



**De- Mazenod College - Kandana**  
**Advanced Level (GCE) - 2018**  
**2<sup>nd</sup> Term Test (2018 April)**  
**Grade 13**  
**Business Studies – Paper I**

2.04.2018

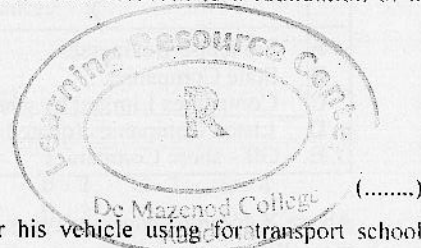
Duration – 2 hours

Important :

- \* Answer all the questions.
- \* Select the correct answer for question no. 1 to 30 and write its number on the dotted line given.
- \* Write short answers for question no. 31 to 50 on the dotted line given.

1. Select the group of answers arranged in sequential order, the elements relevant to a foundation of a business.

- (1) Customer/ profit/ product/ needs-wants
- (2) Customer/ needs-wants/ product/ profit
- (3) Profit/product/needs-wants/customer
- (4) Product/profit/customer/needs-wants
- (5) Needs-wants/profit/customer/product



2. Nimal purchased a new pair of tyres imported from Japan for his vehicle using for transport school students. It belongs to

- (1) Convenient goods. (2) Shopping goods. (3) Specialty goods. (.....)
- (4) Business goods. (5) Unsought goods. (.....)

3. In the following table, X and Y shows the production sector and their sub sectors respectively.

X	Y
A Agricultural Productions	1. Fisheries Industries
B Industrial Productions	2. Forest and Firewood Industries
C Service Productions	3. Mining and Quarrying
	4. Transport and Communications
	5. Electricity, Gas, Water
	6. Banking, Insurance, Real estate

Select the group of correct matching pair when matching the X and Y columns.

- (1) A - 1, 3 B - 2, 5 C - 4, 6 (2) A - 1, 3 B - 2, 4 C - 5, 6
- (3) A - 1, 2 B - 3, 5 C - 4, 6 (4) A - 1, 4 B - 2, 3 C - 5, 6
- (5) A - 1, 3 B - 2, 6 C - 4, 5 (.....)

4. The parties to whom the social responsibilities of a business should be fulfilled and the relevant activities for that is shown in the table as X and Y columns.

X	Y
A Community	1. Equality
B Customer	2. Fair earnings
C Owners	3. Waste management
D Employees	4. Fair price

Select the correct matching combination of X and Y.

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

5. Following are the items related to financial policy and fiscal policy.

- A - Interest rates B - recurrent expenditure controlling
- C - Taxes and Fines D - Open market operations

Which items are arranged the relevant to financial policy and fiscal policy respectively.

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

6. In the following table, "X" shows the symbols of standards and "Y" shows the names of the standards.

X			Y
A	ISO	9001 : 2008	1. Food Safety Management System
B	ISO	14001 : 2004	2. Information Safety Management
C	ISO	22000 : 2005	3. Occupational Health and Safety Management
D	ISO	27000	4. Environment Management Systems
E	OHSAS	18001 : 2007	5. Quality Management Systems

The correct combination of above information is,

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

7.

X		Y
A	Franchise Businesses	1. Business activities are prohibited in Sri Lanka
B	State Companies	2. Can be started without a capital
C	Companies Limited by guarantee	3. Controlling under government
D	Listed Companies (quoted companies)	4. Registered in Colombo stock exchange
E	Off - shore Companies	5. Business name comes under a royalty

Above X column shows the types of business organizations and Y column shows the statements relevant to them. What is the correct pairs of group when comparing X and Y columns.

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

8. Select the correct answer of business organizations arranged in sequential order having profit motive, limited liability and legal personality.

- (1) Sole proprietorships / Partnerships/ state corporations  
 (2) partnerships/ limited companies/ state companies  
 (3) Partnerships/ state corporations/ limited companies  
 (4) state corporation/ state companies/ partnerships  
 (5) state corporations/ partnerships/ sole proprietorships (.....)

9. According to the company Act No. 7 of 2007, the totals of all amounts received by the company of due and payable to the company in respect of the issue of shares in respect of call on shares is

- (1) Share capital (2) Issued share capital (3) Minimum subscription  
 (4) Stated Capital (5) Initial share capital (.....)

10. Which institution is using the criteria of electricity capacity less than KWA 50 when considering businesses as small businesses

- (1) Industrial Development Board (2) Small Industries Department  
 (3) Census and statistics Department (4) Central Bank of Sri Lanka  
 (5) Industrial Development Ministry (.....)

11. Following are the several functions of money and the characteristics of money.

- A - Divisibility B - Medium of exchange  
 C - Security Symbols D - Homogeneity  
 E - Measure of Value F - Differed payment

Which group is including only the characteristics, of money

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

12. Following are the principles of insurance.

- A - Insurable interest B - Utmost good faith C - Indemnity  
 D - Contribution E - Subrogation F - Proximate cause

Principles relevant only for life insurance are

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

13. Select the major factors considering by a businessman when transporting goods
- |           |                |              |
|-----------|----------------|--------------|
| A - cost  | B - Convenient | C - Capacity |
| D - Power | E - Terminal   | F - Safety   |
- (1) A, B and F                      (2) A, C and E                      (3) A, C and F  
 (4) A, D and E                      (5) A, E and F                      (.....)

14. Various factors are influencing against the development of foreign trade. Among them which is not considering as a legal barrier
- (1) Exchange control                      (2) Custom rules and regulations                      (3) Import prohibition  
 (4) Linguistic differences                      (5) Tariffs                      (.....)

15. X and Y table shows the functions of management and related activities to them.

X	Y
A Planning	1. Identifying variances
B Organizing	2. Delegation
C Leading	3. Leadership
D Controlling	4. Setting Strategies

Which is the correct group when paired the X and Y.

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

16. Delegation of decision making powers to lower level managers and delegation of decision making powers to top level managers are **respectively** known as
- (1) Centralization                      and                      decentralization  
 (2) Decentralization                      and                      centralization  
 (3) Centralization                      and                      departmentalization  
 (4) Departmentalization                      and                      centralization  
 (5) Span of control                      and                      centralization                      (.....)

17. Use of resources without waste and minimum cost is known as
- (1) Effectiveness                      (2) Efficiency                      (3) Performances  
 (4) Productivity                      (5) Sustainable development                      (.....)

18. Following information of annual production is extracted from the business "Lakdiwa".

Sales units	12 000
Total Fixed cost	Rs. 2 400
Selling price of a unit	Rs. 60
Unit cost -	
Direct material	Rs. 20
Direct labour	Rs. 12
Variable overhead cost	Rs. 12
Fixed overhead cost	Rs. 6

The break even points in units of this production is

- (1) 40                      (2) 48                      (3) 50                      (4) 80                      (5) 85                      (.....)
19. Economic order quantity is calculated
- (1) To minimize the holding cost and total cost of stock  
 (2) To minimize the total cost and to find total demand  
 (3) To price the stock and to find the total demand  
 (4) To price the stock and to minimize the ordering cost  
 (5) To minimize the stock holding cost and ordering cost                      (.....)

20. Following are the several information of a production firm

Annual demand - No. of units	20 000
Ordering cost of a unit	Rs. 160
Annual storing cost of a unit	Rs. 10

Economic order quantity is units

- (1) 400                      (2) 800                      (3) 1 000                      (4) 1 600                      (5) 2 000                      (.....)

21. Select the answer including only the pricing objectives from the following information

- A - The survival
  - B - Maximize the market share
  - C - Estimating the cost
  - D - maximize current profit
  - E - Forecasting the demand of the production
  - F - Maximize market skimming
- (1) A, B, C, D (2) A, B, D, F (3) A, C, D, E (4) A, D, E, F (5) B, C, D, F (.....)

22. Following are the characteristics of consumers used by the sellers for market segmentation.

- A - Gender
- B - Income
- C - Size of the family
- D - Life style
- E - Personality
- F - Occupation

From the following which is the correct answer only including demographic factors.

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

23. Following are several financial ratios

- A - Current ratio
- B - Quick ratio (Acid test ratio)
- C - Foxed assets cost ratio
- D - Debt equity ratio
- E - Cash ratio
- F - Time measurement

Only liquidity rates are included in

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

24. Following are the bases of classifying the financial instruments and relevant markets for them.

'X'	'Y'
Financial instruments	A Intermediary market
1. According to maturity period	B Auction place
2. According to origination	C Money market
3. According to nature	D Capital market
4. According to organizational structure	E Primary market
	F Secondary market
	G debt instrument market
	H Equity instrument market

Correctly compared group is

- (1) 1 AB, 2 CD, 3 EF, 4 GH
- (2) 1 CD, 2 AB, 3 EF, 4 GH
- (3) 1 EF, 2 AB, 3 CD, 4 GH
- (4) 1 GH, 2 CD, 3 EF, 4 AB
- (5) 1 CD, 2 EF, 3 GH, 4 AB (.....)

25. Following are the characteristics of financial instruments

- A - Maturity
- B - Interest rate
- C - Guarantee
- D - Ownership
- E - Reliability
- F - Call up

Select the answer includes only the characteristics of cooperate debentures from the above information

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

26. Several activities relevant to process of employee attraction are given below.

- A - Preparing the application form
- B - Identifying the factors relevant to attraction
- C - Selecting the internal and external attraction methods
- D - Identify the vacancies
- E - Identifying the factors relevant to the job
- F - Evaluation of attraction effort
- G - Implementation

Select the answer includes the correct sequential order of the above activities

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

27. Several activities related to human resource management are given below.

- A - Deciding the future human resource requirements
- B - Preparing the strategic plans
- C - Identifying the activities relevant to the job
- D - Preparing the application form
- E - controlling of employee cost

Select the answer which includes the activities relevant to human resource planning.

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

28. The most important information common to both job description and job specification in human resource management is

- (1) Nature of the work      (2) Qualification of the applicant      (3) Experience  
 (4) Name of the past      (5) Salary scale      (.....)

29. 'X' column shows the elements of the information system and 'Y' column shows the various items related to those elements.

X elements	Y elements
A Hardware	1. Rule, Regulations and policies
B Software	2. Microsoft
C Live ware	3. Monitor
D Firmware	4. Search engines
E Procedures	5. Windows

The correct answer when matching the elements and relevant items is

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

30. Components and sub components of a business plan is given below.

X	Y
A Executive summary	1. Cash flow statement
B Marketing plan	2. Purchasing of material
C Operational plan	3. Employee needs
D Human resource plan	4. Sales expenses
E Financial plan	5. Particulars of directors

Select the correct answer to make pairs by marketing X column and Y column

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

• Answer question No. 31 - 40 by filling in the blanks with suitable words.

31. (a) Competition, Suppliers are ..... environment factors and owners and employees are ..... environment factors.

(b) When business targets are explained further and declared in written form is known as .....

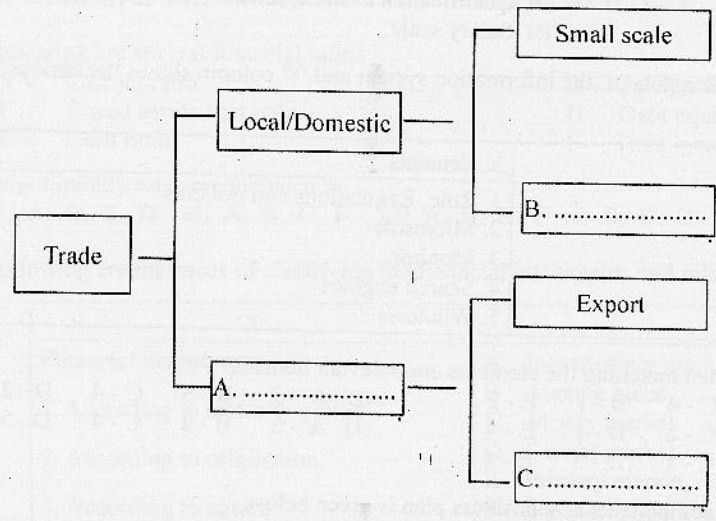
32. (a) ..... is the president who declared the consumer rights as a law.

(b) According to the Central Bank report of 2012, the type of tax received by the government from its total income is .....

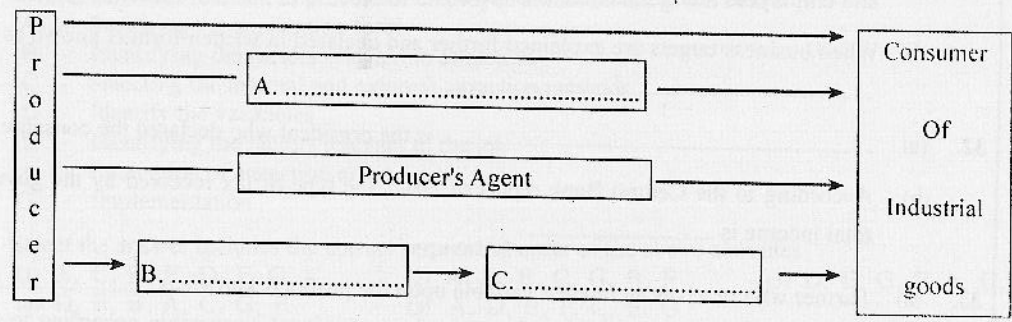
33. (a) Partner who receives an interest variable upon the profits is known as .....

(b) What is the maximum number of partners in professional partnership according to the company Act No. 7 of 2007 .....

- 34. (a) The main work / task of the entrepreneur is .....
- (b) The criterias use to decide small and large scale industries can be classified as ..... and ..... in general.
- 35. (a) The main characteristic of money is .....
- (b) The maximum amount can be paid by a cheque and exchange between two accounts of two banks is .....
- 36. (a) Fill up the blank cages of the following chart using relevant words.



- (b) The agent who does transaction by his private name when buying and selling goods for his principle is known as .....
- 37. (a) Critical thinking posses by a manager such as understanding of the internal and external environment of the organization, the skill of understanding and solving problems, farsighted skill, decision making is known as .....
- (b) The legitimate power delegated to a manager in an organization is known as .....
- 38. (a) A registration of a trade mark is officially informed to public by the .....
- (b) Fill the blanks with suitable words to complete the following chart of distribution channels of industrials goods.



39. (a) ..... can be known as internal financial estimate used to planning and decision making.

(b) The payment and settlement systems help and ensure the smooth function of the financial systems come under the .....

40. (a) Job description is the statement which describes the (1) .....  
(2) ..... (3) .....  
(4) ..... a particular job.

(b) The process of supervising and reporting to what extent the employee is performing the relevant duties successfully is known as .....

• When answering questions No. 41 - 50, write the most specific answers in the space provided.

41. (a) Write the two support services introduced to commerce with the industrial revolution.

(b) What is the word given to the exchange of a product with ownership by one person to another person.

42. (a) What is the definition of the United States of America for social responsibilities of a business?

(b) What is the international consumer date ?

43. Several activities and quantities relevant to entrepreneurship are given below.

- |                           |                            |               |
|---------------------------|----------------------------|---------------|
| 1. Planning               | 2. Implement               | 3. Innovation |
| 4. Persuade Opportunities | 5. Background to implement | 6. Growth     |
| 7. Self-Confidence        | 8. Flexibility             |               |

Write the activities relevant only to entrepreneurship process.

44. Write the law on the dotted line relevant to the following activities of a partnership.

1. Investing capital more than Rs. 1 000: .....
2. Sharing profit and losses: .....
3. Maximum number of partners: .....
4. Continuing the business by a false name: .....

45. (a) Name the account should be opened by the foreigners in Domestic Commercial Banks to invest in local treasury bonds.

(b) What is the price index introduced recently instead of the price index "Milanka"?

46. (a) Name the institution supervise and monitor the transport service "Sisu Seriya" implementing for the school students.  
 .....

- (b) What is the institution from which the permit should be obtained to start a new television channel ?  
 .....

47. (a) Name the computer technology used to develop and control the production process of a production firm.  
 .....

(b) Re order level units	6 000
Use of minimum stock units	2 000
Maximum ordering period months	02
Maximum ordering period months	03
Re order quantity units	10 000

Calculate the maximum stock level.  
 .....

48. (a) What is the market related to a certain good or service which is used for a long period of time by the customers?  
 .....

- (b) Name the two features included essentially in a product, offered to the market by a producer.  
 .....

49. (a) What is meant by the 'Settlement day' about of the transactions of the share market?  
 .....

- (b) Name the institution established under the parliament and to formalize and supervise the Colombo share market.  
 .....

50. (a) Name the computer connection made to connect the working sites of an institution.  
 .....

- (b) What is the computer technology supply the infrastructure facilities to copy the files displayed in web sites of the internet.  
 .....

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De- Mazenod College - Kandana  
Advanced Level (GCE) - 2018  
2<sup>nd</sup> Term Test (2018 April)  
Grade 13  
Business Studies – Paper II

2.04.2018  
Duration – 3 hours

**Instructions :**

\* Answer five (05) questions selecting at least two questions from each part

**Part I**

1. (i) "SUWASIRI" is a popular hospital with modern equipment and efficient staff located in large semi urban area. (02 marks)
- (a) What is the nature of the service of this hospital (02 marks)
- (b) What are the differences between goods and services (02 marks)
- (ii) (a) Name four targets (goals) of a business and explain them briefly. (02 marks)
- (b) "Today, businesses are customer oriented." explain. (02 marks)
- (iii) The impact of industrial revolution for the evolution of business is not small. (02 marks)
- (a) Explain separately the impact of industrial revolution for production and trade. (02 marks)
- (b) Write the advantages of electronic commerce to customers and businessmen separately. (02 marks)
- (iv) The influence of stake holders on business are increasing today. (02 marks)
- (a) Write separately how environmentalists and journalist influence for the business activities. (02 marks)
- (b) Write the relationship in between division of labour and specialization. (02 marks)
- (v) (a) How secondary products contributes to the productivity of the primary production?. Explain. (02 marks)
- (b) Write the contribution (percentage) of agriculture, industry and service sectors in Gross Domestic Production (GDP) according to the Central Bank report of 2016 (02 marks)
- (Total 20 marks)
2. (i) Several concepts related to fulfilling the government of economic objectives are given below. Explain separately what is expected from them. (04 marks)
- (a) Economic efficiency (b) Full employment (c) Economic growth (d) Economic freedom
- (ii) (a) Name the two quantitative financial instruments used by the Central Bank of Sri Lanka when implementing the financial policies in the country. (01 marks)
- (b) State the consumer rights declared by the consumer international. (02 marks)
- (c) Consumers have to face for various trade malpractices and dangerous situations in present market. So what is the main law enacted by the government for the consumer protection. (01 marks)
- (iii) (a) State two advantages and two disadvantages of a partnership relatively to the sole proprietorship. (02 marks)
- (b) Name the four institutions participate directly to implement co-operative policies in Sri Lanka? (02 marks)
- (iv) Kalana has decided to convert a business to a private limited company joining with Nuwan who is a friend of him which was a retail shop continued by his farther. (02 marks)
- (a) What is the act and the institution it should be registered. (02 marks)
- (b) State two advantages and two disadvantages for establishing it. (02 marks)
- (v) (a) There is a trend in popularity and spreading of franchise businesses all over the world. Give reasons for the popularity of franchises. (02 marks)
- (b) Explain two types of franchises with two examples. (02 marks)
- (Total 20 marks)

3. (i) Explain the necessity of entrepreneurship for the economic development in Sri Lanka. (04 marks)
- (ii) Explain inherent characteristics only of the small businesses in Sri Lanka. (04 marks)
- (iii) The hope of the Nayanamali is to open a beauty saloon who had sat for the advance level examination. A commercial bank is willing to grant a loan facility to her. But she is fear to get it. A teacher has guided her to get the instructions from the centre for loan consultancy of Sri Lanka under the programme of "Upadeshana".  
Explain how this consultancy service is important to Nayanamali. (04 marks)
- (iv) (a) Nihal is a driver who transport school children by a van. He has decided to get a van on lease for "school student transport service". What are the advantages of leasing Nihal can enjoy. (02 marks)  
(b) Name the types of leasing contracts. (02 marks)
- (v) (a) What are barriers to popularize the credit cards? (02 marks)  
(b) What are the advantages and disadvantages of using credit cards to businessmen. (02 marks)  
(Total 20 marks)
4. (i) The garment factory started by Isuru and Lahiru in small scale has become a large scale garment factory today. Name the four risks face by them and insurance covers they can obtained for the risks. (04 marks)
- (ii) (a) A ship transporting goods has been has faced for an accident when sailing changing the relevant shipping line due to the oil leak. Weather the insurance compensation can be claimed in this contest?. Give reasons for your answer. (02 marks)  
(b) Explain how the effective communication contributes for the existence and growth of the businesses. (02 marks)
- (iii) Nimali has decided to produce silver and gem ornaments and to export them and she expects your guidance. Explain the procedure to be followed when exporting the above goods. (04 marks)
- (iv) Express way concept is a new trend spreading in transport filed in Sri Lanka. Do an evaluation about express ways with the point of view of businessmen as you are a student of business studies. (04 marks)
- (v) (a) Name the factors influence against the development of foreign trade. (02 marks)  
(b) Name the two international organizations established to minimize the barriers to the development of foreign trade. (02 marks)  
(Total 20 marks)

## Part II

5. (i) (a) Classify the managers's role according to Henry Mintzberg. (02 marks)  
(b) Write separately the general skills and specials skills study by manager's (02 marks)
- (ii) (a) To maintain a successful managements in a school which leadership style is important ?. Democratic leadership style or Autocratic leadership style. Explain yours answers with reasons. (02 marks)  
(b) State the elements of management process and write two sub activities of them separately. (02 marks)
- (iii) (a) Write four principles of planning. (02 marks)  
(b) Explain the four bases of departmentalization. (02 marks)
- (iv) (a) Write separately two characteristics of batch production and flow production. (02 marks)  
(b) Name four methods of new technology used in operational process. (02 marks)
- (v) (a) Name four areas of production controlling. (02 marks)  
(b) Name four main methods used to test the quality of a product. (02 marks)  
(Total 20 marks)

2.04.2018

Business Studies II

Grade - 13

6. (i) (a) What is meant by "productivity" ? (02 marks)  
(b) State the equation used to measure the productivity and explain how its answer is evaluated. (02 marks)
- (ii) Explain **four** disadvantageous situations face by a production firm when having excess stocks than the requirements. (02 marks)
- (iii) (a) Explain the inter relationship of marketing mix when reaching the targets of a business. (02 marks)  
(b) Write four elements of promotion mix. (02 marks)
- (iv) Explain the financial management decisions using a flow chart. (04 marks)
- (v) (a) "It is important to forecast the financial requirements for any type of business organization." State two direct financial sources and indirect financial sources used by financial managers when deciding the suitable sources of finance. (02 marks)  
(b) Name the main areas can be identified in a business by the ratio analysis. (02 marks)  
(Total 20 marks)
7. (i) (a) Name three internal sources of finance of a limited company. (02 marks)  
(b) What is meant by "Hybrid Finance". (02 marks)
- (ii) (a) Evaluate the importance of Colombo Share Market. (02 marks)  
(b) Name the factors to be considered when deciding the dividends by a limited company. (02 marks)
- (iii) Name and explain what factors to be considered when forecasting the future human resources requirements of a business firm. (04 marks)
- (iv) (a) If you are a human resource manager of a garment factory. What information are including in a job advertisement to the female employees to this institution. (04 marks)  
(b) How the interview bound should be get ready when recruiting the workers. (02 marks)
- (v) Evaluate the importance of good employer-employee relationship of a business firm. (04 marks)  
(Total 20 marks)
8. (i) Name and explain the activities of the data processing system. (04 marks)
- (ii) Several types of computer net works can be identified according to the ways they here been connected. Name and explain **four** types of computer net works. (04 marks)
- (iii) Name the **four** types of information systems and the parties who use them in the various organizational levels. (04 marks)
- (iv) (a) "A business plan is not prepared only to fulfil the internal requirements". Explain. (02 marks)  
(b) What information is included in the summery of a business plan. (02 marks)
- (v) (a) State the **four** information should be included in the proposed marketing strategies of a business plan. (02 marks)  
(b) State **four** information included in a financial plan of a business plan. (02 marks)  
(Total 20 marks)

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