<del>ദ</del> ദര	ெ	ଶିଶିରଣ	<i>ඇතිරිණි</i> / anania	பதிப்புரிமையுடை		Rights	Reserved
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# නව නිර්දේශය/பුதிய பாடத்திட்டம்/New Syllabus

මී <u>වෙනා විකාශ පෙපා</u> ර්තමේන්තව ශී ලංක	ා විතාහ දෙනාරකම්න්තම කෙලෙනුම්නාග අදහස්තමේන්තම මාම මේක නිය	ගත අපතුර්තඅම්ත්තම හි ලංකා මතාක අපතුර්තඅම්ත්තම
aroundo & Gran		യെ <i>റ്റോ</i> റമാരുന്ന് ജ് ഭൂണ റമായ <i>റ്</i> റോറമാരുമെന്റ
திணைக்களம்	இலங்கைப் படிகைத் திணைக்களம் இவங்கைப் பரட்சைத் தி	<b>லண</b> க்களம் இலக்கைப் பரீட்சைத் தி <b>ணைக்களம்</b>
ations, Sri Lanka	ற <b>9ல்ல දෙපාර<b>්ගුම් අබුණු ඉලිදුම් දුපු උදාපාර්තු මෙන්න ව</b> இலங்கைப் பு<b>ட்</b>றைத் இலன்கதும் இ<b>லுக்கப் ப</b>ரட்சைத் ஆ Department of <b>இலங்கை L</b>Sz<b>பரபு மூசத</b>ா தி<b>ணைக்களு</b></b>	k. Sri Lanka Department of Examinations, Sri Lanka
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இலங்களை பர்டனர் திரைக்கள் இரு	இலங்கை படம்சத் தலைக்களம் இலங்கைட் பர்ட்கச் த	<b>ல்ல</b> ர்க்களம் இலங்கைப் படிக்கைத் <b>திலைசக்களம்</b>

අධායන පොදු සහතික පතු (උසස් පෙළ) විභාගය, 2020 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2020 General Certificate of Education (Adv. Level) Examination, 2020

වාහාපාර අධානයනය ഖഞ്ഞികക് ക്ക് ഖി **Business Studies** 



පැය දෙකයි இரண்டு மணித்தியாலம் Two hours

### Instructions:

- Answer all the questions on this question paper itself.
- Write your Index Number clearly in the space provided above.
- \* Select the correct answers for questions from 1-30 and write its number on the dotted line given.
- Write short answers for questions from 31-50 on the dotted line given.
- Each question carries two marks.

Index No.	:			 				 					 	•	••	•	

	For Examiner's Use Only										
for paper I			Signature	Code No.							
Q. Nos.	Marks	1st Examiner									
01 - 30		2nd Examiner									
31 - 50		Addl. Chief									
·		Chief									
TOTAL		E.M.F.									

- 1. A business is
  - (1) a group of people motivates by profit.
  - (2) any economic activity based on services.
  - (3) an organized effort of individuals for selling goods.
  - (4) an organized effort of individuals for producing goods.
  - (5) any economic activity which fulfills individual needs and wants.
- 2. As per the classification of Gross Domestic Product of Sri Lanka, an economic activity
  - which belongs to the industrial sector is
- (2) legal advocacy.
- (3) insurance.

- (4) sale of vegetable seeds.
- (5) forestry.
- 3. What is the direct action that can be taken by an enterprise to generate a fair earning for the owners?
  - (1) managing waste

(1) recycling.

- (2) fulfilling social welfare
- (3) assuring job security of employees
- (4) investing money in productive ventures
- (5) setting a fair price for goods and services
- 4. A business contributes to ensure economic sustainability through
  - - (1) creating infrastructure facilities.
- (2) importing goods.
- (3) creating employment.
- (4) maintaining an equitable distribution of income.
- (5) maintaining the internal price stability.

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(.....)

(....)

(.....)

- 5. What is the most prevalent business establishment type in Sri Lanka?
  - (1) partnerships

- (2) co-operatives
- (3) public limited companies
- (4) sole proprietorships
- (5) franchise businesses



**6.** What is the immediate effect to the turnover and profit of a business when the production is reduced while the price of common goods is increased?

	Turnover	Profit
(1)	Decrease	Increase
(2)	Increase	Decrease
(3)	No change	No change
(4)	Decrease	Decrease
(5)	Increase	Increase

(.....)

- 7. An entrepreneur uses a budget for
  - (1) minimizing the financial requirements.
  - (2) providing financial information to employees.
  - (3) monitoring operations of the business.
  - (4) monitoring financial performance of the business.
  - (5) identifying the output level at the break-even point.
- 8. Compared to an entrepreneur, a businessman is most willing to
  - (1) take risks.

(2) accept all responsibilities.

(3) perform safely.

- (4) enhance creativity.
- (5) create new business opportunities.

9. The following table provides monetary policy instruments used by the Central Bank of Sri Landau and descriptions related to them.

Instruments	Descriptions
(i) Standing deposit facility rate	A - Buying and selling of government securities by the Central Bank on permanent or temporary basis.
(ii) Open market operations	B - An interest rate imposed by the Central Bank in granting advances for achieving temporary liquidity purposes in commercial banks.
(iii) Statutory reserve rate	C - The interest rate charged by the Central Bank when commercial banks obtain funds by pledging government securities.
(iv) Standing lending facility rate	D - The amount of deposit that commercial banks are required to maintain at the Central Bank from their deposits.
(v) Bank interest rate	E - The interest rate paid by the Central Bank when commercial banks invest their surplus funds in government securities.

What is the option that correctly matches the given order of instruments with the descriptions stated above?

(1) A, C, D, E, B

- (2) C, D, A, B, E
- (3) C, D, A, E, B

(4) E,A,D,B,C

(5) E, A, D, C, B

(.....

**10. Statement A**: Public Service Provident Fund is applicable for all permanent employees in the government sector.

**Statement B**: Employees Provident Fund is applicable for all private sector employees.

Out of the above two statements,

- (1) A is correct and B is incorrect.
- (2) A is incorrect and B is correct.
- (3) Both A and B are incorrect.
- (4) While both A and B are correct, A is elaborated through B.
- (5) While both A and B are correct, A is not elaborated through B.

**(....** 

11. The following table provides principles of insurance and descriptions related to them.

	Principles	Descriptions
(i)	Insurable interest	A - The direct incident which causes the damage to the insured property.
(ii)	Indemnity	B - The genuine interest of insuree for insuring a certain object.
(iii)	Utmost good faith	C - The legal right an insurer holds to claim compensation paid to the insuree from the third party who caused the damage.
(iv)	Proximate cause	D - Disclosing all relevant information pertaining to insurance agreement by the insurer and insuree.
(v)	Subrogation	E - The insuree is able to compensate only to the extent of the actual loss.

What is the option that correctly matches the descriptions in the order of principles given above?

(1) B,A,E,C,D

- (2) B, E, D, A, C
- (3) D, B, E, A, C

(4) D, E, A, C, B

- (5) E, A, D, C, B
- 12. Statement A: Important and complex information can be communicated even verbally.

Statement B: In addition to verbal communication, it is important to communicate such information in writing.

Out of above two statements,

- (1) A is correct and B is incorrect.
- (2) A is incorrect and B is correct.
- (3) Both A and B are incorrect.
- (4) While both A and B are correct, A is elaborated through B.
- (5) While both A and B are correct, A is not elaborated through B.

- 13. When a retailer is selling his goods via online, first he should
  - (1) maintain more inventories.
- (2) build trust among customers.
- (3) establish a permanent customer base. (4) create sound customer attraction.
- (5) be prepared to market in any country.

*(.....)* 

- 14. The agent who buys or sells goods under his personal name on behalf of the principal is called
  - (1) factor.

(2) broker.

- (3) commission agent.
- (4) del credere agent.

(5) auctioneer.

- *(.....)*
- 15. Following are some of the tools that can be used for marketing promotion mix.
  - A Web sites

- B Sales meetings
- C Exhibitions

D - Catalogues

- E Telephone calls
- F Samples

G - Social media

H - Incentive programmes

From the above, what is the group that contains tools that can be used only for direct marketing?

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

- 16. Depreciation of the rupee value of Sri Lanka causes to,
  - (1) increase export orders.
- (2) increase prices of exports.
- (3) increase import orders.
- (4) decrease prices of imports.
- (5) decrease export orders.

(.....)

- 17. Select the option which correctly states the two sub-roles according to the order of the two management tasks of hospital management given below.
  - A Make hospital employees aware of preventive measures of diseases
  - B Ensure sufficient treatment facilities and procure protective medical equipment
  - (1) Leader and Liaison officer
- (2) Disseminator and Disturbance handler
- (3) Entrepreneur and Liaison officer
- (4) Liaison officer and Disseminator
- (5) Disturbance handler and Monitor



18. A business facilitates its employees to work from home via online mode in a crisis situation.

This statement illustrates more on

- (1) importance of planning
- (2) adaptation to dynamic environment
- (3) avoid organizational weaknesses.
- (4) coordination of managerial functions

(5) need of technological knowledge.

(.....)

19. The following table shows the components of a strategic plan and descriptions relating to them.

Components	Descriptions
(i) Mission	A - Guide the way of conducting affairs to achieve goals and objectives of the organization.
(ii) Goals	B - Outline what needs to be done to achieve goals and objectives of the organization.
(iii) Strategies	C - Outline a series of steps that need to be followed to achieve a task.
(iv) Policies	D - Outline the long term expectations and aspirations that an organization needs to achieve.
(v) Procedures	E - Decide the nature and direction of an organization.

Which is the option that correctly matches the description as per the order of the components given about

(1) A, D, E, C, B

- (2) A, E, D, B, C
- (3) C, D, A, B, E

(4) E, D, B, A, C

(5) E, D, B, C, A

(...)

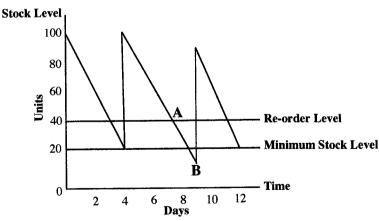
20. Select the option that correctly states the leadership styles as per the order of the two decisions given b

A: Employees are given full freedom and control to carry out their tasks.

- **B**: Obtain employee participation through decentralization of authority.
- (1) Autocratic and Democratic
- (2) Democratic and Laissez-Faire
- (3) Democratic and Autocratic
- (4) Autocratic and Laissez-Faire
- (5) Laissez-Faire and Democratic
- 21. Select the answer which contains only the functions of operations management.
  - (1) production engineering, inventory control, production control, and production planning
  - (2) material purchasing, setting standards, measuring performance, and production control
  - (3) production engineering, production planning, material purchasing and production control
  - (4) production engineering, internal audit, inventory control, and production control
  - (5) setting standards, measuring performance, identifying variance, and research and development

(.....)

22. Points A and B of the following diagram show



- (1) a decrease of consumer demand and an increase of cycle time.
- (2) an increase of consumer demand and a decrease of cycle time.
- (3) an increase of consumer demand and lead time.
- (4) an increase of re-order quality and lead time.
- (5) a decrease of minimum stock level and an increase of cycle time.

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23.	<ul><li>(3) Ensuring the quality of products a</li><li>(4) Assuring that the manufacture of</li></ul>	ss about production issues.  ational and international standards.  at each phase of the production process.	)
24.	'Market positioning' for a product or se (1) increasing sales in the market. (2) increasing the market share. (3) establishing in the market in the least of the monopolistic powers. (4) increasing the monopolistic powers. (5) building-up a favourable attitude.	ong-run. er of the businessman.	)
25.		ick ratio of a company were 3:1 and 2:1 respectively. While urrent year, the quick ratio is 1:1. This indicates comparably,  (2) an increase of closing stock value.  (4) a decrease of company's liquidity.  bilities.	)
26.	Following are several types of financial A - Inter bank call money market C - Commercial paper market E - Share market From the above, what is the group while (1) A, B, F (2) B, D, F	B - Corporate bond market D - Foreign exchange market F - Treasury bond market	
27.	The following table shows types of selections Methods	ection methods of applicants and some measures relating to	em.
	Mictious		
	(i) Application assessment		
	(i) Application assessment	A - Ability to control emotions	
	(ii) IQ tests	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job	
	(ii) IQ tests (iii) Practical tests	<ul> <li>A - Ability to control emotions</li> <li>B - Ability to accomplish the task of the relevant job</li> <li>C - Suitability of candidates' qualifications</li> </ul>	
	(ii) IQ tests (iii) Practical tests (iv) Personality tests	<ul> <li>A - Ability to control emotions</li> <li>B - Ability to accomplish the task of the relevant job</li> <li>C - Suitability of candidates' qualifications</li> <li>D - Ability of logical thinking</li> </ul>	
	(ii) IQ tests (iii) Practical tests (iv) Personality tests  What is the option that correctly match	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job  C - Suitability of candidates' qualifications  D - Ability of logical thinking  es the measures as per the order of methods given above?	,
20	(ii) IQ tests (iii) Practical tests (iv) Personality tests  What is the option that correctly match (1) B,A,C,D (2) B,C,D,A	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job  C - Suitability of candidates' qualifications  D - Ability of logical thinking  es the measures as per the order of methods given above?  (3) C, D, A, B (4) C, D, B, A (5) D, C, A, B (	)
28.	(ii) IQ tests (iii) Practical tests (iv) Personality tests  What is the option that correctly match (1) B,A,C,D (2) B,C,D,A  The immediate result of providing finance	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job  C - Suitability of candidates' qualifications  D - Ability of logical thinking  es the measures as per the order of methods given above?  (3) C, D, A, B (4) C, D, B, A (5) D, C, A, B (	)
28.	(iii) IQ tests (iii) Practical tests (iv) Personality tests  What is the option that correctly match (1) B,A,C,D (2) B,C,D,A  The immediate result of providing finance (1) increasing employee motivation.	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job  C - Suitability of candidates' qualifications  D - Ability of logical thinking  es the measures as per the order of methods given above?  (3) C, D, A, B (4) C, D, B, A (5) D, C, A, B ()  cial benefits on employee performance is  (2) increasing employee productivity.	)
28.	(iii) IQ tests (iii) Practical tests (iv) Personality tests  What is the option that correctly match (1) B,A,C,D (2) B,C,D,A  The immediate result of providing financ (1) increasing employee motivation. (3) increasing employee attraction.	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job  C - Suitability of candidates' qualifications  D - Ability of logical thinking  es the measures as per the order of methods given above?  (3) C, D, A, B (4) C, D, B, A (5) D, C, A, B (  cial benefits on employee performance is  (2) increasing employee productivity.  (4) minimizing employee absenteeism.	
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29.	(iii) IQ tests (iii) Practical tests (iv) Personality tests  What is the option that correctly match (1) B,A,C,D (2) B,C,D,A  The immediate result of providing financ (1) increasing employee motivation. (3) increasing employee attraction. (5) improving employer-employee co An employee disciplinary issue that car (1) delayed reporting to work. (2) working for a competitive organiz (3) resigning from the job without inf (4) taking leave without approval. (5) assaulting an employee.  Several steps used in the management part of the coordination C - Problem identification E - Departmentalization	A - Ability to control emotions  B - Ability to accomplish the task of the relevant job  C - Suitability of candidates' qualifications  D - Ability of logical thinking  es the measures as per the order of methods given above?  (3) C, D, A, B (4) C, D, B, A (5) D, C, A, B ()  cial benefits on employee performance is  (2) increasing employee productivity.  (4) minimizing employee absenteeism.  In occur while on duty is  cation.  forming.  (  orocess are given below.  B - Tasks identification  D - Delegation of work  F - Employee training	)
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	• Answer questions from 31 to 40, by filling in the blanks with suitable word / words.
31.	(a) As ownership of a sole proprietorship belongs to a/an person, creditors'
	of such a business is high.
	(b) Collective of partners is unlimited and therefore, making
	process in such businesses requires a longer time than sole proprietorship.
32.	(a) Near money is an that can be converted into cash easily and it also
	functions as an accumulation of
	(b)The of bank money is comparatively lower than currency, and
	a deposit is an example for bank money.
33.	(a) The main function of the Co-operative Rural Bank is to collect from
	people residing in rural areas and to provide strong institutional support for rural
	(b) The two categories of institutions that are eligible to be authorised as primary dealers are
	commercial banks and primary dealer
	companies.
34.	(a) Electronic banking system facilitates customers to access their
	perform financial
	(b) The institution established to provide government information to the public in Sri Lanka is
	and its telephone number is
35.	(a) A document issued by an authorized institution of the exporting country confirming the suitability
	of consumption of export-agro products is certificate and a document
	issued by a shipping line to the exporter indicating that the goods have been accepted for
	shipping is
	(b) To boost revenue and to local industries, the Government imposes
	on imports.
36.	(a) Division of labour creates and thereby employee
	will increase.
	(b) The printing of advertisements is an example for production method
	and tailoring garments for an individual is an example of production
	method.
37.	(a) ISO standard is relevant to environmental management and ISO 9001
	is relevant to management.
	(b) All physical components of an information system is
	programs used for data processing is

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38.	(a) The that a consumer receives from consumption of goods and services
	is the of it.
	(b) A collective effort of all employees in an organization to provide a better service
	for is known as marketing.
39.	(a) While a fixed rate of is payable for debentures, a varied rate of
	is payable for ordinary shares.
	(b) While employee enhances current job performance, employee
	focuses on the future performance of the organisation.
40.	(a) When ascertaining the production cost, salary of finance manager is categorized as
	cost, and salaries of production employees are categorized as
i	cost.
	(b) The organizational depicts the inter-relationships between vagous
	divisions and positions within an organization and they can be summarized through organizational
	ó 🔭
•	For questions from 41 to 50, write the specific answers in the space provided.
41.	For questions from 41 to 50, write the specific answers in the space provided.  State four ways that businesses fullfill human wants.
	(1)
	(2)
	(3)
	(4)
	List <b>four</b> points as to how adherence to business ethics would be important for a business.
	(1)
	(2)
	(3)
	(4)
	State four main objectives that a business expects to accomplish.
	(1)
	(2)
	(3)
	(4)
	Write four limitations of private limited companies.
	(1)
	(2)
,	(3)
	(4)

AL	2020/32/E-I(NEW) -8-	_					
45.	List <b>four</b> reasons as to why entrepreneurship is impo (SMEs).	ortant f	or the success of small and medium enterprises				
(1)							
	(2)						
	(3)						
	(4)	• • • • • • • •					
46.	Name the logistics system that matches with each de						
	Descriptions		Logistics systems				
	Supply of goods manufactured using purchase materials to consumers.	ed raw	1				
	2. Obtaining required raw materials for produc	2					
	3. Providing products to end user		3				
	4. Returning used products to the manufacturer	•	4				
47.	Complete the following table with respect to financia	ng sou	rces used by public limited companies.				
	Internal source		External source				
	1	. 1.					
	2	. 2.					
48.	Write four ways of using the internet for business a	ctivitie	es.				
	(1)						
	(2)						
	(3)						
	(4)						
49.	Write four points that should be considered when p						
	(1)						
	(2)						
	(3)						
	(4)						
50	. Write the meaning of each of the following symbol						
30	write the meaning of each of the ross wing system						
	(1)	(2)					
	(3)	(4) <b>=</b>					
	**	*					

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සියලු ම හිමිකම් ඇවිරිණි / மුழுப் பதிப்புரிமையுடையது /All Rights Reserved |

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අධායන පොදු සහතික පතු (උසස් පෙළ) විභාගය, 2020 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2020 General Certificate of Education (Adv. Level) Examination, 2020

වාහපාර අධායනය வணிகக் கல்வி **Business Studies** 



පැය තුනයි மூன்று மணித்தியாலம் Three hours

අමතර කියවීම් කාලය මිනිත්තු 10 යි மேலகிக வாசிப்பு நேரம் நிமிடங்கள் 10 **Additional Reading Time** 10 minutes

Use additional reading time to go through the question paper, select the questions you will answer and decide which of them you will prioritise.

## **Instructions:**

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

### Part I

- 1. After completing a professional course, Asha commenced a beauty salon named 'Amasha' and appointed Amara as its manager. Asha invested Rs. 500 000 obtained through a loan and Rs. 200 000 from her savings in this business. She bought a building worth of Rs. 600 000 and the balance was spent to import modern equipment for the business to deliver a high quality service. She and her trained staff are ready to provide service at any time by either visiting customers' homes or at the beauty salon, considering the convenience of the customers.
  - (i) Classify this business according to the following criteria:
    - (a) Ownership
    - (b) Objective (c) Scale
    - (d) Production sector ..... (04 marks)

- (a) Briefly describe whether Asha's business fulfills a need or a want of a person. (02 marks)
  - (b) Name and describe two tactics except the price that Asha has adopted to increase the demand of the customers.  $(02 \ marks)$
- (iii) (a) List two strengths and two weaknesses of this business. (02 marks)
  - (b) Describe two ways the industry to which Asha's business belongs to contributes for the economic development. (02 marks)
- (iv) (a) Mention four limitations that can be seen in these types of businesses. (02 *marks*)
  - (b) Write four resources, with examples in addition to entrepreneurship, employed by Asha's business. (02 *marks*)
- (v) Explain four ways that Asha can further improve entrepreneurial characteristics and skills. (04 marks)

(Total 20 marks)

2.	(i)	(a) Name four institutions established in Sri Lanka to which you can make	10	1 >
				marks)
		i i		marks)
	(ii)	(a) Beserve What is included by		marks)
		(b) Mention <b>four</b> characteristics of public limited companies.	)2	marks)
	(iii)	(4)		marks)
		(b) Describe how a listed public company differs from an unlisted public company. (b)	)2	marks)
	,	Keerthi runs an exporting company by purchasing fish from local suppliers. Due to the COVID-19 pandemic, the export price of fish declined from U.S. \$ 16 to \$ 06 per kg. Therefore, Keerthi decided to close down the business but employees and residents in the area were agitated over this decision.		
		(a) What is meant by 'social responsibility' of this business?	01	marks)
		(b) Name three parties who are interested in the above business and state one		
		reason for each party to show interest in it.	03	marks)
	(v) l	Explain the way in which a rational consumer behaves in the market using <b>four</b> facts. (Total		marks) marks)
3.	'Air A	irline operated by the government was integrated with a private airline named Alpha', with the intention of increasing its market share.		
	(i)	(a) What is meant by customers marger	02	marks)
		(b) Name the type of integration that occurred between the above two companies and describe that integration type.	02	marks)
	(ii)	(a) Write four advantages that a businessman can obtain from leasing companies.	02	marks)
		(b) State <b>four</b> agency activities of the Central Bank of Sri Lanka.	02	marks)
	(iii)	(a) Describe two differences between licensed commercial banks and licensed		
		•		marks)
		(b) Describe the <b>two</b> main settlement systems of 'Lanka Settle' system.	02	marks)
	(iv)	(a) Describe the importance of air transportation for the economy giving two reasons. (6)	02	marks)
		(b) Describe two current trends in the road transport sector in Sri Lanka with two	00	
		Champion.	UZ	marks)
	, ,	Explain what is meant by 'quantitative factors' in defining small and medium size	04	m anka)
		citterprises and provide the fi		marks) marks)
		· ·		ŕ
4.	(i)	(4)	02	marks)
		(b) Name <b>four</b> fields of cooperative activities of the South Asian Association for Regional Cooperation (SAARC).	02	marks)
	(ii)	(a) Name the parties that should contribute to the Employee Provident Fund (EPF)		
				marks)
		(b) State four ways of identifying non-insurable risks.	02	marks)
	(iii)	1		marks)
		(b) Briefly explain, the importance of restricted endorsement giving two reasons. (	02	marks)

- (iv) (a) What is meant by 'general liability insurance'? (01 marks)
  - (b) Explain the importance of communication for business affairs giving three reasons. (03 marks)
- (v) Explain why 'barcodes' are important for a business using **four** reasons. (04 marks) (Total 20 marks)

# **Part II**

- 5. (i) (a) Describe what is 'an organization'. (02 marks)
  - (b) Explain the relationship between 'effectiveness' and 'efficiency'. (02 marks)
  - (ii) (a) Write two advantages and two disadvantages of decentralizing an organization. (02 marks)
    - (b) State **four** reasons on the importance of control process. (02 *marks*)
  - (iii) (a) What is 'value added' of a product?

(02 marks)

(b) Briefly explain 'cell layout' with an example.

- (02 marks)
- (iv) (a) State two benefits of resource analysis in the planning process.
- (01 marks)
- (b) Explain why conceptual skills are more important for top managers giving two reasons.
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- (v) The actual and forecasted information of Saravanas Shoe Manufacturing Company are given in the table below.

Description	2020 (Actual)	2021 (Forecasted)
Pair of shoes (units)	500	1 000
Fixed costs	Rs. 212 000	increased by 50%
Variable cost (per pair)	Rs. 200	Rs. 200
Selling price (per pair)	Rs. 730	Rs. 730

Calculate the following for the year 2021.

- (a) Total production cost
- (b) Production cost of a pair of shoes
- (c) Break-even point in quantity
- (d) Difference of break-even quantity compared to 2020

(04 marks) (Total 20 marks)

- 6. (i) (a) State four issues that a business may face when using new technology. (02 marks)
  - (b) Explain how shopping goods differ from speciality goods with an example. (02 marks)
  - (ii) A merchant sets the prices of his goods 20% less than the competitors' price.
    - (a) What is the prime objective of the above pricing method?
- (01 *marks*)
- (b) Briefly explain the effect to gross profit of the merchant when using such a pricing method.
  - (03 marks)
- (iii) (a) State four benefits that can be claimed to a business through trade promotion. (02 marks)
  - (b) "Channel of distribution will vary based on the nature of consumer goods."

    Explain this statement giving **two** examples. (02 *marks*)
- (iv) (a) List four objectives of financial management.

- (02 *marks*)
- (b) Describe **two** advantages that shareholders can obtain through effective financial management. (02 marks)
- (v) Explain **four** benefits that a businessman can gain through market segmentation. (04 *marks*) (*Total* 20 *marks*)

7. (i) Using the given information, calculate each of the following ratios.

Rs.

Net profit (before tax)	60 000
Preferred dividend	15 000
Preference shares	200 000
Ordinary shares	300 000
Sales	100 000
Income tax payable	10 000
Loan interest	5 000

- (a) Net profit ratio.
- (b) Return on equity ratio.
- (c) Debt equity ratio.

system.

(d) Interest coverage ratio.

(04 marks (02 marks)

- (ii) (a) What is 'capitalization of reserves'?
  - (b) State four advantages of investing in government securities for an investor. (02 marks)
- (iii) (a) Mention the importance of share price indices to investors giving four reasons. (02 marks)
  - (b) Describe two advantages that a business can obtain through recruiting employees on a temporary basis.

(02 marks)

- (iv) (a) List four possible ways in which employee mobility can be done after performance evaluation.
- (02 marks)
- (b) Differentiate between employee absenteeism and employee turnover.
- (02 marks)
- (v) Explain four factors that can influence human resource demand of a firm. (04 marks) (Total 20 marks)
- 8. (i) (a) List two advantages and two disadvantages of internet banking service for a businessman. (02 marks)

  - (b) Identify 'computer security threats' and name two such threats. (ii) (a) Mention four functions expected to be accomplished through an effective

(02 marks)

(02 marks)

information system. (b) Describe for which purpose do employees use knowledge level information

(02 marks)

- (iii) (a) Describe the importance of a finance plan for a business using two facts. (02 marks)
  - (b) Briefly describe four reasons as to how an estimated cash flow is important for an entrepreneur.

(02 *marks*)

- (iv) (a) Write two ways of increasing the working capital of a business. (01 *marks*)
  - (b) State two reasons for delisting a listed company from the Colombo Stock Exchange and explain them.
    - (03 marks)
- (v) A person intends to invest a part of his money in either stock market or make a fixed deposit in a commercial bank. Explain two advantages and two disadvantages of each alternative investment method.

(04 *marks*) (Total 20 marks)