them and deciding required strategies and implementation by considering the business as a whole to make the business successful in future is known as
 - (1) consultant skills.
 - (2) conceptual skills.
 - (3) human skills.
 - (4) communication skills.
13. A business organization provides required equipment to a sport society. Through this, it fulfils
 - (1) an economic responsibility.
 - (2) a legal responsibility.
 - (3) an ethical responsibility.
 - (4) a philanthropic responsibility.
14. Competitors in a business change their own strategies. In terms of business, it is considered as
 - (1) a threat.
 - (2) an opportunity.
 - (3) a strength.
 - (4) a substitute.
15. A trend of countries in the world working jointly without considering country boundaries can be seen at present. This trend is related to
 - (1) economic environment.
 - (2) demographic environment.
 - (3) competitive environment.
 - (4) global environment.
16. Business ethics is
 - (1) a responsibility of stakeholders in a business.
 - (2) a legal and policy responsibility of business organization.
 - (3) a responsibility of the business owner.
 - (4) a responsibility of a sustainable business organization.

17. The information about business organizational structure, ownership, director board of the business are included in the
(1) organizational plan. (2) administrative plan.
(3) executive plan. (4) financial plan.
18. Totality of all the factors that affect the business activities is known as
(1) business environment. (2) internal environment.
(3) demographic environment. (4) external environment.
19. A common characteristic of an business organization is
(1) earning profits. (2) managing the business.
(3) having a common objective. (4) producing goods.
20. Amal, a manager of a business, introduced a new product to the market recently. He is
(1) a business entrepreneur. (2) a social entrepreneur.
(3) an institutional entrepreneur. (4) a production entrepreneur.
21. Select the group that only includes factors of external environment.
(1) Technology, market and interest rate
(2) Business location, national economy and organizational structure
(3) International market, political stability and organizational structure
(4) Communication, strategies and organizational structure
22. The type of business organization that can be started by a single person or a few persons and has a legal personality and a continued existence is
(1) partnerships. (2) sole proprietorships.
(3) franchises. (4) incorporate companies.
23. Preparing plans and directing resources belong to the role of the
(1) owner. (2) leader. (3) manager. (4) consultant.
24. A detailed business plan illustrates
(1) investor's investment decisions.
(2) financial information, production information and business policies.
(3) the way of financing owner capital and his marketing policies.
(4) the way of operating whole activities of the business.
25. The main purpose of preparing production plan is calculating expected total
(1) production cost. (2) cost of goods. (3) cost of demand. (4) cost of marketing.
26. Electricity used for packing goods is a cost of
(1) direct materials. (2) indirect materials. (3) other production. (4) other materials.
27. The party that allows the permission to another party to sell goods or services under his or her trademark is known as the
(1) producer. (2) supplier. (3) manager. (4) franchiser.
28. The service that has been provided at present, to know the information related to the transactions in a bank account through a mobile phone is
(1) a new invention. (2) an extension. (3) a duplicating. (4) a combination.
29. A social factor which obstructs making an entrepreneurial culture in a country is
(1) the aim of earning profits.
(2) individual attitudes.
(3) the high level of educational qualifications of people.
(4) high recognition given to a salaried job.

30. Following are two statements related to business planning.

A – Internal and external environmental conditions can be forecasted definitely through a business plan.

B – Pre-startup expenses are not considered when estimating total investment cost.

What is the correct answer related to the above statements?

- (1) A and B are correct. (2) A and B are incorrect.
(3) While A is correct, B is incorrect. (4) While A is incorrect, B is correct.

31. ABC private company produces a type of toothpaste named 'Dimuthu' and various types of toothpaste products similar to it are sold in the market. This shows

- (1) the competition. (2) the market structure.
(3) the promotions. (4) the abilities of production.

32. The director of 'Beauty' private limited company which produces a special type of cream for women held a discussion about this organization on television. This can be identified as a

- (1) promotional strategy. (2) production strategy.
(3) market strategy. (4) product development strategy.

33. A most suitable entry strategy for a new business is presenting

- (1) a competitor's product as it is. (2) a substitute to a competitor's product.
(3) an imported product. (4) a new product through innovation.

34. The type of business organization that can take operational decisions such as recruiting employees, expanding business activities and deciding the price of goods with the consent of a business owner is

- (1) private companies. (2) partnerships.
(3) not for profit organizations. (4) sole proprietorships.

35. Ranga expects to start a query business. The organization he should get the permission is

- (1) Central environment authority Sri Lanka. (2) Sri Lanka Standard Institution.
(3) Industrial Development Board. (4) Industrial Technology Institute.

36. A characteristic of a good business idea is being able to

- (1) bear risks.
(2) earn profits quickly.
(3) respond to the changing needs and wants.
(4) get a social recognition.

37. A non-financial incentive provided to a business is

- (1) giving loan facilities at a reasonable interest rate.
(2) preparing business plan for earning high level of profits.
(3) increasing the pay back period of loans.
(4) providing loans without guarantees.

38. After registering a private limited company, the document issued by the company registrar is

- (1) articles of association. (2) certificate of incorporation.
(3) memorandum of association. (4) certificate of business registration.

39. A reason for the increase of new products in the market while changing the nature of existing goods in the business world is the rapid change of

- (1) wants. (2) environment. (3) needs. (4) business organization.

40. The number of school students in a city is 75 000. It is assumed that 50 000 students use school bags. From this, 60% is fulfilled by schools and another 10% is fulfilled by competitive organizations. The market gap of this is

- (1) 12 500. (2) 15 000. (3) 20 000. (4) 30 000.

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අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2019 දෙසැම්බර් கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2019 டிசம்பர் General Certificate of Education (Ord. Level) Examination, December 2019				
ව්‍යවසායන අධ්‍යයනය		I, II		
முயற்சியாண்மைக் கற்கை		I, II		
Entrepreneurship Studies		I, II		

Entrepreneurship Studies II

* Answer five questions including question No. 1.

1. Read the following case carefully and answer the questions (i) to (x).

Mr. Peiris is a permanent employee in State Printing Corporation. The period of his service is 20 years. He decided to resign from government service and to conduct a press of his own. For this, he has decided to invest Rs.1 500 000 of his savings and Rs.1 000 000 expected to borrow at 10% annual interest from a bank as the capital. Though he prepared the business plan for this and presented it to the bank, it was temporarily stopped by the bank informing that the information of Financial plan was not adequate. Later, the loan was approved after presenting the financial plan again including the relevant correct information with the help of a business consultant. Mr. Peiris has decided to recruit five experienced employees for his new business too.

- State separately **one** advantage and **one** disadvantage each Mr. Peiris can gain through engaging in a government sector job and doing his own business.
- State **two** business opportunities that are relevant to Mr. Peiris's business.
- State **two** benefits that Mr. Peiris can gain by preparing a Business Plan.
- What are the main components that should be included in the Financial plan presented by Mr. Peiris?
- Name **two** stakeholders in the business that are relevant to the above mentioned case.

- Followings are some of the information related to the next year of Peiris's business in the above case.

Item	Value (Rs.)
Sales income	2 000 000
Purchasing a machine	1 500 000
Purchasing office furniture	40 000
Raw material cost	800 000
Labour cost	200 000
Administrative expenses	60 000
Sales expenses	55 000
Financial expenses (including bank interest)	15 000

- Using the above information, calculate the followings of Peiris's business.

- Estimated total investment
 - Estimated total cash inflows
 - Estimated total cash outflows
 - Estimated total value of fixed assets
 - Expected net profit
- (02 × 10 = 20 marks)

2. (i) Explain 'Entrepreneurship' from business point of view.

- State the importance of entrepreneurship among factors of production.
- Write **four** examples for innovations which can be seen at present.
- What is 'Flexibility', which is a characteristic of entrepreneurship?

- Amila expects to start a new business. Name **two** successful entry strategies that Amila can follow.
- (02 × 5 = 10 marks)

3. (i) State **two** activities that are performed by a business organization.
 (ii) State **two** factors that affected private limited companies to be popular among Sri Lankan entrepreneurs.
 (iii) At present, most of small scale businesses fail due to various reasons. Suggest **four** ways that can be applied to make the small scale businesses successful.
 (iv) Amal is a successful entrepreneur. Name **two** of his roles related to the businesses as an entrepreneur and state an example for each.
 (v) Explain the relationship between small scale businesses and entrepreneurship.
 (02 × 5 = 10 marks)
4. (i) The main entrepreneurial business organizations of Sri Lankan economy are categorized under three sectors. Name **two** of them and give an example for each.
 (ii) Name **two** main types of categorization of resources that can be used by entrepreneurs in Sri Lanka and explain them briefly.
 (iii) State **four** advantages that an entrepreneur can gain by considering the trends of the environment.
 (iv) By taking 'government hospital' which is a non-profit organization, as an example, state a strength, a weakness, an opportunity and a threat of it.
 (v) State **four** information that an entrepreneur can gain by analysing the economic environment.
 (02 × 5 = 10 marks)
5. (i) Write **two** ways that an entrepreneur can present products to the market for selling.
 (ii) State **four** information that an entrepreneur can collect through a market analysis.
 (iii) Write **four** criteria that can be applied to identify the target group of customers.
 (iv) State **four** types of inputs that can be used for producing exercise books.
 (v) Write **two** examples for financial incentives that can be used to create an entrepreneurial culture in Sri Lanka.
 (02 × 5 = 10 marks)
6. (i) State **four** facts that are included in an executive summary.
 (ii) Explain the need of an administrative plan prepared for a business.
 (iii) State **two** suitable strategies that an entrepreneur can follow to provide his/her good or service to the relevant customer.
 (iv) State **four** examples for expenses incurred prior to business start-up.
 (v) Write **two** legal responsibilities that should be fulfilled, when conducting a business.
 (02 × 5 = 10 marks)
7. The following are expected income and expenses for a month in Mihiri's business.

Item	Value (Rs.)
Sales income	250 000
Raw material cost	90 000
Labour cost	30 000
Other production cost	10 000
Selling and distribution expenses	35 000
Administrative expenses	40 000
Financial expenses	5 000

Required:

Preparing the Statement of expected result calculation for the first month in Mihiri's business to show **Total Production Cost, Total Non-Production Cost and Net Profit.**

(Total 10 marks)