



Department of Examinations - Sri Lanka
G.C.E. (A/L) Examination - 2018

32 - Business Studies

Marking Scheme



This document has been prepared for the use of Marking Examiners. Some changes would be made according to the views presented at the Chief Examiners' meeting.

Amendments to be included



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35 - Business Studies

Volume 35 Number 10



P.S./A/L/24/2-1

43. State four responsibilities of the consumer.

1.
2.
3.
4.

44. Write four facilities available to make the e-payment easy.

1.
2.
3.
4.

45. Write four points that should be concerned when writing cheques.

1.
2.
3.
4.

46. Write four reasons that have influenced for the growth of international trade.

1.
2.
3.
4.

47. Write four reasons why a control process is important to a firm.

1.
2.
3.
4.


48. Write four advantages that a producer can obtain by presenting a product to the market with a brand name.

1.
2.
3.
4.

49. Write four additional benefits, that an ordinary shareholder gains other than dividends from a company.

1.
2.
3.
4.

50. What is meant by the following symbols?

1. 
2. 
3. 
4. 

* * *

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
இலங்கைப் பரீட்சைத் திணைக்களம்

අ.පො.ස. (උ.පෙළ) විභාගය/ க.பொ.த. (உயர் தர)ப் பரீட்சை - 2018

විෂය අංකය
பாட இலக்கம்

32

විෂය
பாடம்

Business Studies

ලකුණු දීමේ පටිපාටිය/புள்ளி வழங்கும் திட்டம்
I පත්‍රය/பத்திரம் I

| ප්‍රශ්න අංකය வினா இல. | පිළිතුරු අංකය விடை இல. | ප්‍රශ්න අංකය வினா இல. | පිළිතුරු අංකය விடை இல. | ප්‍රශ්න අංකය வினா இல. | පිළිතුරු අංකය விடை இல. |
|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| 01. | 3 | 11. | 5 | 21. | 3 |
| 02. | 4 | 12. | 3 | 22. | 2 |
| 03. | 3 | 13. | 2 | 23. | 2 |
| 04. | 2 | 14. | 4 | 24. | 3 |
| 05. | 3 | 15. | 4 | 25. | 5 |
| 06. | 3 | 16. | 5 | 26. | 1 |
| 07. | 4 | 17. | 3 | 27. | 2 |
| 08. | 5 | 18. | 4 | 28. | 5 |
| 09. | 4 | 19. | 1 | 29. | 5 |
| 10. | 5 | 20. | 1 | 30. | 2 |

❖ විශේෂ උපදෙස්/ விசேட அறிவுறுத்தல் :

එක් පිළිතුරකට/ ஒரு சரியான விடைக்கு 02 ලකුණු மதிப்பு/புள்ளி வீதம்

මුළු ලකුණු/மொத்தப் புள்ளிகள் 2 × 30 = 60

31. (a) Specialization , Trade
(b) Culture Weakness
32. (a) People / society , Environmental / Global (people planet)
(b) Value added tax (VAT) , PAYE tax
33. (a) Risk, Income
(b) Right , Responsibility / Duty
34. (a) Innovation , Businessman / Manager
(b) Create, Issue
35. (a) Third, Employer liability insurance
(b) Terminal , Way
36. (a) Encoding
Decoding
(b) Cash, Capital
37. (a) Environment , Resource
(b) Position, Person
38. (a) Re order , ordering time
(b) Advertising , Sales promotion / Promotion / Consumer sales promotion
39. (a) categorizing , Summerizing
(b) Sales, Operational
40. (a) False
(b) False
(c) True
(d) True

-
41. 1. Plenty
2. Low price / Low profit margin
3. Advertising alternativeness
4. Short term Existence
5. Purchasing in less quantity
6. Short term purchase decision
7. Purchasing continuously
8. More alternative
9. Easy to purchase
10. habitual buying
-
42. 1. Protecting Educational standard
2. Ensuring students Educational right
3. Protect discipline of school system
4. Social development
5. Development in educational standard
6. Ensuring academic and non academic employees right
7. To ensure Educational administration effectiveness and using resources efficiency
-
43. 1. Critical awareness
2. Action (ACTIVELY PARTICIPATION)
3. Social concern
4. Environmental awareness
5. Solidarity

44. 1. ATM / CDM
2. EFTPOS
3. Telebanking
4. Online banking / Internet Banking
45. 1. Use indelible ink when writing a cheque
2. Note the relevant details on counter foil
3. Draw one line across any mistake you make and place full signature of the drawer
4. Sign correctly according to the specimen signature
5. Write the correct date and use safety method
6. No blank cheques should be signed
7. Do not keep unnecessary Space when writing value in number and words
46. 1. Globalization
2. Technological and communicational development
3. Less trade barrier
4. Origin of Trade agreement and International Trade organization
5. Minimizing of differences in attitude and behavior among different nation in the world
47. 1. To ensure the quality of the product
2. To minimize the cost
3. To Minimize the faults or brings them down to the level
4. To change according to the environmental change
5. To evaluate the progress and correct the faults
6. To confirm that the performance of the organization is up to the expected care
7. To make easy to identify deviation quickly and take corrective actions

48. 1. Ability to protect the identity by differentiating their own brand from other complete brands
2. Easy to get orders
3. Getting the legal protection
4. Ability of creating a brand loyalty among the consumers
5. The whole image of the firm could be enhanced by a good brand
6. Creating a value for the business
7. Ability to registered brand in consumer mind
49. 1. Equity Issue
2. Capital gain
3. Capitalizing of reserves
4. Voting ability
5. To use as a security
50. 1. Face Book
2. Twitter
3. Recycling
4. Facilities for different able (disable access)

1. (i) (a) Define the terms needs, wants and products and explain the relationship among them.
 (b) Give four main reasons that influenced to shift the production method from direct production to indirect production. (04 marks)

(a) Needs

Basic requirements for survival of human being

(½ mark)

Wants

Special desire some particulars product for the satisfaction of human needs / ways of person satisfying his needs.

Wants are various alternative available to satisfying human need

(½ mark)

Products

Products can be anything offered in order to satisfying human needs and wants

Relationship

Things necessary for human living are needs. various alternative to satisfying needs are wants. so needs and wants can be satisfy through products. While different methods to satisfy human needs and wants is need. Product is solution for that the needs and wants.

(Definitions ½ x 3 = 1 ½ marks)

(Relationship ½ mark)

(b) Personal specialization

Excess production

Barter system

Trade

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

(ii) (a) New generation is reluctant to get involved in agriculture. Give **four** reasons for this.

(b) Write **two** specific characteristics of macro environment.

(04 marks)

- (a)
1. Uncertainty of harvest income
 2. No good professional image.
 2. Lack of social recognition for agriculture
 4. Problem arise in capital.
 5. Lack of good market
 6. Lack of agricultural skills.
 7. Large amount of capital needs
 8. Individual attitude.

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

- (b)
1. Rapid change
 2. Dynamic
 3. Variety of influences
 4. Complicity
 5. Competiveness
 6. Global
 7. Existence of inter relations
 8. Difficulties to Control

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

- (iii) Interpret what globalization is and describe two positive and two negative impacts made by it on local businesses. (04 marks)

Enterprises becoming interdependent and inter-linked globally is known as globalization .

Economic, Political and cultural interrelationship among countries / build international relationship with Government , people and organization.

(02 marks)

Positive impacts

1. Creating board market
2. Flowing of new technology
3. Exchanging of new knowledge
4. Ability to gain economics of scale of production
5. Development of infrastructure and business services

(½ x2 = 01 marks)

Negative impacts

1. Face to global competition / weakness of local industries
2. Lack of skilled labour
3. Increasing marketing expenditure
4. Increase advertisement and other promotion expenses
5. change in life style

(½ x2 = 01 marks)

- (iv) (a) Interpret what is meant by 'organizational culture'.
 (b) Explain a strength and a weakness of the organizational culture giving an example for each. (04 marks)

- (a) Commonly shared set of belief, norms and values in order to develop common behavior pattern in an organization.

Strengths

1. Commonly accepted positive behavioral pattern
2. Relationship based on trust
3. Corporation of employs
4. Respect for others

for one 01 mark
 (02 marks)

Weaknesses

1. Cultural
2. Differently Treat
3. Confusing among Norms and Values

for one 01 mark

- (v) Explain what social responsibility of business is and write **three** reasons for its importance in the present society. (04 marks)
 (Total 20 marks)

The willingness of a business to accept responsibility for its actions and their impact on a range of stake holders is known as social responsibilities.

(01 mark)

1. To protect environment
2. To prevent the environmental pollution
3. To prevent against unethical behaviors
4. To Solve the problems related to poverty in certain developing countries
5. To use resources efficiency in the world

(1 x 3 = 03 marks)

(Total 20 marks)

2. (i) State **four** factors that a food manufacturer should consider in developing a code of ethics to ensure the quality of products and explain why he should consider those factors. (04 marks)

| | Factors | Reasons |
|---|----------------------------------|---|
| 1 | Related to manufacturer | Carry out the production activity according to the specific food items standard and quality |
| 2 | Related to suppliers | To supply raw materials according to the accepted standard |
| 3 | Related to methods of production | To consider acceptable health and hygiene practices should be followed |
| 4 | Related to customers | To ensure the way of delivery, quality and size |
| 5 | Related to competitors | To face the competition and to increase better quality |

(factors should be related to 1 x 4 = 04 marks) food production)

- (ii) Name **four** parties that can be affected by imposing import tax on agricultural products and write **one** advantage for each party from it. (04 marks)

| | Parties | Advantage |
|---|----------------------------|---|
| 1 | Local Agriculture producer | <ul style="list-style-type: none"> • Protection of production • Reduce international competition • Can get higher prices |
| 2 | Local Customers | can consumer new goods and services because improvement of local production |
| 3 | Government | <ul style="list-style-type: none"> • Increase the tax revenue • Impact decreases so it feeds for variable balance of payment • Increase the GDP • Can save foreign currency |
| 4 | Other local industries | Reduce international competitions |
| 5 | Society | <ul style="list-style-type: none"> • Creates job opportunities due to development of national industries. • Creates new sources of income generation |

Naming $\frac{1}{2} \times 4 = 02$ marks

To Explaining $\frac{1}{2} \times 4 = 02$ marks

- (iii) A government intervenes for conducting the businesses successfully in various ways. Mention **four** such intervening methods and describe what a government expects from each method. (04 marks)

| Ways | Government Expectation |
|---------------------------------------|---|
| Provider of infrastructure facilities | To increase investments by the businessman |
| Government as a competitor | To provide good quality services |
| Government as a policy maker | To carry out proper business activities |
| Government as a Regulator | To Prevent fraud and wastage |
| Government as a provider of incentive | To attract new investors and to keep the exiting investors |
| Government as a Tax collector | Increase government revenues. To reduce imbalance of income to prevent entrance of unnecessary industries |

Naming $\frac{1}{2} \times 4 = 02$ marks

To Explaining $\frac{1}{2} \times 4 = 02$ marks

- (iv) (a) Briefly explain **four** factors that affect arising of conflicts among partners.
 (b) Government takes actions to provide products needed for public through various types of government organizations. Name **four** types of such government organizations. (04 marks)

(a)

- When making management decisions
- when involving business activities
- sharing profit and loss
- Obtaining interest of loan capital
- Obtaining interest of capital
- Using properties of partnership
- when enjoy privileges / facilities
- Admission of a new partner
- To ensure the right of the partners
- Changing of ownership

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

(b)

- Government Department
- Public corporation/ Authority / Board / Commission
- state companies
- local government authority

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

- (v) Franchiser and franchisee have a set of activities need to be done. Briefly describe **four** activities that should be done by a franchisee.

(04 marks)

(Total 20 marks)

- To agree the rules and regulations enforced by franchiser
- Investment of capital
- purchases from the franchiser or suppliers approved by the franchiser
- Pay royalty according to the franchise agreement

Naming $\frac{1}{2} \times 4 = 02$ marks

To Explaining $\frac{1}{2} \times 4 = 02$ marks

3. (i) One of your friends prefers to start a business of his own instead of doing a job, but he has a fear for it. State **four** reasons to explain to him the advantages of starting a business than doing a job.

(04 marks)

- Ability to use his skills, talents and experience.
- Independence and self motives.
- Ability to earn high return based on his effort and commitments.
- Creates job opportunities to others rather than seeking job. (Make A Job)
- Social status and recognition
- Being own boss.
- self satisfaction
- Earnings opportunities are unlimited

(1x 4 = marks)

- (ii) Though a country requires many entrepreneurs, only a few emerge. Briefly describe **four** factors for the emergence of a few entrepreneurs. (04 marks)

1. Lack of training programs
2. Lack of infrastructure facilities
3. Lack of finance
4. Lack of education
5. Inappropriate legal and tax policies
6. Unfavorable influence of cultural values and attitudes
(eg : white color job)
7. Cultural barriers
8. Lack of risk taking

(1 x4 = 04 marks)

- (iii) Number of small and medium scale enterprises are greater than large scale enterprises in many countries. Write **four** inherent characteristics of small and medium scale enterprises that caused to increase the number. (04 marks)

1. Can start with less amount of capital
2. Can Carry out business activities which unable to carry out by large scale
3. Provide essential raw materials and other services to the large scale organizations
4. Few legal formalities / Less legal control
5. Easy to start / Can start at any place
6. Can start with any type of business organization
7. Less number of employee
8. Ability to contribute the business with less Number of Employees.

(1 x4 = 04 marks)

(iv) Financial companies provide a variety of services for the development of businesses.

Describe **four** services provided by financial companies to businesses.

(04 marks)

1. Financing of hire purchase
2. Leasing facilities
3. Loan facilities
4. Acceptance of time deposit
5. Remittance services / Found transfer
6. Underwriting of shares

(1 x 4 = 04 marks)

(v) "There are advantages and disadvantages of using e-money." Justify this statement by highlighting **two** advantages and **two** disadvantages of e-money usage.

(04 marks)

(Total 20 marks)

Advantages

1. Low cost in transaction
2. Safety/ No risk in money transport
3. 24 / 7 Basis / Can use any time
4. Convenience
5. Can get various benefits
(eg : star points, discount)
6. Can use for international transaction

(1 x 2 = 02 marks)

Disadvantages

1. Interest and late fee can be charged
2. Fraud activities may take place
3. It leads unnecessary consumption
4. Can be delay due to technical problems
5. Can't use by all the customers due to inability to use technology
6. Limitation of opportunities in e - cash transaction

(1x2 = 02 marks)

4. (i) (a) Provide **four** examples for **non-insurable** risks.
(b) Sri Lanka Insurance Board has been established to contribute to the development of Insurance industry. State **four** activities performed by this Board. (04 marks)

(a)

1. Risks are decided on an individual's in capabilities
(eg : failure in examination)
2. Loss of love
3. Business risks emerge due to natural reasons like deprecation etc.
4. Wrong management decision

(1/2 x 4 = 02 marks)

- (b) 1. Registration of insurance companies

2. Registration of insurance agent
3. Cancellation of registration of insurance company
4. Control the criteria of investment of insurance fund
5. Provide advice to the government about the development of insurance
6. Implementation of government policies relate to insurance industry
7. Implement CESS tax for the development of insurance activities

(½ x 4 = 02 marks)

- (ii) (a) Indicate **four** factors that should be considered when choosing a transport service to transport fruit from Nuwara Eliya to Colombo.

- (b) Describe **four** suggestions with reasons that you make to increase transport of goods by train. (04 marks)

(a)

1. Natural of the fruits
2. Speed
3. Capacity
4. Availability
5. Safety
6. Cost

(½ x 4 = 02 marks)

- (b)
1. Modernization of Compartment goods train services
 2. Increase the number of cabins
 3. Increase the co-ordinating transport services to the terminal Ponit,
 4. Link the Electric train services with shopping complex, bus stands etc
 5. Use the GPS so sender can get useful information
 6. Modify Compartments fit to various type of goods.
 7. Introduce new technology for loading and unloading goods.

(iii) (a) The management has informed that the feedback of participants for your lecture in the training session held for management assistants on maintaining proper filing system is not at a satisfactory level. State **four** possible weaknesses of your lecture to get such a feedback.

(b) Many organizations use e-mails for communication. State **two** advantages and **two** disadvantages of using e-mails. (04 marks)

(a)

1. Lack of language skills / In proper usage of language
2. Unnecessary explanation
3. Not using suitable examples.
4. Problems in pronunciation and voice control
5. Feelings and Posters are not clear
6. Lack of interaction between lecturer and participant
7. Inability to attract participant concentration
8. Inability to get feedback

(1/2 x 4 = 02)

(b) **Advantages**

1. Low cost
2. Quick
3. Reliable
4. Can confirm the delivery of message send from any place
5. Can use from any part of the world
6. Can send many persons at the same time.
7. Can store the information
8. Can send voice recording and pictures
9. Can get the quick feedback
10. Paperless
11. Can attach large amount of information, Photos etc.

(1/2 x 2 = 01 mark)

Disadvantages

1. Technical problems
2. Unable to understand message correctly
3. Lack of Internet facilities
4. Lack of Computer literacy
5. No interpersonal connection
6. Virus problems

(1/2 x 2 = 01 mark)

- (iv) (a) Traditional retail shops face severe threats from supermarkets. Describe **four** reasons that cause attraction of customers to supermarkets.
- (b) Some Sri Lankan businessmen are unable to face the competitiveness in the international market. Write **two** factors for each that a businessman can control and uncontrol for this inability.

(04 marks)

(a)

1. Attractiveness and Cleanness
2. Car park facilities
3. Ability to choice goods
4. Can get banking services and bill payments
5. Can use e - money
6. Good Physical environment
7. Various Promotions and extra facilities.
8. Variety of goods under one roof

(1/2 x 4 = 2 marks)

| Controllable Factors | Uncontrollable Factors |
|--|--|
| 1. Inability to Produce the Products according to the international Standards. | 1. Lack of Infrastructure facilities |
| 2. Lack of Product Planning and development to suit international market. | 2. Lack of Supporting industries |
| 3. Not using of appropriate advertisement and promotion methods. | 3. Government policies |
| 4. Inappropriate pricing policies | 4. Poor international relations |
| 5. Inadequate customer services. | 5. Lack of Government Support |
| 6. Lack of Employees with necessary skills. | 6. Increase employee salary & other cost |
| | 7. Rigid rules & regulations and inefficient Organizational network. |

(1/2 x 2 = 01)

(1 /2 x 2 = 07)

- (v) (a) Crossing. 'Not negotiable' does not provide any specific advantage to the drawer. Do you agree with this idea? Give reasons for your answer.

(b) Write **four** factors that influenced the expansion of e-trade.

(04 marks)
(Total 20 marks)

(a) No.

'Not negotiable' crossings do not restrict transferability, but the transferee of a cheque will not acquire a better title than that the transfer.

OR.

This Crossing ensure and certify the payment by drawee to particular payee and drawer is not accountable for any losses due to frauds.

(01 ½ Marks)

(b)

1. 24/7 Basis
1. Low Cost
3. Speed
4. Wide Market
5. Prices are relatively low/ No Middlemen
6. More Choices
7. Low operational cost
8. Can consume new goods
9. Less documents
10. Full transparency
11. No need to maintain high stock
12. No need more space

(1 /2 x 4 = 2 Marks)

Part II

5. (i) (a) "Management is an art of getting work done through others." Explain this definition.
(b) You were a member of the committee appointed to organize the commerce day of your school which was held last week. Describe the management functions by taking four examples from the activities that your group performed to conduct the commerce day. (04 marks)
- (ii) (a) State four abilities included in the conceptual skills of a manager.
(b) Describe the tasks belong to two sub roles, leader and entrepreneur in Henry Mintzberg's management roles. (04 marks)

- (i) (a) Managers have to work done through others but effectiveness of that depend on his style to getting work done through others. Therefore according to this definition management is the art of getting work done through others.
(With underline words 02 marks)

(b)

| | |
|-------------|---|
| Planning | <ol style="list-style-type: none"> 1. Deciding the date 2. Deciding guests and invitees School 3. Deciding Sponsors and funds 4. Reservation of hall |
| organizing | <ol style="list-style-type: none"> 1. Identity Pre commerce day activities 2. Identity activities on the day of functions. 3. Allocating work to team. 4. Allocating activities as finance, Communications, refreshment. 5. Allocating authorities for each section. 6. Allocating other resources. |
| Leading | <ol style="list-style-type: none"> 1. Allocating leaders for finance, Refreshment and Communication. 2. Create awareness about general activities. 3. Motivating Students to participation. |
| Controlling | <ol style="list-style-type: none"> 1. Ensuring items according to the plan. 2. Getting feedback about welcome guest students and Presentation etc. |

(ii) (a) State **four** abilities included in the conceptual skills of a manager.(b) Describe the tasks belong to two sub roles, **leader** and **entrepreneur** in Henry Mintzberg's management roles.

(04 marks)

(a) Conceptual skills

1. Identify the internal and external environment
2. Analysis skills
3. Identify the problems and solve them
4. Visionary
5. Creative Thinking
6. Decision making skills

(½ x 4= 02 marks)

(b) Leader

Motivating and encouraging Subordinates in order to achieve the organizational goals

- Appreciating and evaluating the work of employees
- Promoting and terminating the employees

(1/2 x 2 = 01 marks)

Entrepreneur

- Changing the internal environment of the organization according to changes in environment
- Introducing new projects
- Changing the organizational structure

(1/2 x 2 = 01 marks)

(iii) A business consultancy firm has proposed a new solar power system and a production automation system to you to minimize production cost. You expect to select one of the alternatives. Describe **four** criteria that can be used to evaluate these alternatives. (04 marks)

- | | | |
|------------------------------|---|---|
| 1. Cost | - | Comparison of cost |
| 2. Suitability | - | Suitability for the task |
| 3. Practical Possibility | - | Possible to use for the relevant task |
| 4. Relative importance. | - | Which one is more important for organization |
| 5. Environmental friendly | - | Impact on environment |
| 6. Durability | - | How many years |
| 7. Technological feasibility | - | Availability of parts and skill labour |
| 8. Acceptance | - | Acceptance by different group of the Organization |
| 9. Sustainability | - | |

(1/2 x 4 = 02 marks)

Step of Organizing

1. Identifying the tasks
2. Division of work
3. Departmentalization
4. Delegation of authority and responsibility
5. Determining the standards of work
6. Allocation of resource
7. Co-ordination

For naming at least 4 01 mark

For explanation 1x3 = 03 marks

- (v) (a) Explain why layout plan is needed.
- (b) Financial analysis of a business revealed that losses have occurred due to maintaining of stocks unnecessarily. Describe four tactics that could be used to minimize such losses in stock control. (04 marks)
(Total 20 marks)

(a)

1. Enhancing of efficiency in using materials and machinery
2. Ability to get the maximum use of the space available
3. Ability to minimize the cost of using materials
4. Minimizing the possible barriers in moving the materials and employee
5. Minimizing the accidents
6. Easy to communicate, coordinate and supervise
7. Enhancing the moral of the employee

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

(b)

1. Stock levels determining techniques
2. ABC Analysis
3. Two Bin system
4. Computer programmers
5. Continuous stock Recording system
6. JIT

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

6. (i) (a) State **four** reasons to indicate why the productivity is important to an organization.
(b) What is meant by Computer Aided Design (CAD) used as a computer system to increase the productivity in a firm and write **two** benefits of it. (04 marks)

(i) (a)

1. To make decisions regarding allocation of resources of the business.
2. To make decisions on expansion of the business.
3. To compare productivity with other organization in the same industry.
4. To know the progress of the business organization.

(1/2 x 4 = 2 marks)

(b) CAD

The designing goods using computer software

(2 marks)

Benefits

1. Reduce the wastage
2. Product can be develop
3. Product can be develop from different places
4. Low Cost of designing
5. Can improve product before the final product
6. Increase the Productivity of the design
7. Increase the quality of the design
8. Improve the better communication
9. Creates data base for manufacturing

(1 x 2 = 2 marks)

- (ii) Indrapala rented a trade stall from the new year trade fair held in his area and his goods were sold faster than the similar goods sold in other stalls. Describe **four** reasons that could be possible for selling goods in Indrapala's stall quickly. (04 marks)

1. Reasonable Price - Compare with the other goods
2. Competency of Personal selling - attraction of personal attribute
3. Attractive arrangement - display of goods
4. Good location - Easy to access

(1 x 4 = 4 marks)

- (iii) (a) A manufacturer hesitates to use a package for his goods. Write **four** points to encourage the manufacturer to present his goods to the market with a package.
 (b) Write **four** objectives of pricing of goods and services. (04 marks)

(a)

1. Increase the attraction -
2. Image of the business will increase
3. Protection for the Product
4. Can get information
5. Easy to Promote
6. Easy to display
7. Warehousing, transportation and handling is easy
8. Easy to self service / selection

(1/2 x 4 = 2 marks)

(b) Objectives of Pricing

1. Survival
2. Maximize current Profit
3. Maximize market share
4. Maximize market skimming
5. Product quality leadership

(1/2 x 4 = 2 marks)

- (iv) Businesses use advertising for different purposes. Explain **four** objectives of advertising.

(04 marks)

1. To inform - Create awareness about the product
2. To confirm - confirm suitability
3. To Persuade - motivate to buy
4. To remind - help consumer to memorize

naming $\frac{1}{2} \times 4 = 02$ marks

To explain $\frac{1}{2} \times 4 = 02$ marks

(04 marks)

- (v) (a) As the handloom textile business run by Dhanasiri is not very successful, he expects to start a hotel. Indicate **four** ways that he can raise funds for this purpose.

- (b) The acid test ratio of Namal's business is 2:1. Give **four** reasons led to this situation.

(04 marks)

(Total 20 marks)

(a)

1. Personal Savings
2. Bank loan
3. Selling of assets
4. Personal loan
5. Admission of a Partner
6. Leasing
7. Hire purchase

(1/2 x 4 = 2 marks)

(b)

1. Increase in debtors
2. Increase in cash in hand
3. Increase in bank balance
4. Increase in receivable incomes

(1/2 x 4 = 2 marks)

7. (i) (a) Mention **four** ways that a business can raise working capital.
(b) Describe **four** advantages gained by a listed company from Colombo Stock Exchange.

(04 marks)

(a)

1. Bank overdraft
2. commercial papers
3. Accrued expenses
4. Short term Bank loan
5. Trade credit
6. Provision for tax
7. Provision for dividend

(1/2 x 4 = 02 marks)

- (b)
1. Image of the company will increase
 2. Can get best prices for the shares
 3. Secondary market for the shares
 4. Attract strategic investors
 5. Achieve optimum capital structure
 6. Increase the trustworthiness

(1/2 x 4 = 02 marks)

- (ii) Describe **four** types of information that should be included in the application to recruit sales assistants to your organization, where you work as a HR manager. (04 marks)

1. Personal information , name, Date of birth, address etc
2. Educational qualifications - G.C.E.(O/L), G.C.E. (A/L), Degree
3. Professional qualifications - Other related qualifications
4. Experience
5. History of work
6. Reference

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

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

- (iii) (a) In addition to interviews, different types of tests are conducted to select an applicant for a job. Describe **two** types of such tests.
- (b) Write **four** ways that the information in an appointment letter could be categorized. (04 marks)

(a)

1. Background test
2. Medical test
3. Aptitude test
4. Practical test

naming $\frac{1}{2} \times 2 = 01$ marks

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

- (b)
1. Job specification
 2. Conditions
 3. Tasks
 4. Duties/ Responsibilities

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

- (iv) A loss making firm has an idea to reduce its workforce. Briefly describe **four** methods that could be used to reduce workforce. (04 marks)

1. Voluntary retirement
2. Early Retirement
3. Out sourcing
4. Hiring freeze
5. Re-training

(1 x 4 = 04 marks)

- (v) Following are some data extracted from a trading account of a firm.

| | Rs. | Rs. |
|---------------|------------------|---------|
| Sales | | 500 000 |
| Opening Stock | 80 000 | |
| Purchasing | 300 000 | |
| | <u>380 000</u> | |
| Closing Stock | <u>(120 000)</u> | 260 000 |

Write **four** information that can be obtained by using the above data.

(04 marks)
(Total 20 marks)

1. Cost of sales
2. Gross profit
3. Gross profit ratio
4. Stock turnover ratio
5. Stock Turnover period

If candidate show the calculation give marks

(1x 4 = 04 marks)

8. (i) (a) Describe what is meant by information management technology.
(b) Describe **four** benefits that a firm can gain by using information technology.

(04 marks)

- (a) The process of using information recourses efficiently and effectively by managing the computer and communication technology available in the particular institution is Known as information management technology

(02 marks)

- (b)
1. Ability to make more accurate decisions easily
 2. Minimizing the errors in performance
 3. Ability to perform the task very efficiently and effectively
 4. Quality of the product will improve
 5. Availability of a massive storage capacity for information
 6. Decreasing the cost of processes
 7. Ability to face the competitiveness
 8. Making the communication process easy
 9. Expansion of international trade
 10. Easy access to consumer and other service provider

(½ x 4 = 02 marks)

- (ii) (a) A businessman has an idea to use internet for his business activities. Describe **four** ways that he could make his activities of the firm easier by using internet. (04 marks)

- (b) State **two** benefits that a firm can gain by using Cloud Technology. (04 marks)

- (a)
1. Easy to product promotion
 2. Easy to attract employees
 3. Easy to find new market
 4. Storage of information
 5. Easy to do communication
 6. Outsourcing
 7. Easy to monitor
 8. Easy to use GPS
 9. Can maintain mobile workforce
 10. Reduce paper work
 11. Can use email

(½ x 4 = 02 marks)

(b)

1. Can access the document from anywhere any time
2. No need to save in the computer system
3. Maintenance cost of data base is less
4. Can protect the data

(½ x 4 = 02 mark)

- (iii) What are the main strategies that could be included in the marketing plan of the business plan? (04 marks)

1. Product strategic
2. Price strategic
3. Distribution strategic
4. Promotion strategic

(1 x 4 = 04 marks)

- (iv) Mention **two** factors to explain the importance of preparing a cash flow statement and write **three** items relevant to cash outflow of a business. (04 marks)

To identify cash inflow

To identify future cash deficit

(1 ½ x 2 = 03 marks)

1. Purchasing non-current assets
2. Purchases of stock of goods
3. payments for day to day expenses
4. Payment of loan installment
5. Payment of taxes

01 mark

if 2 correct ½ mark

- (v) Saman expects to start an animal husbandry in addition to existing business. You have been asked to prepare a project report for that purpose. State, what you include in the summary of this project report. (04 marks)
(Total 20 marks)

1. Estimated project cost
2. Estimate income statement
3. Cash flow statement
4. Loan repayment chart
5. Estimated statement of financial position / balance sheet

(1 x 4 = 04 marks)