



Year End Examination- November 2016

Business studies

Surname:
Year:
Total marks: /100

Other names:
Subject Teacher:
Time duration: 03hours

28.11.2016

Grade 12

Answer 05 Questions only

Question 01

1. Following in a conversation among three friends regarding what they should do after their advanced level exams.

Gihan: "I am thinking to start a small business".

Tikiri: "I am trying to find a part time job for myself".

Barny: "My dream is to become a professional. I am thinking to enroll to a course work on the relevant area. Starting a business is not only producing the goods but there are many other things to be done".

- Name four factors that Gihan must consider before starting a business.
 - Other than producing goods and services, what are the other functions of a business?
 - Why many people try to get employed under someone else rather than starting their own business.
2. Rukshan is an undergraduate who is also conducting tuition classes at his house with the intension of earning an additional income to help with his higher studies. He is broadcasting a series of online tutor programs too.
- Would you define the situation mentioned here as a business? Explain.
 - What is the market condition under which Rukshan may provide his service?
3. a) State two **positive** and **negative** effects of Industrial Revolution.
- b) Industrial revolution was an important milestone of evolution of business. Separately discuss the impact of industrial revolution in following areas;
- | | |
|-----------------|----------------|
| I on production | III on society |
| II on trade | |

4. It is evident that service sector of Sri Lanka is gaining popularity within the last decade.
 - a) Briefly explain four auxiliary services within support businesses
 - b) Identify two main imports and export services in Sri Lanka
5. a) In comparison to the public sector, there is a visible growth of the private sector firms in Sri Lanka. State the reasons for this growth.
 - b) Briefly explain the following using examples.
 - I Industrial goods
 - II Consumer goods

Marks 4x5= 20

Question 02

- I. a) What are the resources that are required to set up a business?
 - b) Briefly explain the followings.
 1. Primary industries and secondary industries
 2. Objectives and aims
- II. a. What do you mean by **Barter system**?
 - b. What do you mean by 'coincidence of wants'?
 - c. How would you list the milestones of business evolution process?
- III. Tharushi prepares breakfast items such as string hoppers, hoppers and rice for her children and also sells the surplus in her hotel.
 - a. What is the business concept that is represented by the string hoppers, hoppers and rice she provides in her business?
 - b. In relation to Tharushi's business, explain direct and indirect production.
- IV. a. Explain the difference between commerce and business.
 - b. Mention two reasons that has resulted the rapid expansion of today's commerce activities.
- V. a. Identify the benefits and limitations of E-Commerce.
 - b. Consumers buy different products other than services. Identify four products other than goods and services. Identify four items that may be bought by consumers other than goods and services.

Marks 4x5=20

Question 03

- I.
 - a. Business environment can be classified as internal and external environments. Draw a complete descriptive diagram to visualize this classification.
 - b. Give examples for two strengths and weaknesses which may arise from internal environment of a business and two opportunities threats and which may arise from external environment.
- II.
 - a. Who are pressure groups? Briefly explain how they may influence the business activities.
 - b. Environment pollution caused by human activities has resulted recent changes in climatic conditions.
Briefly explain different steps taken by the global community to eliminate environmental pollution.
- III.
 - a. Analyze the relationship between any two environment forces in macroeconomic environment.
 - b. List out the distinct positive impacts that may result from internal environment of a business.
- IV. A business must be well aware of about its surroundings.
 - a. Explain the reasons why a business must be conscious about the factors arising from environment.
 - b. Identify three factors that may affect from economic environment and demographical environment.
- V. World population is currently aging. It is predicted that by 2050 one third of the world population will exceed age of 60 years.
 - a. Other than aging population, identify four new trends that may be noticed from demographic environment.
 - b. Identify two opportunities and threats for a business that may arise due to aging population.

Marks 4x5=20

Question 04

- I. a. What do you mean by business social responsibility? Identify three social responsibilities that a business may follow?
b. What do you mean by business ethics?
- II. a. Explain with examples how business ethics may be important to a business.
b. Explain the following business ethics;
 1. Communicating the right information
 2. Not harming the outside parties
- III. Name a business that you may know and briefly explain how the particular business may contribute in fulfilling social responsibility.
- IV. Briefly explain why recent businesses may change their approach from shareholder approach to stakeholder approach?
- V. a. Identify the benefits that a business may receive by being socially responsible.
b. What do you mean by code of ethics?

Marks 4x5=20

Question 05

- I Analyze the negative consequences that may arise if the government does not interfere in business activities.
- II Briefly explain four ways a business may assist the government to achieve macro-economic objectives.
- III Briefly explain how the following monetary policy tools may influence the business activities.
 1. Interest Rate
 2. Statutory Reserve Ratio
- VI. Analyze the purpose of following concepts that the government may use to achieve macro-economic objectives.
 1. Economic efficiency
 2. Full employment
 3. Economic growth
 4. Economic freedom
- V. a. What are the consumer rights that are introduced by **International Organization of Consumer Federation**?
b. In current market conditions there are many unfair trade practices that may danger consumers and their welfare. What is the main legislation that is introduced by Sri Lankan government to prevent consumer exploitation?

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Question 06

- I a. Ranjith is an individual who likes to be independent and he does not trust others. Asiri is a pleasant individual who consults others before making decisions and work well with others.
Identify the most appropriate business organization type to Ranjith and Asiri separately.
- b. Shalitha has been an owner of a sole tradeship of his own. He has decided to join with his friend Rajitha to start a partnership. Identify two possible advantages and disadvantages of this decision.
- c. Dulangi, Surangi and Jayangi started a partnership contributing a capital of Rs. 30000, Rs. 60000 and Rs. 90000 respectively. They did not sign a partnership deal.
1. If the firm earned a profit of Rs.90000, identify how much of profit must be received by each partner.
 2. Identify **three** rights and duties of partners.
- II a. Comparing with other organizations identify three distinct characteristics of a sole proprietorship.
- b. Identify two classifications on which you can classify the business organizations.
- III What is a partnership? Explain the most important characteristics that a partnership must have.
- IV What is a **deed of partnership** and list out the importance of deed of partnership to a partnership business?
- V Arthur, Bertie and Charles are three accountants who have started a partnership business which provide tax consultancy services. Each of them is specialized in accountancy and tax consultancy. They invested an equal amount of capital and continued the business employing a secretary and few clerks. However, after few successful years, Bertie decided to leave the partnership due to a misunderstanding. Thus, they decided to dissolve the partnership. However, now they are trying to decide on how they should divide their assets and liabilities of the firm.
- a. Many partnerships are involved in providing services. Give your opinion on why many partnerships tend to operate in service sector?
 - b. Explain the steps that the partners should have taken while forming the partnerships to avoid future failure of the continuity of partnerships.

Marks 4x5=20