



**Term Examination G.C.E. (A/L) – 2019 July**  
**conducted by Field Work Center, Thondaimanaru in collaboration**  
**with Provincial Department of Education, Northern Province**

Grade 12 (A/L) 2020

***Business Studies***

Marking Scheme

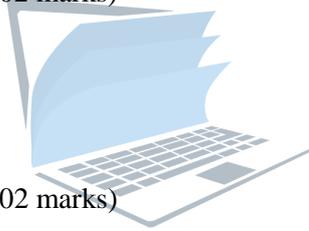
**Part I**

Q.No.	Answer Number	Q.No.	Answer Number	Q.No.	Answer Number
01	(3)	06	(3)	11	(5)
02	(2)	07	(4)	12	(3)
03	(4)	08	(1)	13	(2)
04	(1)	09	(5)	14	(5)
05	(4)	10	(2)	15	(1)

(15 × 2 = 30 marks)

16. (a) Electronic trade            ½ mark  
      Electronic business        ½ mark  
      (b) Manufacturing industry        ½ mark  
          Construction industry        ½ mark
17. (a) Electricity facility, road maintenance        ½ mark  
      (b) Television, conducting trade complex        ½ mark  
      (c) Monetary policy, fiscal policy, acts related to business, environment policy        ½ mark  
      (d) Consumer related acts, quality standards act, acts related to private bus passengers, approving building constructions        ½ mark  
(Give marks for any other relevant examples.)
18. (a) False            ½ mark  
      (b) True            ½ mark  
      (c) True            ½ mark  
      (d) False            ½ mark
19. (a) Bearer cheque            ½ mark  
      Endorsement            ½ mark  
      (b) Reinsurance            01 mark
20. (a) Sanitary certificate / Health certificate        ½ mark  
      (b) Clean bill of lading            ½ mark  
      (c) Wharf receipt            ½ mark  
      (d) Certificate of origin            ½ mark

21. 1. Barter system  
2. Use of money  
3. Industrial revolution  
4. Information economy (4 × ½ = 02 marks)
22. 1. Profit generating objective  
2. The existence of the business activity  
3. Existence of individuals  
4. Having a mutual relationship (4 × ½ = 02 marks)
23. 1. Owner of card  
2. The bank or financial institution which provide card  
3. Business organizations which accept card  
4. Car Association (4 × ½ = 02 marks)
24. 1. Producer  
2. Whole trader  
3. Retail trader  
4. Consumer (4 × ½ = 02 marks)
25. 1. Import trade  
2. Export trade  
3. Re-export  
4. Entrepport trade (4 × ½ = 02 marks)



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## PART II

### Question No. 01

(i) (a) **Direct production:**

Athavan uses vegetables, grains and fruits for his family consumption. Producing goods for own consumption is called direct production.

(b) **Indirect production:**

Grains vegetables and fruits cultivated by Athavan are sold to retail traders by him. Market oriented production is called indirect production.

(c) **Primary production:**

Grains, fruits and vegetables cultivated by Athavan are included in primary production. Extracting goods from the nature to fulfill human needs without any modification in its natural form is called primary production.

(d) **Tertiary production :**

Involving in whole trade activities and using transport for those activities by Athavan. All service providing businesses are tertiary production.

(4 × ½ = 2 marks)

(ii) 1. Owner – Shakthi

2. Manager – Karan / Shakthi's friend

3. Employees – Employees in contract business of shakthi

4. Government

5. Raw material supplier

6. Customers / the people who make agreement with the business

7. Finance providers

8. General public

(4 × ½ = 2 marks)

(iii) A – Administration

B – Marketing

C – Information management activities

D – Research and development activities

(4 × ½ = 2 marks)

(iv) (a) **Social and cultural environment:**

Social and cultural environment factors such as individual beliefs, values, social ethics, customs affect the life style of consumers directly. Demand for goods and services are determined according to those factors. (01 mark)

(b) **Demographic environment:**

Main factor influencing business activities is population. Population means consumers. Demand for goods and services are determined by consumers. Size of population, growth rate of population, age structure, gender ratio, race, family structure, life style etc. influence on business activities. Labour market depends on demographic environment. (01 mark)

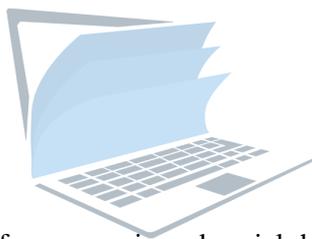
- (v) 1. Customers
  - 2. Supplier
  - 3. Competitors
  - 4. Substitute producers
  - 5. Potential investors
- (4 × ½ = 2 marks)

**Question No. 02:**

- (i) 1. Requirement and importance of code of ethics can be expressed to employees.
  - 2. Favour of stakeholders can be obtained.
  - 3. Recognition of general public
  - 4. Increase of business image
  - 5. Increase of market share and increase of sales and profit
- (4 × ½ = 2 marks)

- (ii) (a) Employees:
    - 1. Good relationship between employees and banks
    - 2. Increase of employees' job security
    - 3. Respect and recognition of employees can be obtained.
- (2 × ½ = 1 mark)

- (b) Owners (shareholders):
    - 1. Increase of profit
    - 2. Motivation for business
    - 3. Increase of bank's goodwill
- (2 × ½ = 1 mark)



(iii) Infrastructure facilities are important for economic and social development of any country. Without those infrastructure facilities, business activities cannot be carried out and individuals will not come forward to start business activities. Private sector does not have enough amount of capital to provide those facilities. These infrastructure facilities are required for business activities such as production, distribution and sales. Private sector investors are encouraged to invest in the business activities, as government provides those infrastructure facilities.

(02 marks for complete answer)

- (iv) (a) 1. As tax is charged on import, imports are controlled, local production can be increased and can be protected.
  - 2. As government spends for infrastructure from tax income, business activities can be carried out easily.
- (2 × ½ = 1 mark)

- (b) The expenses made by government for long term investment activities are called capital expenses.
- (½ mark)

e.g.: Road construction  
 Bridge construction (½ mark)

- (v) (a) 1. Consumer Affairs Authority
  - 2. Sri Lanka Standard Institution
  - 3. Department of Measurement units, Standard and Services
  - 4. Central Environmental Authority
  - 5. Office of Divisional Medical Officer of Health
  - 6. District Secretariat
- (2 × ½ = 01 mark)

- (b) 1. Competitions can be faced easily.
2. Market share can be expanded, as government gives priority to purchase SLS marked goods.
3. To obtain advantages than the businesses which do not have SLS mark.
4. Acceptance of goods increases, as consumer needs and legal needs are included in quality standards.
5. Decrease of raw material waste and increase of effectiveness
6. Good business image (2 × ½ = 01 mark)

**Question 03:**

- (i) (a) Sole proprietorship (01 mark)
  - (b) Risk of selling own properties to settle debts of business organization is 'unlimited liability. (01 mark)
  
  - (ii) (a) Incorporated companies (01 mark)
  - (b) It should be registered under Companies Act No. 7 of 2007 at Companies Registrar Office. (01 mark)
  
  - (iii) 1. Being an independent organization
  2. Consist of a group of individuals who have got together voluntarily.
  3. Collective ownership its members
  4. Having common needs and expectations
  5. Democratically controlled business
  6. Value of a share is unchanged
  7. Having one vote for each member (one man one vote)
  8. Any surplus that is earned will be distributed to the members according to the value of the transaction each member has performed with the co-operative society
  9. Profit making is not initial objective. (4 × ½ = 02 marks)
  
  - (iv) (a) 1. Franchisor
  2. Franchisee (2 × ½ = 01 mark)
  
  - (b) 1. Conducted under provincial councils, urban councils, Pradesiya sabhas
  2. Ownership being with the respective local government authority
  3. Necessary funds being allocated through the respective local authority or the central government
  4. Being administrated by the local government authority (2 × ½ = 01 mark)
  
  - (v) 1. Increase in national production, as innovations are generated through entrepreneurship.
  2. Increase in the level of employment through producing new employment opportunities.
  3. Economic development becomes faster through producing new employment opportunities.
  4. Increase in economic development through expansion of business activities and generating of new competitive markets.
  5. Increase in demand for regional resources that are being used.
  6. Creating an economic development as new businesses are created.
- (02 marks for the above complete answer)

**Question 04:**

- (i) 1. Financial problems  
2. Difficulties in facing market competitions  
3. Weakness of management  
4. Less entrepreneurial skill  
5. Lack of infrastructure facilities  
6. Lack of new technological knowledge and difficulties in using new technological knowledge  
(4 × ½ = 02 marks)
- (ii) (a) 1. Short term and long term loans  
2. Financial loans  
3. Tax concessions  
4. Refinancing facilities (2 × ½ = 01 mark)
- (b) 1. Industrial Development Board  
2. Export Development Board  
3. Sri Lanka Standard Institution  
4. National Development Bank  
5. Industrial Technology Institution (2 × ½ = 01 mark)
- (iii) 1. Generally accepted / Having a general recognition  
2. Durability  
3. Difficulty in imitation  
4. Easy movability  
5. Easy identifiability / Easy to identify / Homogeneity  
6. Ability to divide into small units / Divisibility (4 × ½ = 02 marks)
- (iv) (a) The financial institutions which accept current account and other deposits, have ability to create money and involve in foreign exchange transactions are called licensed commercial banks.
- The financial institutions which accept term deposits, provide loans and investment facilities and not to accept current deposit and not to involve in foreign exchange transactions are called specialized financial institutions.
- (01 mark for two differences)
- (b) A unit trust is an investment fund that has been raised through the sale of units to investors. (01 mark)
- (v) (a) 1. Purchase and sales of securities  
2. Standing order facilities  
3. Collection and settlements of debit securities  
4. Settling electricity bills and water bills (2 × ½ = 01 mark)
- (b) 1. Withdrawing money from account using teller cards  
2. Money can be deposited in the accounts.  
3. Transferring fund from one account to another  
4. Inquiry of account balance  
5. Bills payment facility (2 × ½ = 01 mark)

**Question 05:**

- (i) (a) Sri Lanka Worldwide Interbank Financial Telecommunication (01 mark)
- (b) 1. Bank overdraft facilities  
2. Loan  
- Business loan  
- Consumer loan (2 × ½ = 01 mark)
- (ii) (a) Payee account only  
People's Bank, Kokuvil (01 mark)
- (b) 1. When the cheque is deposited.  
2. When the cheque is endorsed, if it is order cheque.  
3. When the cheque is encashed directly at bank counter, if it is without crossing. (2 × ½ = 01 mark)
- (iii) (a) Proximate cause (01 mark)
- (b) 1. General liability insurance  
2. Product liability insurance  
3. Employer liability insurance (2 × ½ = 01 mark)
- (iv) 1. Weak knowledge in the use of new technical methods  
2. External barriers in using communication equipment  
3. Using old communication methods  
4. Barriers in communication way  
5. Weakness in planning communication  
6. Problems in knowledge, language and attitude  
7. Barriers in external environment (4 × ½ = 02 marks)
- (v) (a) 1. Way – Highway, railway, airway  
2. Medium – Bus, private motor vehicle, train, aircraft  
3. Terminal – Bus stand, Railway station, airport (3 × ½ = 1½ marks)
- (b) Highway transport (½ mark)

**Question 06:**

- (i) (a) 1. Warehouse can be organized well.  
2. Packed products and employees can be protected.  
3. Decrease in difficulties and time save in handling and retrieving goods  
4. Space of warehouse can be saved.
- (b) Gas slender (For relevant example 01 mark)

- (ii) 1. Automated sales  
2. Prices of goods are marked.  
3. Self-choice facility  
4. Use of credit card and debit card  
5. Facility of returning goods, if not satisfied  
6. Attractive and clean  
7. Vehicle parking facility  
8. Banking facility  
9. Good physical environment  
10. Various promotional methods  
11. Availability of various variety of goods under one roof  
12. Opening long time (4 × ½ = 02 marks)

- (iii)(a) 1. The inequality distribution of natural resources  
2. Relative cost advantage  
3. Retaining a legal monopoly in some countries with regard to some products  
4. Good promotion  
5. Trade barriers being minimized (2 × ½ = 01 mark)

(b) Entrepot trade (01 mark)

- (iv) 1. Spread of foreign trade all over the world through e-commerce  
2. Establishment of new trade zones and trade partnerships to accelerate the economic development and to face the economic challenges / crisis effectively.  
3. To channel a country's resources towards a diversification of production followed by an advanced technology instead of being restricted to traditional exports  
4. Leaning towards foreign trade policies to encourage higher value added products  
5. Attention being placed currently towards the Sri Lanka export packages (4 × ½ = 02 marks)

- (v) 1. Meeting of buyers and sellers through the internet  
2. Organizing of the trade transactions  
3. Conducting of buying and selling affairs  
4. Settling the payment relevant to the transaction (4 × ½ = 02 marks)