



**Provincial Department of Education Northern Province - Practice Examination 2019 - May**



**General Certificate of Education (Adv. Level) Examination  
Business Studies I**

**Grade 13 (2019)**

**Time: 2 Hours**

**Instructions:**

- Answer *all* the questions *on this questionpaper itself*.
- Write your **Index Number** clearly in the space provided above.
- Select the correct answers for the questions No. 1 – 30 and write its number on the dotted lines given.
- Write short answers for the questions No. 31 – 50 on the dotted lines given.
- Each question carries **two** marks.

**Index Number:.....**

**01. Select the most correct statement which can be considered a business activity.**

- (1) Karthik sold his own house to his friend Saravanan.
- (2) Ramani, a house wife, uses the vegetables obtained from her home garden for her own food need.
- (3) Arumugam donated his house to his daughter.
- (4) Visalini produces and sells pillows produced using wasted cloth.
- (5) Kamalini prepared a decorated cake-icing for her daughter's birthday. (.....)

**02. Select the production sector under which mining and quarrying, construction industries, manufacturing, electricity, gas, steam and air conditioning supply are included in,**

- (1) agricultural sector                      (2) industrial sector                      (3) primary production
- (4) secondary production                      (5) tertiary production (.....)

**03. Some macro environment forces are shown in column X and related examples are shown in column Y.**

| Column X                     | Column Y  |
|------------------------------|---|
| 1. Global environment        | A – Deduction of interest on loan provided by commercial banks          |
| 2. Political environment     | B– Expansion of business through internet network                       |
| 3. Demographic environment   | C– Changes in gender ratio in population                                |
| 4. Technological environment | D– Revising traditional technology to get increased harvest             |
| 5. Economic environment      | E – Establishment of infrastructure facilities by Sri Lankan government |

Select the answer which correctly shows the order of examples according to the order of macro environment forces in column X.

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

**04. Some social responsibilities to be fulfilled by businesses are given below. Select the responsibilities to be fulfilled in favour of customers.**

- (1) Equality, job security
- (2) Minimizing wastes, behaving
- (3) Contribution for employment opportunities and waste management



- 10.** The following are some features and functions of money.
- |                                 |    |
|---------------------------------|----|
| Common acceptance               | 1. |
| Difficult to create counterfeit | 2. |
| Common medium                   | 3. |
| Easy to carry                   | 4. |
| Store of value                  | 5. |
| Divisibility                    | 6. |
| Standard of deferred payment    | 7. |
- The number of features of money from above is, (1) 5
- (2) 3 (3) 4
- (4) 2 (5) 6 (.....)

- 11.** The following are some statements related to cheque. Select incorrect statement from the following.
- The cheque where the words "or bearer" have not been cut off is a bearer cheque.
  - Endorsement is required, when an order cheque is transferred to another person.
  - Writing the name of payee in the reverse side of cheque as written in front page is endorsement.
  - Crossing ensures that a cheque is legally endorsed.
  - A cheque which has not been crossed can be realized by directly submitting at bank counter. (.....)

- 12.** Thepan"s lorry met with an accident and completely damaged. Insurance company brought that damaged lorry under its control before paying compensation. The related insurance principle is,
- (1) Subrogation (2) Insurable interest (3) Contribution
- (4) Proximate cause (5) Utmost good faith (.....)

- 13.** An advantage of written communication is,
- high accuracy
  - Direct connection between sender and receiver
  - Data, notes, tables etc. can be communicated easily.
  - Information can be communicated briefly and clearly.
  - Information can be communicated fast and confidently. (.....)

- 14.** The agent who purchases and sells goods in his name on behalf of owner is,
- (1) Commission agent (2) Auctioneer (3) Del credere agent
- (4) Factor (5) Broker (.....)

- 15.** Column X shows the documents used in international trade and column Y shows their importance.

| Documents                 | Importance  |
|---------------------------|---|
| 1. Letter of Compensation | A– assures the exporter receives the value of export goods                    |
| 2. Sanitary Certificate   | B– facilitates to obtain preferential tax benefits                            |
| 3. Certificate of Origin  | C– facilitates to obtain clean bill of lading instead of dirty bill of lading |
| 4. Letter of Credit       | D – ensures eligibility of some agricultural products for consumption         |

Select the answer which correctly shows the importance of the documents according to the order of documents.

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

16. Select the correct statement / statements from the following.

- A– Doing right things is efficiency.    B–  
Doing things right is effectiveness.  
C– Relationship between input and output is productivity.
- (1) A only is correct.                      (2) C only is correct.                      (3) A and B only are correct.  
(4) A, B and C are correct.                (5) A, B and C are incorrect.                (.....)

17. Some activities / tasks related to functions of management are given below.

1. Environment analysis
2. Departmentalization
3. Establishment of goals
4. Motivation
5. Setting standards
6. Identification of tasks
7. Division of work

The number of organizing functions is,

- (1) 3                      (2) 4                      (3) 5                      (4) 2                      (5) 1 (.....)

18. Column X shows leadership styles and column Y shows activity of leaders such as A, B, C, D and E.

| Column X                        | Column Y   |
|---------------------------------|--|
| 1. Autocratic leadership        | A – provides more freedom to subordinates in carrying out tasks.             |
| 2. Democratic leadership        | B– pays attention in increase production and in carrying out tasks assigned. |
| 3. Laissez faire leadership     | C– acts on self-decisions without considering subordinates                   |
| 4. Task oriented leadership     | D– concentrates on employee motivation                                       |
| 5. Employee oriented leadership | E– acts considering the opinion of subordinates.                             |

Select the answer that contains the way of leaders" activity according to order of the leadership styles given in column X.

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

19. Ramco umbrella manufacturing company obtain ISO 9 000 quality certificate from international Standards Organization. The quality control technique used by Ramco company is,

- (1) Quality circle                      (2) Zero defects                      (3) Quality Assurance  
(4) Quality Standards                      (5) Statistical Processing Control                      (.....)

20. The following tables shows the differences between various production methods in different criteria.

| Criteria                                 | Job production | Batch production                          | Flow production |
|--|----------------|---|-----------------|
| 1. Volume of output                      | A              | Medium scale                              | Very high       |
| 2.                      B                | Varied         | Few types                                 | C               |
| 3. Flexibility of production process     | Flexibility    | D   | Flexible        |
| 4. Production for whether order or stock | E              | For order and for stock in small quantity | For stock       |

Select the answer which contains the correct words for the letters A, B, C, D and E.





(b) Activities such as preparing employee files and maintaining arrival reports are called as ..... and the activities such as hiring and training are called as .....

32. Some examples for government's influence on business are given below. Write the relevant role of government to influence the businesses in the dotted lines given, according to examples given.

- A- Implementation of monetary policy and fiscal policy B- .....  
 Approving building construction projects .....
- C- Road maintenance .....
- D- Purchasing office equipment .....

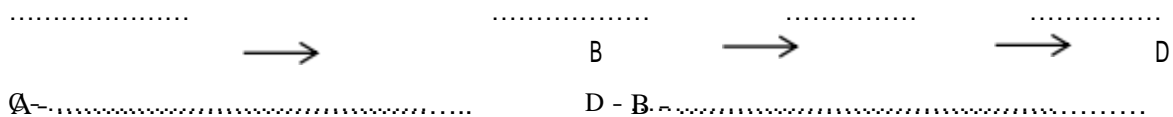
33. State whether the following statements are true or false.

- A- University Grants Commission belongs to the type of state department, which does not have limited liability. (.....)
- B - Purchase of software unit of Nokia company by software development company Microsoft Corporation is a horizontal combination. (.....)
- C- The initiator of a business according to a current idea or concept is an entrepreneur. (.....)
- D- The businesses which have independent ownership, act independently and do not have dominant in the certain field are small businesses. (.....)

34. (a) Bank of Ceylon and People's Bank are ..... banks and National Savings Bank and State Mortgage and Investment Bank are ..... banks.

(b) ..... is an electronic money which has disadvantages such as possibility for frauds, consumption of unnecessary goods etc. and ..... is an electronic money which requires holding of an account.

35. Fill in the banks in the following flow chart which shows the movements of logistics form purchase of goods from suppliers to production and delivery of goods to consumers.



36. (a) Mental ability of a manager to analyze new ideas created in a critical situation is called as .....

(b) ....., ..... and cost per order are considered in the calculation of EOQ.

37. (a) ..... marketing concept describes that all variables in marketing mix should focus on satisfying target customers.

(b) Colombo Stock Exchange is a ..... type of company and ..... systemizes and supervises its activities.

38. (a) ..... is an evidence for creation of job agreement.

(b) The time period to be performed by an employee who was newly appointed in a job, before his permanency is called as .....

39. (a) ..... and ..... are main two types of computer networks.

(b) Sender and receiver should have ..... and ..... to send and receive an electronic information.

40. (a) Evaluating all business ideas to select relevant business ideas is called as .....  
(b) A business plan is prepared in the circumstances such as business expansion ..... and .....

• **Write short answers for the questions 41 – 50 in the dotted lines given.**

41. State four consumer rights declared by former USA president John F Kennady.

- (1) ..... (2) .....  
(3) ..... (4) .....

42. Provide four trends of entrepreneurship.

- (1) ..... (2) .....  
(3) ..... (4) .....

43. Name four state organizations which provide incentives to small and medium scale businesses.

- (1) .....  
(2) .....  
(3) .....  
(4) .....

44. State four insurance covers which can be obtained under liability insurance.

- (1) ..... (2) .....  
(3) ..... (4) .....

45. Provide four sectors where co-operation activities of SAARC are carried out.

- (1) ..... (2) .....  
(3) ..... (4) .....

46. Write sub roles of decisional role placed by Hentry Mintzberg.

- (1) ..... (2) .....  
(3) ..... (4) .....

47. Write four production techniques which improve manufacturing sections.

- (1) ..... (2) .....  
(3) ..... (4) .....

48. Provide four factors to be considered in determining suitable distribution channels.

- (1) .....  
(2) .....  
(3) .....  
(4) .....

49. Provide four financial infrastructure facilities.

- .....  
.....  
.....  
.....

50. Write four labour movement methods.

- (1) ..... (2) .....  
(3) ..... (4) .....





**Provincial Department of Education  
Northern Province**

**General Certificate of Education (Adv.Level) Examination  
Practice Examination 2019 - May**



**Business Studies II**

**Grade 13 (2019)**

**Time: 3 Hours**

**Instructions:**

- Answer **five** questions selecting at least **two** questions from each part.

**Part I**

- 01.** (i) Suresh who is now working in a private company, studied at Vidyananda College in commerce stream and obtained good results in G.C.E. (A/L) examination conducted in 2018. He received a letter from University Grants Commission informing that he has been selected for a state university. (a) State a human need and a want fulfilled by Vidyananda College. (b) Categorize University Grants Commission under any four criteria used to categorize businesses. (04 marks)
- (ii) Vimalan is conducting a stationery and bookshop near to a popular school. State any four external stakeholders of this business and write the reasons for their interest on his business. (04 marks)
- (iii) Karunya, an owner of a garments industry, has decided to prepare a code of ethics for his business. Explain with examples four factors to be considered in preparing code of ethics. (04 marks)
- (iv) "A concern about the necessity of fulfilling social responsibilities by businesses is developing at present." (a) State four advantages of fulfilling social responsibilities to a business. (b) Provide four factors to be considered by business when carrying out transactions to achieve environment sustainable development. (04 marks)
- (v) (a) Write four adverse effects that may occur when government does not intervene the business activities. (b) Government provides required facilities to businesses to build a close relationship between government and businesses. And, businesses should provide their contribution in achieving government economic policies. State four ways that businesses can contribute to achieve government's economic policies. (04 marks)
- (Total 20 marks)**
- 02.** (i) (a) Explain the positive impacts on businesses, when Central Bank of Sri Lanka reduces interest rate. (b) State four reasons for the importance of consumer protection more at present than the past times. (04 marks)
- (ii) Ratha is a specialized person in designing modern dresses. Geetha has the ability of cutting and sewing any design of modern dresses. They both start a partnership business regarding designing and sewing dresses. (a) Do you think it is relevant for Ratha and Geetha to start a partnership business? Give reasons for your answer. (01 mark) (b) Write two disadvantages of partnership business mentioned above. (01 mark) (c) Ratha and Geetha consider to create a partnership agreement to conduct the business in a better way. State what kind of information should be commonly included in a partnership agreement. (02 marks)

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- (iii)(a) A private limited company which involves in footwear manufacturing has decided to convert into a public company. State four advantages that can be obtained by the shareholders of the private limited company, if converted so.
- (b) Local government organizations come under the state sector businesses. Provide four characteristics of such business organizations. (04 marks)
- (iv) Ragulan, living in Pallai, is a management graduate. His father conducted a coir factory using coconut shells obtained from coconut tree farmers in that area. Ragulan supported his father's business activities during his rest time. He was an environment-friendly person and got information about coir and coconut products by reading books and by searching internet. He maintained good relationship with customers. He took over the factory after his father's demise and he introduced new flavoured coconut milk powder, decorated goods and home need goods in a modernized and improved designs. The demand for his environment-friendly products increased in the market and he obtained orders from foreign buyers too through the trade fair conducted in Jaffna.
- (a) According to the above fact, can Ragulan be considered as an entrepreneur? Give reasons for your answer.
- (b) Provide four entrepreneurial characteristics which can be seen in Ragulan. (04 marks)
- (v) State how small and medium scale businesses contribute for economic development of a country. (04 marks)
- (Total 20 marks)**

**03.** (i) (a) Provide two differences between current account and term deposit. (b)

Write short note on the following.

1. Fiat money
2. Near money (04 marks)

(ii) (a) Write any four contractual savings institutions.

(b) State agency functions of Central Bank of Sri Lanka. (04 marks)

(iii)(a) Commercial banks function as an agent of customers in providing some services. Write four such services.

(b) Write two importance of crossing a cheque. (04 marks)

(iv)(a) State how life insurance differs from other type of insurances.

(b) Write two insurance policies which can be obtained under motor vehicle insurance. (04 marks) (v) (a)

Write two differences between internal communication and external communication.

(b) Provide four means to remove barriers in communication. (04 marks)

**(Total 20 marks)**

**04.** (i) (a) A landmark in the development of transportation sector in Sri Lanka is the establishment of expressways. Can the performance of transportation sector of a country be improved only through this kind of expressway establishment? Justify your answer.

(b) Provide four importance of transportation to businesspeople. (ii) (04 marks)

(a) Write four factors to be considered in locating warehouse.

(b) State two advantages of using equipment in handling and moving goods in warehouse. (04 marks) (iii)(a)

Write four advantages of using intermediaries in trade activities.

(b) Provide two advantages of retail traders to customers. (04 marks)

(iv) A new trend in international trade is establishing trade agreements and trade blocs. (a)

What is meant by „trade bloc“?

(b) Write two trade blocs that you can see in international trade now. (v) (04 marks)

(a) State the procedure of e-business in order.

(b) Provide four limitations against the development of e-business. (04 marks)

**(Total 20 marks)**

**Part II**

05. (i) (a) Provide four concepts included the definition for management.  
 (b) Karma has obtained admission for state university entrance at the same time he has obtained the appointment letter to work in a private bank as a management assistant.  
 Karma has to make a suitable decision in this situation. State the steps of Karma's decision making process in order. (04 marks)
- (ii) JET motors company which produces auto mobiles, has established its vision and it wants to create mission statement. List the factors to be considered by this company in preparing mission statement. (04 marks)
- (iii)(a) Provide the principles that can be disclosed through organizational structure.  
 (b) State the steps of controlling process in order. (04 marks)
- (iv)(a) Production capacity of a flower pots producing business is 2 000 units per month. Other details related to this production are given below.
- |                                       |     |        |
|---------------------------------------|-----|--------|
| Selling price per unit                | Rs. | 300    |
| Variable cost per unit                | Rs. | 150    |
| Fixed cost                            | Rs. | 15 000 |
| Forecasted number of production units |     | 1 500  |
- Calculate break-even point in units.
- (b) Write four factors to be considered when purchasing the goods required for production activities. (04 marks)
- (v) (a) State four importance of inventory control.  
 (b) Give four examples for ordering cost of inventory. (04 marks)
- (Total 20 marks)**
06. (i) (a) State four methods which can be used by a manufacturing business to improve productivity.  
 (b) Give two characteristics of job production (order production). (04 marks)
- (ii) Ilakkiyan produces footwear. As he concerns on selling activities only, he is unable to get enough return on his investment. When he discussed with his friend Robert, he told to pay his attention on all marketing activities associated with selling. Do you agree with the statement of Robert? Explain. (04 marks)
- (iii)(a) Ahammad who is interested in soft drinks production, wants to segment his market, as he is unable to supply products for whole market of Sri Lanka. State the requirements to be fulfilled by a certain market segment, if it is selected as an efficient market segment.  
 (b) Ahammad wants to select an attractive brand name for his above product. Considering the characteristics of a good brand name, you are required to recommend a suitable brand name for his product. (04 marks)
- (iv)(a) Give four objectives of pricing.  
 (b) Categorize consumer goods. (04 marks)
- (v) (a) Kumaran has an idea of starting a wooden furniture manufacturing business. State the types of financial decisions he has to take.  
 (b) What is meant by capital budget? (04 marks)
- (Total 20 marks)**
07. (i) State the factors to be considered by a business to invest in current and non-current assets. (04 marks) (ii) (a) Provide two advantages and two disadvantages of external source of finance.  
 (b) Capital gain is a direct advantage of investing in financial securities exchanged in Colombo share market. Explain what capital gain means with example. (04 marks)

- (iii)(a) Write four activities that can be taken by management of a business, when an employee has not performed properly during his probationary period.
  - (b) Various methods are used for training and development of employees. State four such methods. (04 marks)
  - (iv) Employee turnover and absenteeism are high in Arun PLC. Therefore, product quality, productivity etc. were low. The company appointed Malaravan who obtained special degree in human resource management as human resource manager and solved the employees' problems. Explain how Malaravan solved employees' problems of Arun PLC. (04 marks)
  - (v) (a) Nishanth is a newly appointed book-keeper in a company. Write four duties to be fulfilled by Nishanth in relation to his job.
  - (b) Give four adverse impacts of employee strikes on a business. (04 marks)
- (Total 20 marks)**

- 08.** (i) "Information is more useful than data." Explain this statement comparing data and information. (04 marks)
- (ii) (a) Name the information system used for structured and semi-structured decisions. And, give examples for structured decisions and semi-structured decisions.
  - (b) Name other three technologies associated with information technologies. (04 marks)
  - (iii)(a) State the facilities which an individual can obtain through internet network. (b) Write short notes on the following.
    - 1. News group
    - 2. Tele computing (04 marks)
  - (iv)(a) Provide four factors to be considered in preparing business plan.
  - (b) Write two information which should be provided in competition analysis in a business plan. (04 marks)
  - (v) (a) State two importance of preparing operational plan.
  - (b) Write the items included in project cost. (04 marks)
- (Total 20 marks)**

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