

Name : Class : Class No.....

1. As a way of living Mala started her own garment manufacturing business. She produce and sell frocks, shirts and trousers

What is the basic need, satisfy by Mala's business?

- i. Food ii. Clothes iii. Shelter iv. Health

2. In here production of frocks, shirts and shorts are considered as

- i. Products ii. Needs iii. Inputs iv. Capital

3. Following are some of the statements related to above incident.

A – this business develops human needs

B - this is a service providing business.

C - this business is a private sector business

D- a garment factory situated next to Mala's business is a weakness of her business.

Which of the above statements are correct,

- i. A & B ii. A & C iii. B & C iv. B & D

4. Select the most suitable meaning for 'business'

i. Any economic activity directed towards earning profit

ii. It is an agreement between two people

iii. It is an economic activity which manufactures or provides different goods and services in order to fulfill human needs.

iv. Any activity involving in exchanging of goods and services.

5. Which of the following is not an objective of a profit oriented business?

i. Earn a profit

ii. Maximize the customer satisfaction

iii. Welfare of the employees

iv. Social welfare

6. Which of the following statement provides only the characteristics of needs,

i. Essential, common, cannot be created

ii. Unlimited, essential, common

iii. Can be created, essential, differ

iv. Complex, common, cannot be created

7. Based on the nature of the product, business can be categorized as,
- Private sector and public sector businesses.
 - Commodity manufacturing business and service providing businesses.
 - Profit oriented business and nonprofit oriented business
 - Large scale business and small scale business
8. An environment which can be controlled by an owner would be,
- Legal environment
 - Economic environment
 - Internal environment
 - Technological environment
9. As a factor of production "capita" means,
- A the natural resources available
 - The mental and physical contribution in a business
 - Anything produced by man in order to facility manufacturing process
 - Organizing factors of production in order to start and conduct manufacturing process.
10. A successful completion of a workshop conducted to improve the skills of the employees is a,
- Strength to the organization
 - Opportunity to the organization
 - Weakness of the organization
 - Threat to the organization
11. Employees of an organization are considered as,
- A weakness of the organization
 - Opportunity to the organization
 - Treat to the organization
 - Stakeholder of the organization.
12. Under which environment does the inflation falls?
- Political environment
 - Legal environment
 - Technological environment
 - Economic environment
13. Which of the following is not a threat to an organization,
- Geographical location of the business is unfavorable
 - Imposition of international trade embargo
 - New competitors entering in to the industry
 - Natural disasters
14. What is the characteristic that cannot be seen in sole proprietorship and partnership businesses but can be seen in a limited company,
- Aim
 - Legal personality
 - Engaged in an economic activity
 - Business name

15. What type of business organization issue shares to the general public to collect capital?

- i. Limited companies
- ii. Partnerships
- iii. State corporation
- iv. State companies

16. Following are some of the business organization

- A – Partnerships
- B - Limited Companies
- C - Sole proprietorship
- D – Corporative Societies
- E - State companies
- F - Departments
- G – State corporations

D – Corporative Societies

Public
Private sector business organizations would be,

- i. A,D,E
- ii. B,D,F
- iii. C,F,G
- iv. E,F,G

17. The main weakness in good exchanging era is,

- i. Problem of storage
- ii. Absence of double coincidence of wants
- iii. Communication problems
- iv. Difficulty in dividing of items into small parts

18. Kamal Perera registered his sole trade business as Kamal Stores under business name ordinance No 06 of 1918. An advantage of registering the business name is,

- i. Continuous existence
- ii. Provide an identity and recognition
- iii. Profits can be born alone
- iv. Not liable for tax

19. Which of the following factor that you must ^{not} consider when selecting an appropriate business organization

- i. Objective
- ii. Scale
- iii. Ownership
- iv. Based on who will perform management activities

20. Which of the following is not a characteristic of state corporations,

- i. Government ownership and control
- ii. Legal personality
- iii. Continued existence
- iv. ~~Un~~limited liability

Part II

Answer all questions

(01)

Namal and Amal followed two year course in Carpentry work in Sri Lanka Technical College. They worked as carpenters in “Dambullu Furniture Works” for two years. They decide to start a furniture company by the name “Singha Furniture Works” each person is willing to contribute Rs.100,000 as capital and they decide to involve together in management activities. Government has introduced new tax relief system to new investors. Amal and Namal decide to start their business in a place where they don't find any competitor.

- i. What is the type of business organization suitable for Namal and Amal?
- ii. (a) Is the business name of that business required to be registered?
(b) Justify your answer.
- iii. If it is classified according to the objective, which type does this business belong to?
- iv. If it is classified according to the ownership, which type does this business belong to?
- v. State two advantages and two disadvantages of the business mentioned above
- vi. Define the term “Management” mentioned in above paragraph
- vii. State two strengths and two weaknesses of the above business.

(02)

- i. Define needs and wants with the examples
- ii. State 4 differences between needs and wants
- iii. What are the factors of production required to produce goods and services
- iv. Explain the factors of production mentioned in above answer (03)
- v. State two stakeholders related to a garment manufacturing company
- vi. State the objectives of those stakeholders expected from the garment manufacturing company and expected contributions towards that business.

(03)

- i. Explain internal and external environments.
- ii. State two internal environmental factors and three external environmental factors.
- iii. Define the followings
 - a. Interest rate
 - b. Inflation
 - c. Foreign exchange rate
 - d. Income distribution
- iv. State weather the following statements are “True” or “False”
 - a. Whole sale business is an example for a service providing business ()
 - b. Introducing low interest rates by the government is considered as a strengths ()
 - c. Customers are considered as an internal environment factor ()
 - d. Domestic skilled workers migrating to foreign countries is a positive impact from the global environment on domestic business ()
- v. Provide three examples for technological changes affecting businesses