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Provincial Department of Education - NWP

තෙවන වාර පරීක්ෂණය - 12 ශ්‍රේණිය - 2024
Third Term Test - Grade 12 - 2024

Index No.: ....

Business Studies - I

02 hours

Instructions

- Provide answers to all the questions this question paper.
- Choose the correct answers for questions number 1 to 30 and write its number on the dotted line in front of the question.
- Write short answers to questions number 31 to 50 on the corresponding dotted line.
- Each question carries 2 marks.

1. Which of the following is not a business objective,
   1) Survival in the market
   2) Maximizing profits.
   3) Adding value to resources.
   4) Maximizing sales.
   5) Maximizing market value shares (.......)
2. Regarding the Department of Health Services, which of the following is not correct,
   1) Tertiary sector business.
   2) Service sector business.
   3) Public sector business.
   4) Industrial sector business.
   5) Not-for-profit business. (........)
3. A system of positive evaluations , developed ethics, habits and good manners belongs to the,
   1) Social and cultural environment.
   2) Under Organizational Structure.
   3) Under Demographic Environment .
   4) Under Legal Environment.
   5) Under Organizational Culture. (........)
4. The Economic Transformation Act and Inflation respectively belong to,
   1) Economic Environment and Economic Environment.
   2) Economic Environment and Legal Environment.
   3) Legal Environment and Economic Environment.
   4) Political Environment Economic Environment.
   5) Economic Environment and Political Environment. (........)

5. A business should respect human diversity in order to,
    1) Maximize profits.
    2) Ensure social and cultural sustainability.
    3) Maximize market share.
    4) Contribute to economic sustainability.
    5) Contribute to environmental sustainability. (.......)
6. Government non-tax revenue as a percentage of total government revenue in 2023,
    1) 10.8%
    2) 29.9%
    3) 89.2%
    4) 30.1%
    5) 70.1% (.......)
7. Not a monetary policy instrument of the government,
    1) Statutory reserve ratio.
    2) Open market operations
    3) Interest rate.
    4) Imposing credit limit.
    5) Employment rate. (....)
8. The main objectives of the Vienna Convention, which started in 1985 to bring the world,
    1). Controlling climate change.
    2). Saving the ozone layer.
    3). Waste management .
    4). Saving the oceans.
    5). Stopping the use of nuclear weapons. (......)

9. The applicable law in Sri Lanka for the registration of a partnership is,
    1) 1890 Partnership Ordinance.
    2) 1907 Limited Partnership Ordinance.
    3) 1918/6 Business Name Ordinance.
    4) 2007/7 Companies Act.
    5) 1840 Prevention of Fraud Ordinance. (......)
10. Which of the following statements is correct regarding a private limited company?
    1) The minimum number of members is 01 and the maximum is unlimited.
    2) The minimum number of directors is 2 and there is no maximum limit.
    3) Can be listed on the Colombo Stock Exchange.
    4) Shares or debentures can be publicly issued.
    5) Dividends may be distributed without solvency test. (.....)

11. a) Voluntary and open membership.
    b) Concern for the community.
    c) Having common needs and expectations.
    d) Supply of essential commodities at reasonable prices.
    e) Democratic Control of members.

Among the above points, if only cooperative policies are selected, the correct answer is,

1) a,b,c
2) a,b,d
3) a,c,d
4) a,b,e
5) c,d,e (.......)

12. The minimum and maximum number of members a company limited by guarantee is correctly specified,
    1) The minimum is 01 and the maximum is 50.
    2) The minimum is 02 and the maximum is 50.
    3) The minimum is 01 and the maximum is unlimited.
    4) The minimum is 02 and the maximum is unlimited.
    5) The minimum is 02 and the maximum is 20.
13. A personal benefit of entrepreneurship is among the following,
    1) Creation of new job opportunities.
    2) Achieving social status and recognition.
    3) Achieving full employment.
    4) Opportunity to consume new goods.
    5) Raising the standard of living of the people (.....)
14. Which of the following is considered an entrepreneurial skill?
    1) Regulation
    2) Effectiveness
    3) Leadership
    4) Motivation.
    5) Dedication (......)
15. Japan Bank for International Cooperation Financed National Development Bank Refinanced What scheme provides assistance to small businesses?
    1) Sahanya
    2) Suwana
    3) Skill Development Project
    4) Gami Pubuduwa
    5) Samurdhi Development Bank (.......)

16. Below are the currencies in column X and examples related to those currencies in column Y.

X	Y
.Currency	Current account balances
2.Bank money	- Notes & coins
3.E-money	C - fixed deposits
. Near money	- Credit cards

Select the correct answer category when the examples matching the above currencies are matched.

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

17. Choose the answer that correctly indicates the parties belonging to a unit trust,
    1) Unit trustee, unit fund, unit holders.
    2) Unit holders , investors , underwriters.
    3) Unit trustee, brokers, unit holders.
    4) Fund management company, unit holders ,unit trustee.
    5) Fund management company, underwriters, brokers.

18. Below are some of the financial institutions operating in Sri Lanka's financial system.

A – Insurance companies
B - Unit Trust
C – Venture capital companies
D - Employees Provident Fund.
E - Employees' Trust Fund.
F - Specialized leasing companies.

Select the answer which includes only contracted savings institutions from the above mentioned financial institutions.

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

19. Kasun is an employee of a government agency. He is thirty-five years old. He has other sources of income besides his salary from work. He expects to get a life insurance from an insurance company. What is the information that Kasun does not need to present to establish utmost good faith?
   1). Age of Kasun.
   2). Health condition.
   3). Habits and hobbies of Kasun.
   4). Details about dependents
   3) .Compensation opportunities (..........)

20. Choose the answer that includes other risks that can be additionally covered in addition to fire damage under the fire insurance.
   1) Losses by explosions, goods in transit insurance, Earthquake damage, crashes damage.
   2) Losses by electricity , Theft And burglary insurance, earthquake damage, losses by explosions.
   3) Losses by strikes, theft and burglary damages, earthquake damages, losses of explosion.
   4) Goods in transit damages , losses of explosion, Consequential losses, theft and burglary losses.
   5) Consequential losses, riots, losses by electricity, crashes damages. (...........)

21. Dinusha, who works as a marketing executive, is ready to give a detailed presentation of marketing information for the last five years. What is the most suitable method of communication for him?
   1) Face-to-face meeting.
   2) Telephone.
   3) Report.
   4) Memo
   5) E- mail (........)

22) A speaker translates the ideas that come to his mind into words. The element of communication to which this action belongs is,
   1) Feedback
   2) Response
   3) Encoding
   4) Decoding
   5) Message (........)

23) Choose the false statement from the following statements,

1) Media is an element of the communication process.

2) Communication is essential for an exchange to occur.

3) Communication is initiated by the sender.

4) Feedback is how the receiver of the message acts on the message heard or read.

5) All the above statements are false.

24) Which of the following can be considered a social cost of transportation?

1) Cost of acquiring means of transport.

2) Loss of life due to motor vehicle accidents.

3) Cost of fuel.

4) Damage to the car from car accidents.

5) Cost of spare parts. (.......)

25. Below column X shows means of transport and column Y shows ways . Choose the answer that matches X and Y correctly.

X	Y
1. Dakku	A. High way
2. Bicycle	B. Rail way
3. Airplane	C. Air way
4. Boat	D. Water way

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

26. The necessary documents for a private passenger transport bus to run on the highway,

1) Emission Test Report / Minimum Third Party Insurance/ Vehicle Fitness Certificate/ Road License.
2) Emission Test Report / Minimum third party Insurance/ Road License / Vehicle Fitness Certificate.
3) Valid driving license & revenue certificate/ Emission test report / Full insurance / Vehicle fitness certificate.
4) Revenue certificate / Third party insurance / Conductor's license/ Road licence.
5) Registered certificate / Driving licence / full insurance / Revenue certificate. (........)

27. Sarath Perera finds information about land and cars for sale, presents it to buyers and creates the environment for a transaction to happen. Then a 3% fee will be charged from the party he contacted. Sarath Perera can be called,

1) As the merchant.
2) As an auctioneer.
3) As a factor.
4) As a del crede agent.
5) As a broker. (.......)

28. Sarath Perera's payment in the above 27th is,

1) A commission.
2) An auction fee.
3) A salary.
4) A brokerage fee.
5) Special commission (........)

29. The main characteristic of retail trade is,

1) Selling goods or services for final consumption.
2) Sale of goods on credit.
3) Maintaining a close relationship with the customer.
4) Sale of goods for resale.
5) Selling only one type of product. (..........)

30. A non-tariff barrier that affects free international trade,

1) Product promotion.

2) Trade Agreements.

3) Duties levied by Customs.

4) Inequality in the distribution of natural resources.

5) Relative cost advantage. (......)

* Fill in the blanks with suitable words while answering questions Nos. 31 to 40.

31. a. The occurrence of sales or exchanges is a ....of a business, and maximizing sales is ....of a business.

b. The evolution of money started with the use of .... money and the next era was the use of .... money.

32. a. In the classification according to the production sector, the supply of electricity, gas, steam and air conditioning belongs to the .... sector and the home ownership and real estate to .... sector.

b . composition of ethnicity is a factor of .... environment and beliefs, values etc. existing in people are factors of .... environment.

33. a. The Earth Summit is abbreviated as the conference on the......................................., and the ....Convention is the agreement reached on climate change.

b. The conversion of lower value materials into higher value products is called ...., and the conversion of higher value products into lower value materials is called ....

34. a. The highest percentage of the government's recurrent expenditure is spent on ...., followed by the highest percentage on ....

b. The highest percentage of government tax revenue in 2023 was generated from ...., followed by ....

35. a. A continuing existence or... is a distinctive feature of an incorporated company and such a company is considered as a .... from which its members are separated.

b. A cooperative society in Sri Lanka must be incorporated under the Cooperative Societies Act .... and must consist of at least .... persons.

36. a. Acting as an intermediary between .... and .... can be introduced as entrepreneurship, and an entrepreneur with .... ability is an entrepreneur.

b. An entrepreneur's ability to get his followers to act is called ....and his ability to maintain good relationships with external and internal parties is called ....

37. a. A characteristic of a small business is that the management of the business is .... and often the .... is the main manager.

b. Small and medium-sized enterprises can obtain .... services from the Sri Lanka Standards Institute and ...., facilities from the National Development Bank.

38.a. Trade is the process of exchange of ownership of goods between a .... and a seller for ....

b. In foreign trade, the place where goods are stored is called ....and the order is called ....

39.a. The space of occurring damage which can be .... is known as the risk in insurance.

b. Maximum confidence in insurance means that the insurer and the insured must disclose in .... the information relating to the insured .,........,.....,

40.a. .... must be submitted to get a .... instead of a dirty ....

b. .... is called a trade zone when several countries enter into an agreement on taxes and tariffs.

Give suitable answers to the questions from 41 to 50.

41. Mention 4 characteristics of a business.

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42. Mention 4 ways in which businesses contribute to the existence of an economy.

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43. Mention the 4 social responsibilities of businessmen to employees.

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44. Mention 4 consumer rights as stated by Consumer International.

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45. Write 4 characteristics of a public corporation.

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46. Write 4 characteristics of local government businesses.

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47. State 4 ways in which entrepreneurial characteristics and skills can be developed.

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48. Write 4 ways in which licensed Specialized banks contribute to the functioning of businesses.

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49. State 4 situations in which cheques presented to the bank for payment are refused by the bank.

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50. The procedure of e-commerce consists of four steps. Write down the procedure.

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Provincial Department of Education - NWP

තෙවන වාර පරීක්ෂණය - 12 ශ්‍රේණිය - 2024

Third Term Test - Grade 12 - 2024

Index No.: ....

Business Studies - II

03 hours

(Additional time foe reading 10 minute)

Instructions

Choose at least two questions from each section and answer 5 questions.

Part I

01. Rasika grows vegetables in his garden for his own consumption and exports them to foreign countries by drying and packing them in a safe and healthy manner.

i. a. How can businesses like Rasika's business be a solution to Sri Lanka's current economic crisis? (2 marks)

b. Give examples of direct production and indirect production through this scenario. (2 marks)

ii. a. Mention two ways in which the Internet can be used to promote Rasika's business. (2 marks)

b. If Rasika expects to obtain an International Standards Organization standard for food safety for its products, specify the appropriate standard and the appropriate standard for environmental safety. (2 marks)

iii. Explain that e-business is a broader concept than e-commerce. (4 marks)

iv. Janidu installs solar panels on a large scale and uses the electricity generated from it for their home and business, and this is also used as a business activity and sold to the national grid and earns a profit.

a. Categorize Janidu's business according to sector and ownership. (2 marks).

b. Name four examples of global environmental conditions. (2 marks)

v. As a current trend, the population of Sri Lanka is increasing with an aging population. Explain what environment this belongs to and how the trend can be turned into a business opportunity. (4 marks)

02. i. a. State the USA definition of social responsibilities.(2 marks)

b. Mention four social responsibilities that a business should fulfil to the society.(2 marks)

ii. a. Name four benefits to a business of fulfilling its social responsibilities. (2 marks)

b. Define what sustainable development is and state its three main components. (2 marks)

iii. Environmental protection is more important today than ever before. Explain. (4 marks)

iv. Mention the 4R concept that can be used in waste management and explain each other. (4 marks)

v. a. Explain the concept of business ethics. (2 marks).

b. State four points to be considered in building a business code of ethic. (2 marks)

03. The government of a certain country decided to raise interest rates due to the economic situation in that country.

i. Explain the actions taken by the government in the above economy affecting the business of the economy. (4 marks)

ii. a. Give two examples of direct taxes. (2 marks)

b. Explain what qualitative credit limits are in imposing credit limits. (2 marks)

iii.a. Mention 4 customer responsibilities.(2 marks)

b. Mention 4 consumer rights proposed by former American President John F. Kennedy. (2 marks)

iv.a. Name 3 common characteristics of a formal organization. (2 marks)

b. Name the type of business organization to which the following business entities belong.

A. Ceylinco PLC

B. Maliban Biscuits (pvt) Ltd.

C. Srilanka Transport Board. (2 marks)

v. a. Name 4 types of non-profit business organizations. (2 marks)

b. Write two differences between a limited partnership and an unlimited partnership. (2 marks)

04. Sandun Ratnayake is thinking of starting a business with his friend Nadun Perera.

i. a. If they focused on a partnership and a private limited company, write down two similarities between the two business organizations. (2 marks)

b. If intending to start a private limited company and for that purpose register the business name using only the first name of their names, enter the name of the business entity. (1mark)

c. Write two advantages of a private limited company. (1mark)

ii.a. Indicate how the above name should be changed if it is intended to start a public limited company.

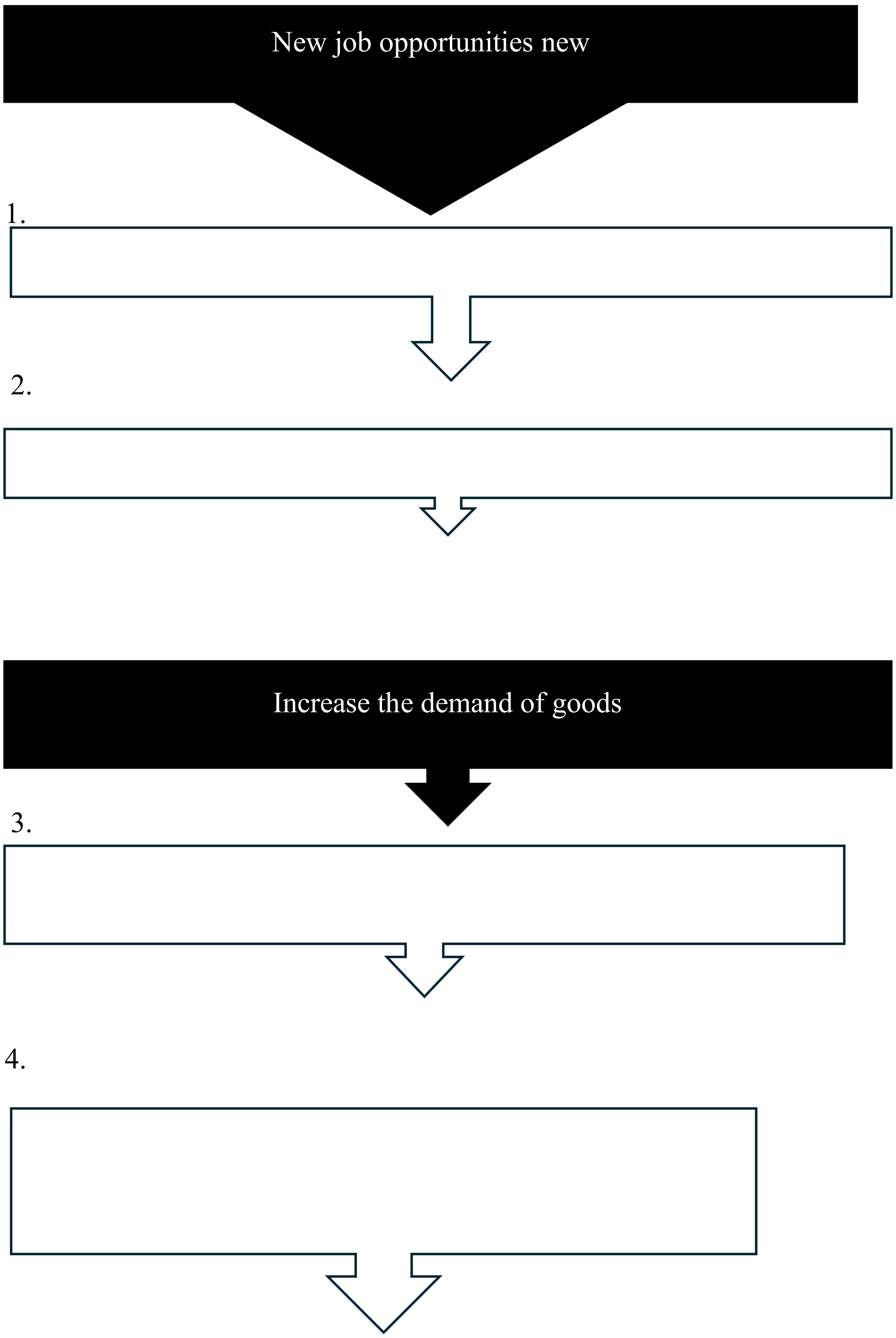
Name two disadvantages that you see in public limited companies. (2 marks)

b. Write four differences between a private limited company and a public company. (2 marks)

iii. a. Name the documents to be prepared for registration of a limited company. (2 marks)

b. Write four institutional benefits of entrepreneurship. (2 marks)

iv. a. New jobs are created through entrepreneurship and economic development is accelerated by new jobs. Write the answers that apply to the spaces in this diagram that



b. Write down four skills an entrepreneur should possess. (2marks)

v. Write four differences that you see between an entrepreneur and a businessman. (4marks)

Part II

5. i. a. Write two points about the reasons why it is necessary to identify small and medium enterprises in a country like Sri Lanka. (2 marks)

b. Write four quantitative criteria used to identify SMEs in Sri Lanka. (2 marks)

ii.a. What is a small business? (2 marks)

b. Name four government agencies that provide incentives to small and medium enterprises. (2 marks)

iii. a. Write four facilities that should be used to facilitate transactions through e-money. (2 marks)

b. Mention four advantages of leasing companies to businessmen. (2 marks)

iv. Explain the role of venture capital companies (4 marks)

v. a. Mention four functions of stock broking companies (2 marks)

b. Explain the concept of overdraft facility provided by commercial banks to account holders (2 marks)

6. i a. Explain the concept of e-banking service provided by commercial banks with examples. (2 marks)

b. Write four advantages to customers of automated banking service. (2 marks)

ii. a. Explain the concept of crossing cheques (2 marks)

b. State the composition of the Monetary Board of the Central Bank of Sri Lanka. (2 marks)

iii .a . In insurance, state four elements that must exist for an insurance contract between the insurer and the insured to be valid. (2 marks)

b. Explain the concept of underwriting as used in property insurance. (2 marks) iv.a. Mention four policies available under ship hull insurance in marine insurance. (2 marks)

b. Explain the concept of general liability insurance. (2 marks)

v. a. Define what communication is? (2 marks)

b. Give four points to confirm how communication is important as a support service to a business. (2 marks)

7. i. "Before you give information to another person, you must choose a suitable medium for it. Never give wrong information. Then the trust in you will be broken. Also, because everyone is very busy, give information that is brief but contains all the details."

Above is an excerpt from a lecture on communication.

a. What is effective communication? (2 marks)
b. In the above event, there are several qualities that should be present in effective communication. Show what they are, with examples from the event. (2 marks)

ii.a. What are the barriers to successful communication? (2 marks)

b. Write two advantages of written communication . (2 marks)

iii. Suranga, a vegetable seller at Manning Market , Colombo, sent a WhatsApp message to Bandara, a Welimada potato farmer, ordering five hundred kilograms of potatoes. Seeing this message, Bandara immediately told his servant to prepare 500 kg of potatoes. Bandara then sent a WhatsApp message to Suranga saying that the order can be delivered and to send a lorry for it. As soon as he received the message, Suranga told Athapatthu, the owner of a lorry, on the phone to go to Welimada the next day and bring the stock of potatoes.

Name the elements of communication and give examples relevant to this event. (2 marks)

iv.a. Which mode of transport has the highest capacity in land transport and what are its advantages? (2 marks)

b. Write two ways in which transport is important to the citizens and businesses of the country. (2 marks)

v. a. What is warehousing ? (2 marks)

b. Give four equipments used in handling materials in a warehouse. (2 marks)

8. Although there are various benefits from the wholesaler to the manufacturer, retailer as well as the consumer, there are also various charges against the wholesaler.

i. a. What are the charges against such a wholesaler? (2 marks)

b . Mention 4 different sales methods followed by business establishments in Sri Lanka. (2 marks)

ii . An agreement between two or more countries to exchange goods for a certain period is called a trade agreement.

a . Trade agreements are made in two ways. Name the two ways. (2 marks)

b . Name three trade agreements to which Sri Lanka is a party, which are still operational by the year 2024. (2 marks)

iii . Write a brief note on the following concepts

a . Export Factoring

b . Certificate of origin (4 marks)

iv . The existence of space for various parties to freely import and export goods without any barriers is called free trade. But some countries adopt various protectionist measures towards free trade.

a . Mention the non-tariff barriers imposed against such free trade. (2 marks)

b . Briefly explain what is meant by trade embargoes by certain countries against other countries. (2 marks)

v . Explain how trade associations, trade agreements, and international organizations affect foreign trade. (4 marks to 4)

Grade 12 **Business Studies** **Answer Sheet**

1. 3	11. 4	21. 3
2. 4	12. 4	22. 3
3. 5	13. 2	23. 4
4. 3	14. 3	24. 2
5. 3	15. 2	25. 4
6. 1	16. 2	26. 3
7. 5	17. 4	27. 5
8. 2	18. 1	28. 4
9. 3	19. 5	29. 1
10.5	20. 5	30. 2

31. a. a characteristic, goals

b. Materials , metals

32. a. Industries , Services

b. Demographic , Social & cultural

33. a. United Nations Environment and Development, Kyoto

b. Upcycle , lowcycle

34. a. Interest payments , salaries & wages

b. Income tax, VAT

35. a. perpetual succession /Legal entity

b. No.05 of 1972/ 10

36. a. Capital, Labour / Entrepreneurship

b. Leadership skills / Inter personal skills

37. a.Self reliant, owner/ Advisory, finance

b. Advisory services / loan facilities.

38. a. a buyer/ particular consideration

b. Warehouse / Indent

39. a. Financially / estimated

b. Object / morally

40. a. Impure bill/ pure bill / letter of indemnity.

b. Trade zone

41.

- Exchange or selling takes place
- Transactions of goods and services take place.
- Continues transactions will take place.
- Motivated by profit
- Has a risk

42.

- Satisfying wants which are complex and changing
- Innovation
- Generating employment
- National economic development

43.

- Equality
- Good employee relationship
- Job security
- Health and safety

44.

- Right to satisfy basic needs
- Right to redress
- Right to consumer education
- Right to live in a healthy environment

45.

- Being establish under a special or general act
- Full ownership or major ownership being with the government possession
- Being controlled by a board of directors appointed by the government
- Having a legality
- Main objective is public service

46.

- Maintaining Provincial Councils, Urban Councils and Local authorities.
- The ownership belongs to each local government institution.
- Necessary funds are provided by local government institutions or the central government.
- Administration is carried out by local government authorities.

47.

- Self evaluation
- Training
- Education
- Profiting from experiences

48.

- Accepting time and savings deposits.
- providing loan facilities to entrepreneurs involved in different fields.
- underwriting of company shares.
- providing leasing facilities.

49.

- Insufficient funds in the account.
- where are the drawer stops payment.
- where the drawer becomes bankrupt.
- Because of an error in writing the cheque.
- where the account has been closed.
- where the garnishee order has been received.

50.

- Meeting of buyers and sellers through the internet.
- organising of the trade transaction.
- conducting of buying and selling affairs.
- settling the payment relevant to the transaction.

Answer sheet II

1.i.a. Since Sri Lanka is currently facing a severe foreign exchange problem, bringing foreign exchange into the country through such businesses is the solution to the economic crisis. (2 marks)

b.

- Direct production - Rasika growing vegetables for their own home consumption.
- Indirect production - exporting Rasika vegetables.(2 marks)

ii.a.

- Posting advertisements on Facebook, Tiktok, youtube and other websites.
- Using online marketing methods on websites like Alibaba,Amazon.(2 for 2)

b. Food safety standards - ISO 22000

Environmental protection standards - ISO 14001(2marks)

iii. E-commerce is the process of buying and selling goods using the Internet and other electronic technologies. (1 mark)

E-business is the use of electronic technology and internet methods for every process that occurs in a business. (1 mark)

Therefore, e-commerce can be seen as just a process within e-business, while e-business is a broader concept than e-commerce.(2 marks)

iv.a.

- According to the production sector - Industrial
- According to the ownership - private sector

b.

- Trade agreements are signed.
- Trade blocks being created.
- formation of world organisations.
- creating rules and regulations internationally. (2 marks)

v. This is a situation that belongs to the Demographic environment (1 mark)

This situation can be turned into a trend in businesses.

Ex.

- An opportunity for milk powders, medicines, etc. for the elderly.
- An opportunity for religious programs, books, religious videos, and CDs.
- An opportunity for local pilgrimages, a pilgrimage to Dambadiva. (3 for 3 examples)

2.i.a. Business social responsibility is about accepting personal responsibility for the actions and its impact on society. (2 marks)

b.

- Contributing to the employment.
- Paying tax without fail.
- Waste management
- Community welfare services.
- Green products. (2 for 4)

ii.a.

- Ensure the existence of business.
- Develop business goodwill
- Ensure business trust
- Satisfy customers
- Acheive the business objectives   (2 marks for 4)

b. Sustainable development is development which meets the needs of the present without compromising the ability of future generation to meet their own needs.(1 mark)

- Economic sustainable development
- Environment sustainable protection
- Social sustainable development (1mark for 3)

iii. The world has been given a limited amount of resources by nature. It must be preserved for future generations. However, today, more than in the past, human business activities have led to rapid environmental destruction and overuse of limited resources. For this reason, environmental sustainability is more important today than in the past. (4 marks for an explanation with the above idea)

iv.

- Recycle
- Reuse
- Reduce
- Replace (4 marks,1 mark for each point, including correct explanations.)

v. a.Business ethics means to act favourably to all the interested parties acknowledging the good and bad. (2 marks)

b.

- Business
- Customers
- Employees
- Competition
- socio- culture
- organisational culture
- Practicableness (2 marks)

3.i. As interest rates in the economy rise, consumers deposit more of their money in banks, which reduces the amount of money they have on hand, leading to a decrease in demand for goods and services and a decrease in sales. Also, rising interest rates make it difficult for businesses to obtain loans, which negatively affects businesses in general. (4 marks)

ii. a.

- Income tax
- corporate tax
- withholding tax
- capital gain tax (2 for 2)

b. Controlling of total credit by increasing and decreasing bank credits which impact on total money supply.(2 marks)

iii. a.

- Critical awareness
- Active participation
- Social concern
- Environmental awareness
- Cooperation (2 marks)

b.

- Right to safety
- Right to be informed
- Right to choose
- Right to be heard (2 marks)

iv.a.

- Has a goal
- Involves individuals
- Has an organizational structure. (2 marks)

b. A - Partnerships

B - Listed companies

C - Non - listed companies

D - State corporation (1/2*4=02)

v.a.

1. State corporation

2. Government departments

3. Co-operatives

4. Societies

b. <u>Limited partnerships</u>

1. There are partners with unlimited liability as well as limited liability.

2. The Limited Partnership Act of 1907 is in effect.

<u>Unlimited partnerships</u>

1. There were only partners with unlimited liability.
2. The Partnership Ordinance of 1890 is in effect. (1×2=2)

4.i.a.1. Ownership is often family members or relatives..

2. Control is under a limited group of people.

3. Limitation on transfer of ownership.

b. Nadun & Sadun (pvt) Ltd.(1 mark)

Advantages

- Limited liability
- Keeping ownership within a limited group
- Ability to raise a large amount of capital.
- The business having a legality. (1/2 × 2= 1)

ii.a. Sadun & Nadun Co.Ltd.

Disadvantages

1. High initial costs
2. Procedure of establishment being complicated.
3. Legal impacts being strict.
4. Subject to double taxation.
5. The division of ownership among a large number of people.(1/2×2=1)

b. Private limited company

1. Maximum share holders is 50.

2. The minimum no.of directors is 1.

3. The shares cannot be sold in public.

4. Shares cannot be freely transferred.

5. cannot be registered on the stock exchange.

Public limited company

1. Maximum of unlimited share holders.
2. The minimum no.of directors being 2.
3. The shares can be sold in public.
4. Shares can be freely transferred.
5. Can be registered on the stock exchange. (2 for 4)

iii.a.

- Application for the registration of the company.
- the articles of association.
- the statement containing the consent of each found to act as the director.
- the statement containing the consent of the founder secretary to act in that company. (2 marks)

b.

- Being easy to face competition.

- Expansion of business activities.
- Continues development .
- Expansion of market shares. (2 for 4)

iv.a.

1.Increase in income level.

2. Increase in purchasing power

3. Increase in production

4. New employment opportunities (2 marks)

b.

1. Leadership skills

2. Interpersonal skills

3. Communication skills

4. Basic management skills (2 marks)

v. Entrepreneur

1. Starts a business based on his own ideas and new concepts.

2. his business rival is himself.

3. Focuses on new business opportunities.

4. Innovator.

5. Takes risks.

Businessman

1. Starts a business based on an existing idea or concept.
2. Other businesses are rivals.
3. Always engaged in their own business activities.
4. Traditionalist.
5. Acts defensively. (4 for 4)

5.i.a.

1. To formulate government policies regarding businesses.

2. To ensure that the facilities provided by various institutions are specifically available to small and medium-sized businesses. (2 marks)

b.

- The amount of invested capital
- number of persons employed

- energy that is in use
- annual turnover
- Production capacity (2for 4)

ii.a. A small business is one that is independently owned and independently operated but not gained any authority in the field. (2 marks)

b.

1. Industrial Development Board

2. Institute of industrial technology

3. Export Development board

4. Institute of srilanka standards.

5. National development bank (2 marks)

iii. a.

- ATM
- ADM
- CDM
- EFTPOS
- Telebanking
- Internet banking
- Television banking (2 for 4)

b.

1.the ability to use high valued assets without paying the full value up front.

2. The lease rent paid in respect of a lease being free from income tax.

3. Being able to overcome any losses and capital losses that result through obsolescence of machinery and other assets.

4.The ability of earning higher returns without making large investments.(2 marks)

iv.

v.a.

- Accepting buying and selling orders from investors.
- Opening of accounts in the central depository system on behalf of investors.
- Advising investors about making investments in shares and debentures
- Assist with the listening of companies.

b. A bank overdraft is a specific approval granted by the commercial banks to a current account holder to issue cheques up to a specific value over the credit balance available in the account. (2 marks)

6. i.a.the facility furnished through the internet to enable customers to carry out their banking needs are known as electronic banking services.

Ex. Home banking, tele banking (2 marks for explaining with an example)

b.

- Withdrawal of cash using the teller card
- depositing cash in the account.
- transferring funds from one account to another.
- ability to check the balance in the account.
- availability of bill payment facilities. (2 marks)

ii.a. Drawing two parallel lines across the face of the cheque or stating the name of a commercial bank is known as crossing a cheque. (2 marks)

b.

1. Governor of central Bank

2. Consists of six appointed members. (2 marks)

iii. a.

- Idea of legal obligation
- insurance offer or proposal.
- Acceptance
- legal validity
- Ability to have legal obligation by parties.(2 marks)

b. Dividing the risk of a property, which is of higher value into several insurance companies and handing over the risks to several insurance companies and in case of an accident to the property the loss will be compensated by the companies to the amount they have undertaken is known as underwriting. (2 marks)

iv.a.

- Full option policy
- Total loss policy
- Port risk policy
- maintenance policy
- construction all risk insurance policy (2 marks)

b. Insuring the liability for the losses caused to other parties is known as liability insurance. (2 marks)

V. i. a.Communication can be defined as sending and receiving information, understanding and sharing information from one party to another or many parties. (2 marks)

b.

- To exchange ideas between parties at businesses.
- to maintain employer employee relationship.
- to manage human and physical resources well.
- for marketing promotional activities.(2 marks)

7.i.a. Communication that achieves the desired goals. (2 marks)

b.

- Correctness - Never give wrong information.
- Brevity - Briefly providing information.
- Completeness - As all details are included. (Two marks to show 2 characteristics with examples)

ii.a.

- Poor knowledge about the use of modern technical methods.
- external barriers occur in the use of communication equipment.
- use of outdated communication systems.
- Barriers that occur in the process of the communication means.
- weaknesses that exist in the communication plans.(2 marks for4)

b.

- It is possible to provide information in greater detail.
- can be used as a proof for the transmission and receipt of the information.(2 marks for 2)

iii.

- Sender – Suranga
- Encoding - Setting the message as a WhatsApp message.
- Message -Ordering 500 kg of potatoes.
- Decoding - understanding the Bandara message.
- Receiver – Bandara
- Response - Workers are told to prepare five hundred kilos of potatoes
- Feedback - Suranga was notified via WhatsApp that order could be given.(2 marks for 8 elements and 2 marks for examples)

iv.a.Train (1/2 marks)

<u>Advantages</u>

- The ability to transport many passengers and a large volume of stock at the same time.

- being safer than highway transportation.
- Carriages can be organised as per the nature of the goods.
- being cheaper when compared with other modes of transportation.(11/2 for 3 points)

b. <u>For individuals</u>

- To create and maintain social connections.
- For employment and tourism.
- for recreational purposes.
- for research exploration and educational activities.

<u>For the bisinessman</u>

- To obtain raw materials at the required time.
- To make finished goods available at the time it is required.
- to get the staff to attend to work on time.
- to maintain business connections.
- for the expansion of the market.

<u>v. a.</u> Warehousing is a process of storing and per serving stocks from the time of buying or manufacturing until they are sold or used or distributed. (2 marks)

b.

- Forklift
- pallet jacks
- conveyor belts
- forklift truck (2 for 4)

8.i.a.

- High profit margins lead to price increases.
- artificial shortages of goods.
- creating a monopoly situation.
- increasing the quantity by lowering the quality of goods.
- protesting against controlled prices. (1/2 for 4)

b.

- Cash sales
- Credit sales
- Hire purchase
- Lease
- tender
- Auctions (1/2 ×4=2)

ii.a.

1. Bi-lateral agreement
2. Multilateral agreement (1 mark)

iii.

- NAFTA
- SAFTA
- APTA
- Pakistan Sri Lanka Free Trade Agreement. (1×3=3)

iii.A - Export factoring is a solution to the major problem faced by exporters in collecting their dues, whereby the task of collecting the money due to the exporter is delegated to an agent. The agent is authorized to do so on the basis of a commission.

- Certificate of origin - Certificate issued by the Board of Investment of Sri Lanka or the Ministry of Industry confirming that the fabric exported to the European Union was manufactured in Sri Lanka.

iv.a.

- Limiting imports quotas
- limiting exports quotas
- the prohibition of imports exports
- trade agreements
- stringent exchange policies.

b. Trade embargoes are policy measures imposed by one or more countries to pressure or punish another country, organization, or individual. These measures include trade restrictions, financial penalties, and other methods. (2marks)

v.

- Removing non-tariff barriers to free trade.
- Increasing cooperation between countries.
- Securing a permanent market for their country's products through trade agreements.
- Due to a fixed price, the disadvantages of price fluctuations are minimized.
- Every member country has equal privileges.
- Global financial cooperation is enhanced and financial stability is ensured. (1×4=4)