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Two Hours

- ❖ Answer all questions in this paper itself.
- ❖ Write the number of correct answer in the given bracket for the questions No. 1 to 30.
- ❖ Write the correct answer on the dotted lines for the questions No. 31 to 50.
- ❖ Every question carries 2 marks.

- When the above statements are defined by terms, the correct answer is,

- $$\left(\begin{array}{c} \vdots \\ \vdots \end{array} \right)$$

- $$(\dots)$$

- | Base for the classification | Type of the business |
|--|--|
| 1 According to the nature of the business | A. Agricultural / Industrial /Services |
| 2 According to the sector of the business | B. Small/medium/ large |
| 3 According to the ownership of the business | C. Primary / secondary / territory |
| 4 Based on objective | D. profit motive / social welfare |
| 5 Based on scale | E. Private / public |

(.....)

- 04 The concept of specialization was introduced,
1. With the barter system
 2. With usage of money
 3. With indirect production
 4. With industrial revolution
 5. With direct production (.....)
- 05 Following are some environment forces of a business. Select the group which consists of the internal environment forces,
- | | |
|-------------------------|--------------|
| A - Employees | B – Public |
| C – Suppliers | D- Resources |
| E – Potential investors | F – Managers |
1. ABE
 2. ABC
 3. ACF
 4. ADF
 5. AEF (.....)
- 06 It has been decided to elect more member for local government bodies in 2018 election than the elections of previous years. This environment incident relates to,
1. Demographic environment
 2. Economic environment
 3. Political environment
 4. Technological environment
 5. Natural environment (.....)
- 07 Select the statement which does not include in macro environment
1. The growth of adults population is high in Sri Lanka at present
 2. The garment manufactures increases bonuses to its employees in festival season.
 3. Vegetable oil has been imported as the price of coconut oil has been increased
 4. There are tough rules and regulations to stop polythene usage in Sri Lanka
 5. South Coria tests its nuclear power (.....)
- 08 What are the 4 major priority areas introduced by United Nations (UNO) in relevant to business social responsibility
1. Environment/ human rights/ consumer rights/ employee rights
 2. Human rights / investment rights / employee rights / public welfare
 3. Human rights / Employee rights / environment protection / public welfare service
 4. Public welfare / environment protection / consumer rights / investment rights
 5. Investment rights / Human rights / employee rights / consumer rights. (.....)
9. A – Social and cultural values
- | |
|--------------------|
| B – Business |
| C – Practicability |
| D – Accuracy |
| E – Reliability |
| F – Consumer |
- Select the answer which shows the factors that should be considered in preparing a business code of ethics.
1. A,B,E,D
 2. A,C,D,F
 3. A,B,C,F
 4. B,C,D,E
 5. B,D,E,F (.....)
- 10 "Business social responsibility is the continues commitment by the business to act ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". This statement regarding business social responsibility was given by,
1. Malan Baker
 2. Milton freedman
 3. Philippine
 4. United States of America
 5. World Business Council for Sustainable Development (.....)

11. A type of tax charged by provincial councils is,
 1. Personal income tax 2. Corporate tax 3. Rates
 4. VAT 5. Excise duties (.....)
12. Which one of following is false regarding government fiscal policy.
 1. It includes government income and expenditure related functions
 2. It consists of government tax revenue and non tax revenue
 3. The objective is to ensure macro economic stability
 4. It includes policies to control money supply of the country
 5. Government expenditure consists of concurrent and capital expenditures (.....)
13. HACCP standard is,
 1. An accounting standard
 2. A food safety and management standard
 3. A standard on the safety of electronic appliances
 4. A standard on environment management
 5. A standard on computer technology (.....)
14. What is the act under which the Consumers Affairs Authority of Sri – Lanka is managed at present ?
 1. Sri Lanka standard Institutions act no. 38 1964
 2. Standard institution act No 16 of 2004
 3. Standard Institution Act No 06 of 1995
 4. Standard Institution act No 20 of 1975
 5. Sri Lanka standard institution act no 06 of 1984 (.....)
15. Which one of following is not a quantitative credit controlling method?
 1. Giving a maximum mature period for loans
 2. Recommending the fields for which the loans should be provided
 3. Setting a ceiling for new loans (Maximum amount)
 4. Setting of minimum ratios in between assets and capital in commercial banks
 5. Deciding of minimum deposit when issuing letters of credit (.....)
16. Select the statement which does not relevant to the 24th section of Partnership Ordinance 1890.
 1. There's no right to receive interest for the capital invested
 2. All partners can contribute /engage in management activities of the business and they can have a salary for that
 3. All partners should invest equal amount of capital and they should equally share the profit
 4. A new partner shall not be enrolled without the consent from all partners
 5. All account books of the business should be maintained in the head office and all partners have the right to access them (.....)
17. What is the statement which is not true relating to a business which has not been registered
 1. Liabilities are limited 2. Accounting and auditing are not essential
 3. Registration is not compulsory 4. Business name is not considered as a legal person
 5. There is a common code of law relating to registration of the business (.....)

18. The invitation (statement) issued to the public by a public limited company to purchase its shares is called
1. Invitation / call of shares
 2. Certificate of incorporation
 3. Article of association
 4. Prospectus
 5. Annual report
- (.....)

19.

X	Y
A Government companies	1. Can be started without a capital
B Offshore Companies	2. Business name should be gained under a royalty
C Franchises	3. Business functions in Sri Lanka is prohibited
D Listed companies	4. Listed in the share market
E Companies limited by guarantee	5. Carried out under government control

The above X shows some types of businesses and Y shows some statement relevant to them. When above columns are matched correctly the correct answer is,

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

20. Select the correct answer which shows the correct number of minimum members of following organizations.

	Private limited companies	Public limited companies	Companies limited by guarantee	Co operative
1	2	2	2	10
2	1	1	2	10
3	1	2	1	7
4	2	1	1	10
5	1	1	2	7

(.....)

21. Which one of the following policies is not declared by the General Assembly of International Corporative Alliance held in Manchester in 1995,
1. Member economic participation
 2. Autonomy and independence
 3. Right to be heard
 4. Corporative education and training
 5. Democratic control of members
- (.....)

22. Green entrepreneurship is a new trend in business field. This means,

1. Starting businesses as a result of finding some solution for the social problems
 2. Presenting a product which is newly invented.
 3. Revolution of entrepreneurship in agricultural products
 4. Starting and maintaining businesses by protecting environment
 5. Carrying on businesses by maintaining a healthy relationship globally with different nations and cultures
- (.....)

23. Select the answer which is not relevant to the inter – relationship between entrepreneurship and economic development.
1. GDP increases due to innovations from entrepreneurship
 2. Decreasing of unemployment
 3. Economic growth due to new job opportunities
 4. Minimizes utilization of local resource and increases the foreign investment
 5. The demand for local resources increases due to entrepreneurship (.....)
24. Which one of following is not an institutional benefit of entrepreneurship
1. Ability to face competition easily
 2. Expansion of the business activities
 3. Creating new business opportunities
 4. Expansion of market share
 5. Having proficiency relating to the market (.....)
25. What is the institution which has not taken the "capital employed" as the base for classifying small and medium scale businesses
1. Industrial development board
 2. Industrial technological institute
 3. Small industries department
 4. Ministry of industrial development
 5. Ministry of rural industry development (.....)
26. What is the financial incentive provided by the government to encourage small and medium scale businesses
1. Consultancy services
 2. Market facilities
 3. Infrastructure Facilities
 4. Technological facilities
 5. Credit facilities (.....)
27. Which one of the following is not a negotiable instrument
1. Travelers cheque
 2. Bills of exchange
 3. Share warrants
 4. Commercial papers
 5. Promissory notes (.....)
28. Which one of the following is an agency service of Central Bank of Sri Lanka
1. Issuing fiat money
 2. Administating commercial banks
 3. Operating financial policy
 4. Managing government debts
 5. Deciding central bank interest rates (.....)
29. Commercial banks do not pay interest for one of followings. What is that?
1. Time deposits
 2. Demand deposits
 3. NRFC accounts
 4. Children's saving accounts
 5. Monthly RFC accounts (.....)
30. Select the accurate statement regarding a credit card from followings
1. Issued on credit basis
 2. A bank account is not essential to have a credit card
 3. An interest is charged for payments
 4. Card is issued based on the deposit balance of the account
 5. A pin number is not issued (.....)

• **Fill in the blanks for the questions 31 to 40**

31. a) The base for most of business at present is
 b) The immergence of a massive competition among countries by providing opportunity to trade between countries is an effect of force and it is in the environment
32. a) The businesses giving back to the society is called
 b) When the business ethics are recorded in written, it is called as
33. a) is the interest rate charged by CBSL when primary dealers and commercial banks obtain loans from CBSL by keeping government securities as a guarantee.
 b) is the interest rate charged by CBSL for the loans given by it to the Commercial Bank, who face liquidity problems.
34. Imposing credit limits can be classified as and
35. a). The issuing price of a share of a public limited company is
 b) The total value of issued shares and declared shares of a company is called as
36. a). is the organization which registers cooperatives.
 b) The minimum number of members to register a cooperative is
37. According to International Labour Organization entrepreneurship means and, the oxford dictionary defines entrepreneurship as
38. a) Ability of using personal skills is a benefit of entrepreneurship and creation of employment opportunities is a benefit of entrepreneurship
 b) Entrepreneur means person and he creates while bearing business risk.
39. The credit facilities (loans) provided by government to the small and medium scale industries can be classified as and
40. a) If the face value of money and its intrinsic value is similar, that money is called as
 b) National savings bank is a bank.

- Give specific short answers for following 41 to 50 questions.

41. Write 4 business trends immersed with the development of information technology
 1.
 2.
 3.
 4.
42. Name two task environment factors, and two macro environment factors in business environment
 1.
 2.
 3.
 4.
43. Name 4 business social responsibilities towards its employees
 1.
 2.
 3.
 4.
44. Name an international standard for environment management systems and an standard for business social responsibility respectively.
 1.
 2.
45. Name 4 consumer rights declared by Consumers International.
 1.
 2.
 3.
 4.
46. Name 4 documents that are required to register a company
 1.
 2.
 3.
 4.
47. Name 4 cooperative policies declared in Rochdale in 1844
 1.
 2.
 3.
 4.
48. What are the functions relevant to entrepreneurial process ?
 1.
 2.
 3.
 4.
49. Name 4 projects introduced by government to support small and medium scale industries.
 1.
 2.
 3.
 4.
50. Who are the major parties involve in a cheque
 1.
 2.
 3.

Index No :

Three Hours

Write answers for 5 questions by selecting at least 2 questions from each part A and B

01.
 - i.
 - (a) Name 4 factors relevant to the real success of a business (2 marks)
 - (b) What are the market offers given by a business to the market (2 marks)
 - ii. Most of the businesses are shifting from traditional business methods to new electronic business methods.
 - (a) What are the reasons for this new trend towards e business (2 marks)
 - (b) What are the features of an e-business (2 marks)
 - iii.
 - (a) Explain the inter – relationship in between the vision and mission of a business (2 marks)
 - (b) Why businesses establish goals and objectives. (2 marks)
 - iv. Environment analysis is the most important factor for carrying out a business successfully. It can be mainly divided into two parts. Explain environment analysis in your words. (4 marks)
 - v. Following are some environment factors in a school.
Principal, parents, students, public, school resources, teachers, staff, government, old students association, Education Ministry
 - (a) Classify above as internal and external environment (2 marks)
 - (b) Select two environment factors from above and explain how they affect as a strength and opportunity for the business (2 marks)
02.
 - i.
 - (a) What are the two major functions of a business (2 marks)
 - (b) Explain the inter relationship in between trade, industry, commerce and business (2 marks)
 - ii. Product is a solution for need. Explain this statement (4 marks)
 - iii. A businessman who has won the market successfully overcoming the high competition has stated that the suppliers of his business has become major reason for this success.
 - (a) What is the environment in which suppliers are included? Explain how suppliers may affect above business's success (2 marks)

- (b) Following are some information which influence businesses. What are the environment forces that they are relevant to,
1. The interest rate for the loans provided to the small and medium scale businesses, has been declined by 2% (2 marks)
 2. Paddy cultivation has been destroyed due to severe drought (2 marks)
 3. The contribution of women representatives in local government bodies has been increased (2 marks)
 4. Sunday dhamma schools have made essential for school children and the tuition classes are prohibited on Sunday (2 marks)
- iv. (a) Cement bricks is a raw material that is mostly used in construction activities. This production is done using sand and the sand production has damaged natural environment heavily. If this should be prevented another environment force should be inter related with this. Name that environment force and explain how this happen in short. (2 marks)
- (b) Sri Lanka has faced heavy environment problem due to waste emission. Explain how 4 R concept can be used to solve this problem. (2 marks)
- v. (a) Businessmen at present should pay a high attention towards natural environment for the sustainable development. Explain how businesses should act to achieve sustainable development (2 marks)
- (b) Internal, task and macro environments of businesses have faced many problems due to the high competition among businessmen at present. Name two environment factors that have been badly affected due to the actions of businessmen and give a short explanation about them. (2 marks)
03. i. (a) Explain shortly the term "Business Social Responsibility" (1 mark)
- (b) Businesses fulfill their social responsibilities for many parties. Name 6 types of BSR towards the society from them. (3 marks)
- ii. (a) What is meant by "Sustainable Development" (1 mark)
- (b) Name 6 ways that the businesses can contribute to economic sustainable development of country. (3 marks)
- iii. Define "Business Ethics" and give 6 reasons for the importance of business ethics. (4 marks)
- iv. (a) Give 4 factors to be considered when preparing a business code of ethics. (2 marks)
- (b) Name 4 business ethics relating to marketing function. (2 marks)
- v. (a) Explain how government rules and regulations affect businesses (2 marks)
- (b) Central government, provincial councils and local government bodies are enacting rules and regulations. Give one example for each institution. (2 marks)
04. i. Explain "Full Employment" as a government objective (4 marks)
- ii. (a) Explain what is meant by "External stability" (2 marks)
- (b) Give 4 ways that the business can contribute to achieve government objectives (2 marks)
- iii. (a) Explain the importance of maintaining a strong inter relationship among businesses and government (2 marks)
- (b) Name the items included in non-tax income of the government (2 marks)

- iv. (a) Given the tax income and non tax income as a percentage of total income according to the Central Bank Annual report march 2016. (2 marks)
- (b) Explain how custom duties affect the local businesses. (2 marks)
- v. (a) Give 4 advantages / importance of consumer protection for the consumers.
- (b) What is meant by SLNQA. (2 marks)

Part B

- 05. i. (a) Explain the objective of export inspection operated by Sri Lanka Standard Institution. (2 marks)
- (b) What is the vision of consumer affairs authority. (2 marks)
- ii. (a) There are various organizations in our society and majority of them are business organization. Explain "Business organization" and other organizations separately (2 marks)
- (b) List down 4 features of a formal organization (2 marks)
- iii. Classify businesses on a flow chart according to the business ownership (4 marks)
- iv. (a) Sole proprietorship is the most popular type of business. What is meant by a "sole proprietorship". Give 4 special features of it. (2 marks)
- (b) Jayasanka has decided to carry on a garment outlet in the town named as "Jaya Tex". Should this business be registered? Explain the legal situation affected that situation. (2 marks)
- v. (a) The major law affecting partnership is the Partnership Ordinance 1890. Define a partnership as per the Partnership Ordinance. (2 marks)
- (b) Name 4 features of a partnership according to the definition of a partnership. (2 marks)
- 06. i. (a) There should be an agreement among partners for the existence of a partnership. Explain "Partnership Deed" and "Partnership Agreement" separately (2 marks)
- (b) Having a partnership deed is very important to solve the controversial situations among partners. Name 4 things that should be mentioned in a partnership deed to solve these issues. (2 marks)
- ii. (a) Name 4 advantages & 4 limitations of incorporated companies (2 marks)
- (b) What are the three types of companies that can be incorporated in Sri – Lanka according to the company's act no 7 of 2007. What is meant by Continuous Existences of Business. (2 marks)
- iii. (a) Name and explain 4 new trends in cooperatives. (2 marks)
- (b) Franchises are popular today as a special business. Define "Franchises" and name the types of franchises (2 marks)
- iv. (a) Another trend among business fied is carrying on businesses jointly . What are the two ways that the business can be combined? Explain them shortly. (2 marks)
- (b) All the business entities controlled under central government, provincial councils and other local government bodies are generally known as state sector or public sector enterprises. Give 4 reasons as to way government carries on businesses. (2 marks)

- v. Imagine that you are a management graduate and you have decided to start an export business which engages in producing cordial, fruit juice, with the use of fruits cultivated in Sri Lanka. Name Individual Social and Institutional benefits that can be gained through this entrepreneurial process. (4 marks)
07. i. (a) Entrepreneurship is an essential factor for the of success economic, social and personal development of a country. It is a process. Give entrepreneurial process with an example. (2 marks)
- (b) There are significant differences in between entrepreneur and businessman. Define "Entrepreneur" and give the differences of entrepreneur and businessman. (2 marks)
- ii. "Jack ma" is the world famous founder of " Ali – baba" web based retailing business. He tried to enter harvard university several times but be failed. Then he tried to join KFC and MC Donald companies at China but he was refused. He went to America and he accidentally found there that the products of China is not popular in internet. He went back to China and started Ali baba web business with the help of his friends who know Information Technology. All most all the countries use Ali Baba web page in transactions, by now. Show the characteristics of an entrepreneur by observing the above story. (4 marks)
- iii. (a) Having entrepreneurial characteristics as well as the entrepreneur skills are very important for a businessman. What are the entreneural skills. (2 marks)
- (b) What are the ways that the entrepreneurial skills and characteristics can be developed? (2 marks)
- iv. (a) Small and medium scale businesses are very important for the economic development of a country. It is not a secret that even developed countries fulfill their full employment objective by these small and medium scale businesses and 90% of employment opportunities are provided by these businesses. Develop a your own definition for small and medium scale businesses. (2 marks)
- (b) Various criteria are used to classify small and medium scale businesses. Give 3 quantitative and 3 qualitative criteria used to classify small and medium scale businesses. (2 marks)
- v. (a) Give 4 matters about which the businessmen should consider when starting and carrying on small and medium scale businesses. (2 marks)
- (b) Most of the small and medium scale businesses are closed in a short period of time due to many reasons. What are these reasons? (2 marks)
08. i. What are the incentives given by government to small and medium scale Business. Give four types of incentives with the government institutes which provide them. (4 marks)
- ii. (a) Name four functions of money. (2 marks)
- (b) Explain followings types of money.
1. Fiat Money 2. Near Money. 3. Bank Money 4. Electronic Money. (2 marks)
- iii. (a) What is meant by 'Leasing' ? What are three differences in between financial leasing and operational leasing? (2 marks)
- (b) What is meant by an investment portfolio. Name 03 investments areas of an investments portfolio. (2 marks)
- iv. (a) What are the 02 major objectives of Central Bank of Sri Lanka. (1 mark)
- (b) List down 06 functions of Central Bank of Sri Lanka. (3 marks)
- v. (a) What are the major types of savings maintained by Commercial Banks. ? (1 $\frac{1}{2}$ marks)
- (b) Name 05 differences in between bank loans and Over Drafts. (1 $\frac{1}{2}$ marks)