

OL/2009/63-E-I,II

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[முழுப் பதிப்புரிமையுடையது]

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63 E I, II

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 கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2009 டிசெம்பர்
 General Certificate of Education (Ord. Level) Examination, December 2009

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I,II

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முயற்சியாண்மைக் கற்கை

I,II

மூன்று மணித்தியாலம்

Entrepreneurship Studies

I,II

Three hours

Entrepreneurship Studies I

Note: (i) Answer all questions.

(ii) 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.

(iii) Mark a cross (X) on the number corresponding to your choice in the answer sheet provided.

(iv) Further instructions are given on the back of the answer sheet. Follow them carefully.

(v) After answering paper I and paper II, tie the two sets of answer scripts together and hand over.

- Select the most appropriate statement which describes 'Entrepreneurship'.
 - It is the ability to undertake the business risk.
 - It is the ability to introduce novelties and start businesses.
 - It is the ability to obtain and manage resources.
 - It is the ability to direct factors of production to the production process.
- A benefit to an economy of a country that could be obtained through entrepreneurship is being able to
 - use national resources in optimum level.
 - reach to the optimum level of urbanization.
 - maintain stability of prices of goods and services.
 - minimize the uncertainty of business activities.
- Select the group that includes **only** entrepreneurial characteristics.
 - Self-confidence, communication, creative
 - Self-satisfaction, management, self-confidence
 - Passion, flexible, visionary
 - Flexible, responsible, visionary
- What can be considered as a challenge that obstructs the development of entrepreneurship?
 - Fate
 - Money
 - Environment
 - Information
- "Quantitative and qualitative criteria are used to identify small businesses". Select the group that includes **only** qualitative criteria.
 - Invested capital, nature of the business, number of employees
 - Amount of energy used, technology used, production capacity
 - Technology used, nature of the business, type of business organizations
 - Market, annual turnover, number of employees
- Which of the following is considered as a factor that motivates entrepreneurs?
 - The need to contribute to the social welfare
 - The need to be my own boss
 - The need to escape unsafe working conditions
 - The need to follow a person admired
- Infrastructure facility provided by the government for the development of businesses
 - Transportation
 - Storage
 - Highways
 - Banking

[see page two]

8. Entrepreneur has to work under different roles. Which of the following can be considered as a managerial role of a entrepreneurs?

(1) Risk taking	(2) Supplying resources
(3) Enjoying benefits	(4) Planning
9. Although some persons possess a large amount of money, they are reluctant to invest them in profitable manner. They believe optimistic ideas. In entrepreneurship, this nature is known as

(1) Brainstorming.	(2) Mindset.
(3) Selfishness.	(4) Laziness.
10. Select the group which indicates the correct sequence of method used in decision making process.

(1) Identifying the problem, presenting alternative solutions, deciding reasons, selecting suitable alternative, evaluating alternatives.	(2) Deciding reasons, identifying the problem, presenting alternative solutions, evaluating alternatives, selecting suitable alternative.
(3) Deciding reasons, presenting alternative solutions, evaluating alternatives, identifying the problem, selecting suitable alternative.	(4) Identifying the problem, deciding reasons, presenting alternative solutions, evaluating alternatives, selecting suitable alternative.
11. A characteristics of an efficient communication system is

(1) feedback.	(2) confidentiality.
(3) response.	(4) media.
12. Small businesses can be seen in many countries abundantly. The main reason for this is that they

(1) increase efficiency.	(2) increase productivity.
(3) decrease production cost.	(4) increase job opportunities.
13. Which of the following is considered as a demographic factor when studying the human resources of businesses?

(1) Social class	(2) Level of Education
(3) Age structure	(4) Income
14. The basic requirement to obtain overdraft facility is, maintaining

(1) a fixed deposit account.	(2) a saving account.
(3) a current account.	(4) a minimum balance of Rs. 500 in a current account.
15. After paying the first instalment, the purchaser gets the legal ownership of goods at

(1) financial leasing.	(2) operational leasing.
(3) hire purchases.	(4) differed payment.
16. A licensed specialized bank in Sri Lanka is

(1) Bank of Ceylon.	(2) People's Bank.
(3) National Savings Bank.	(4) Commercial Bank of Ceylon.
17. If an entrepreneur conducts a business other than his/her full name,

(1) it should be registered under the company act of No. 07, 2007.	(2) it should be registered under business name ordinance of No. 16 of 1918.
(3) it should be registered under fraud prevention act of 1840.	(4) registration is not required.
18. Specialized institutions that provide consultancy services for entrepreneurs in Sri Lanka

(1) Leasing Companies	(2) Merchant Banks
(3) Finance Companies	(4) Public Corporations
19. An important benefit that entrepreneur can get through studying the business environment is

(1) minimizing the environment changes.	(2) minimizing business threats.
(3) identifying business opportunities.	(4) arranging environment to suit the business.
20. A major function of business managers is

(1) giving orders and encouraging employees.	(2) directing resources to achieve goals.
(3) approving payments.	(4) purchasing materials for production.

21. Select the group that indicates the consumer's buying process in sequence.
 (1) Identifying wants, searching information, evaluating information, purchasing
 (2) Searching information, evaluating information, identifying wants, purchasing
 (3) Identifying wants, evaluating information, searching information, purchasing
 (4) Purchasing, evaluating information, searching information, identifying wants
22. Two social factors that influence on consumer's behaviour in the market are
 (1) culture and social classes. (2) motivation and perception.
 (3) economic status and life style. (4) family and reference group.
23. A businessman wants to set a price for his product. Select the group that includes the three main factors considered by him.
 (1) Cost, demand, supply (2) Demand, competition, inflation
 (3) Cost, demand, competition (4) Inflation, demand, supply
24. Which of the following can be considered as a tool that businesses used for sales promotion?
 (1) Newspaper advertisement (2) Price reduction (Sale)
 (3) Television advertising. (4) Direct marketing
25. What is the business organization established by a group of people with the aim of improving their economic strength by investing funds voluntarily?
 (1) Partnerships (2) Limited companies (3) Cooperative (4) Franchises
26. A document that should be submitted to the registrar of companies, for registering a Limited Company
 (1) Article of association (2) Certificate of incorporation
 (3) Certificate of economic feasibility (4) Copy of by-laws
27. While business ideas arise through market problems, what can arise through business ideas?
 (1) Goods and services (2) Demand for Goods and Service
 (3) Supply for Goods and Service (4) Business opportunities.
28. Select the **most** appropriate statement that gives the meaning of the business plan.
 (1) An estimate which elaborates the physical and manpower requirements for the business.
 (2) A document which elaborates the business goals and objectives and the ways and means to achieve them.
 (3) A statement which mentions the future transactions of a business.
 (4) An estimate which indicates the results of the business operations.

- Use the following information to answer question No. 29 to 32.

Dhammika started a business to buy and sell vegetables on 1st of May 2009 and the following transactions were occurred on the same day.

- * Investing Rs. 50 000 for the business
- * Purchasing a rack of Rs. 5 000 to the business
- * Opening a current account in People's Bank with Rs. 25 000 in the name of business
- * Purchasing a stock of vegetables Rs. 15 000
- * Purchasing a stock of vegetables from Susantha on credit Rs. 10 000

29. How does the accounting equation of Dhammika's business indicate at the end of the above transactions?
- | Assets | = | Equity | + | Liabilities |
|------------|---|--------|---|-------------|
| (1) 85 000 | = | 50 000 | + | 35 000 |
| (2) 75 000 | = | 55 000 | + | 20 000 |
| (3) 60 000 | = | 50 000 | + | 10 000 |
| (4) 50 000 | = | 25 000 | + | 25 000 |
30. At the end of the first day, cash in hand in this business is
 (1) Rs. 50 000. (2) Rs. 30 000. (3) Rs. 20 000. (4) Rs. 5 000.
31. The current assets of this business as at first day is
 (1) Rs. 60 000. (2) Rs. 55 000. (3) Rs. 50 000. (4) Rs. 25 000.
32. The resource document and the prime book used for recording the purchase of a rack are respectively
 (1) receipt and cash book. (2) voucher and cash book.
 (3) voucher and purchase book. (4) invoice and purchase book.

- Use the following information to answer questions No. 33 to 40.

Janaka's father is a owner of a timber business. Dharshana who has an inborn talent of wood carving is one of Janaka's best friends. With the help of him, Janaka hopes to produce a flower vase with wood carving to suit to hotels, function halls and offices and introduces it to the market. He expects to get a bank loan of Rs. 100 000 and to invest the building gained from his father worth Rs. 200 000 and Rs. 300 000 of his fixed deposit savings for this business. Some hotels, function halls and offices owned by his father's friends have already expressed their willingness to buy his product. He hopes to produce according to their demands and wants first. He expects to buy instruments to make vases worth Rs. 6 000 and produce 100 vases during the first month. The following cost has been estimated for that.

For wood	Rs. 5 000
For paints	Rs. 1 000
Electricity charges	Rs. 500
Salaries for workshop workers	Rs. 2 000
Telephone charges	Rs. 900

It has been decided to pay Rs. 2 500 to Dharshana for supervision and Rs. 2 000 for using his van for transporting raw materials monthly. Equipment should be depreciated by Rs. 1 200 annually and the selling price of a flower vase should be set by adding 20% to the cost.

33. The main two factors that motivate Janaka to select this business idea are
 - (1) his skills and market.
 - (2) business environment and business trends.
 - (3) family environment and manpower.
 - (4) technical skills and entrepreneurship education.
34. What is the production method selected for this business initially?
 - (1) Job production
 - (2) Batch production
 - (3) flow production
 - (4) Process production
35. The estimated total cost for producing 100 flower vases is
 - (1) Rs. 14 000.
 - (2) Rs. 13 900.
 - (3) Rs. 9 400.
 - (4) Rs. 8 000.
36. The estimated selling price of a flower vase is
 - (1) Rs. 168.
 - (2) Rs. 140.
 - (3) Rs. 96.
 - (4) Rs. 80.
37. The equity of this business will be
 - (1) Rs. 600 000.
 - (2) Rs. 500 000.
 - (3) Rs. 300 000.
 - (4) Rs. 200 000.
38. The initial working capital requirement for this business is
 - (1) Rs. 19 900.
 - (2) Rs. 13 900.
 - (3) Rs. 8 000.
 - (4) Rs. 6 900.
39. The estimated total value of fixed assets of this business is
 - (1) Rs. 500 000.
 - (2) Rs. 206 000.
 - (3) Rs. 200 000.
 - (4) Rs. 6 000.
40. The most important document that Janaka will have to present to the bank when obtaining the bank loan is
 - (1) security certificate.
 - (2) bank statement.
 - (3) business plan.
 - (4) list of fixed assets.

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முழுப் பதிப்புரிமையுடையது.]
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General Certificate of Education (Ord. Level) Examination, December 2009

Entrepreneurship Studies II

* Answer question 1 and four other questions.

- After completing G.C.E. (A/L), Sumudu was employed in different institutions and frustrated about jobs. After that she followed an Entrepreneurship course with a hope of starting her own business. Sumudu is a workaholic, achievement oriented and visionary lady. She got a business idea through studying the market and developed a business opportunity. To launch this business she organised a group of five including her. This group includes persons with skills of Management, Accounting, Marketing and Law. This group prepared a business plan to produce and market a new product. This business was started as a Private Limited Company. Founders bought shares worth of Rs. 5 million. Addition to that this company obtain a bank loan of Rs. 10 million. Initial expenses for this business was Rs. 50 000. Company purchased a building of Rs. 500 000 and a machinery of Rs. 800 000. Operating cost was Rs. 600 000 and administration expenses was Rs. 400 000. At the end of the year, after examining the final statements Sumudu said with a happy mood that everything was happening according to the business plan.
 - Do you think that Sumudu is an entrepreneur? Give reasons.
 - State four entrepreneurial characteristics you see in Sumudu.
 - What are the reasons for the success of this business?
 - According to your view, what did Sumudu get through studying the market?
 - What are the reasons to select the type of business organisation mentioned here?
 - Should this business be registered? If so, how should it be done?
 - Name four benefits that can be obtained by preparing a business plan.
 - Indicate separately equity capital and debt capital of this business.
 - What is the initial fixed capital of this business?
 - What are the financial statements that Sumudu necessarily examined? (02 × 10 = 20 marks)
- State the benefits gained from the Entrepreneurship to the following parties.
 - Entrepreneur
 - Consumer
 - Society
 - Economy
 - What are the supportive conditions that are necessary for Entrepreneurship to flourish?
 - What are the most important factors that motivate entrepreneurs?
 - What are the economic and social benefits that can be achieved through the development of women entrepreneurship for a country?
 - State four reasons for the failure of small businesses. (02 × 5 = 10 marks)
- "The creativeness of entrepreneur is essential to convert the business idea to a business opportunity."
 - Explain what business idea is.
 - Explain what business opportunity is.
 - Explain 'creativity'.
 - State four characteristics of a good business opportunity.
 - State four factors considered when evaluating a business opportunity. (02 × 5 = 10 marks)

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4. (i) Business environment can be divided into two parts as internal and external. State separately the environmental factors included in each part. (02 marks)
- (ii) State four institutions each that provide financial and non-financial supports to encourage the business. (02 marks)
- (iii) There are so many methods and objectives that followed in pricing a product. State two pricing objectives and two pricing methods. (02 marks)
- (iv) Copy the following table in your answer script and complete it by using your knowledge of business organisations. (04 marks)

	Sole Proprietorship	Partnership	Limited Company	Cooperative
Ownership				
Legal Status				
Liability				
Registration				

5. The following sections are described in a business plan generally.

- (i) Executive summary (ii) Description of business
 (iii) Marketing plan (iv) Operational plan
 (v) Financial plan

Write briefly the basic information presented in each section mentioned above. (02 × 5 = 10 marks)

6. Nadun hopes to get a shop in the shopping complex in the town on a monthly rent of Rs. 7 500 and a bank loan of Rs. 100 000 at 12% annual interest for starting a hair saloon business by the name of 'Nadun Saloon' on 1st of January 2010. The following expenses have been estimated.

Furniture and equipment	Rs. 60 000
Monthly electricity charges	Rs. 1 500
Monthly expenses for other materials	Rs. 7 000

Nadun expects to hire two employees at a monthly salary of Rs. 10 000 each, to cut hair of 20 persons per day, to get Rs. 100 charges from per person and to keep open the saloon 25 days per month. Furniture and equipment should be depreciated on cost by 10% annually. The bank loan instalment should not be paid for the first month.

- (i) Prepare the cash flow statement for the month of January 2010. (05 marks)
- (ii) Prepare the estimated profit and loss (income) statement for the month ended 31st January 2009. (05 marks)

7. (i) Ruwani hopes to start a business to make children's garments. The initial working capital requirement for this business can be divided into two major parts. Name these two parts and explain them by giving two examples for each. (04 marks)

(ii) Harsha intends to run a bakery for producing biscuits and sweets. He expects to utilize his own land and the building worth Rs. 200 000 and Rs. 50 000 respectively. He hopes to obtain a bank loan to purchase two machinery worth of Rs. 50 000 each. He expects to use his own savings for the following:

Electric oven	Rs. 35 000	Furniture	Rs. 10 000
Other equipment	Rs. 5 000	Operation cost	Rs. 60 000
Preliminary expenses	Rs. 500	Preparing the business plan	Rs. 2 500

Prepare an initial fixed capital estimate of Harsha's business. (Use the following format for your answer.) (06 marks)

Description	Owner's Investment	Bank Loan	Total