



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

Time : 3 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 the questions No. **1 – 15** and write its number on the dotted lines given.
- Write short answers for the questions No. **16 – 25** on the dotted lines given.
- Each question carries **two** marks.

Index Number:.....

For examiner's use only

Q.No.	Marks
1 – 30	
31 – 50	
TOTAL	

01. The names of five businesses which fulfill human needs are given below.

1. 'Suvaiyaruvi' ice-cream shop
2. Bata sales center
3. Appollo Private Hospital
4. Sri Lanka Telecom
5. Sri Lanka Transport Board



Select the answer which shows the needs fulfilled by the above businesses respectively.

- (1) Food, foot-wear, health, communication, transport
- (2) Ice-cream, foot-wear, medicines, network facility, luxury bus
- (3) Food, cloth, health, communication, transport
- (4) Ice-cream, foot-wear, health, communication, transport
- (4) Sarbath, shoe, medical test, fax, bus (.....)

02. Some strengths of internal environment forces are given below.

- A – Ability to take correct decision
- B – More financial ability
- C – Good attitude
- D – Appropriate division of work
- E – Possession of required quality
- F – Appropriate organizing
- G – Being more trained and experience

Select the answer which contains the strengths of organizational culture.

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

03. An example for 'Replace' according to 4R concepts for sustainable development is,

- (1) converting discarded vehicles into iron bars
- (2) using silver water bottles instead of plastic bottles
- (3) not using the degradable polythene for packing
- (4) cultivating fruit plants by a business which produces fruit juice
- (5) producing new papers using old papers (.....)

- 04.** Out of the following, an indirect tax is,
 (1) production tax (2) income tax (3) company tax
 (4) withholding tax (5) capital gain tax (.....)
- 05.** Which of the following business organizations is belonging to private sector, having limited liability and legal personality and can be started by a single person is,
 (1) sole proprietorship (2) partnership (3) co-operative society
 (4) incorporated company (5) franchise business (.....)
- 06.** Which of the following cannot be considered as a characteristic of state corporation?
 (1) Establishment under special act or general act
 (2) Having legal personality
 (3) Democratic administration and control
 (4) Management by board of directors
 (5) Full ownership or more ownership comes under government (.....)
- 07.** An individual advantage (personal advantage) which can be obtained by entrepreneur through entrepreneurship is,
 (1) creation of employment opportunities (2) use of regional resources
 (3) expansion of market share (4) increase of social status and recognition
 (5) increase of Gross Domestic Product (.....)

08. Some state organizations and the incentives provided by those organizations are given in the following table.

X	Y
1. National Entrepreneurship Development Authority (NEDA)	A – Awarding best entrepreneurs
2. Small and Medium Entrepreneurship Board	B – Conducting entrepreneurship training and development programme
3. Industrial Development Board	C – Providing foreign market facilities
4. Sri Lankan Council of Small and Medium Industries	D – Providing technical knowledge

Select the answer which shows the correct order incentives according to the order of state organizations.
 (1) B, C, D, A (2) B, C, A, D (3) B, D, C, A
 (4) D, A, B, C (5) A, D, B, C (.....)

- 09.** Some functions carried out by Central Bank of Sri Lanka to achieve its objectives are given below.
 A – Manipulating monetary policy
 B – Supervising banks and non-banking institutions
 C – Public Debt Management
 D – Implementing foreign exchange policies
 E – Foreign exchange control
 F – Management of employee trust fund
 G – Issue and distribution of currency in use
 Out of the above functions, the number of main functions of Central Bank of Sri Lanka are,
 (1) 3 (2) 5 (3) 6 (4) 2 (5) 4 (.....)

10. The principle of insurance which implies that only amount will be provided as compensation to bring the damaged property to the condition before occurrence of damage is,
- (1) insurable interest (2) indemnity (3) utmost good faith
(4) subrogation (5) contribution (.....)
11. Out of the following, written, internal and non-electronic communication medium is,
- (1) electronic display board, report (2) e-mail, memo
(3) fax, poster (4) letter, banner
(5) memo, notice board (.....)
12. A required factor for a balanced development in transport is,
- (1) use of fast and security transport mode
(2) development of high ways, expressways, water ways etc.
(3) development of ways (routes), terminals, medium and power
(4) development of harbour, airports, bus and railway stations
(5) use of modern buses, trains, aircrafts ships (.....)
13. Select the correct statement from the following.
- (1) The process of transferring ownership of goods between buyers and sellers is called commerce.
(2) The agent who carries out purchase and sales transactions on behalf of principal in his name is called factor agent.
(3) Selling goods to final consumer is called whole trade.
(4) Exporting the imported goods to other countries with minor changes at harbour or without any changes, without bringing into the country.
(5) License should be obtained from Custom Department for import of some goods. (.....)
14. Some features of whole trade and retail trade are given below.
- A – Providing trade discounts
B – Selling various variety of goods
C – Analyzing market
D – Purchasing goods for resale
E – Maintaining close relationship with customers
F – Selling goods for final consumption
- Select the answer which shows the feature of whole trade only.
- (1) B, E, F (2) A, B, E (3) A, B, C
(4) B, C, D (5) A, C, D (.....)
15. Out of the following advantages of e-trade, select an advantage relevant for a business.
- (1) expansion of market share
(2) transaction can be carried out fast
(3) easiness of transport
(4) obtaining market information
(5) comparatively low prices of goods (.....)

● **Fill the blanks in the questions 16 – 20, using appropriate words.**

16. (a) Undertaking purchase and sales activities through internet is called
and undertaking all business activities through internet is called
- (b) When businesses are classified according to nature of production,
and are included under secondary production.

17. The ways government influences on businesses are given below. Write one example for each in the dotted lines given.

- (a) Providing infrastructure facilities:
- (b) Acting as competitor:
- (c) Acting as a policy maker:
- (d) Acting as a regulator:

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

- (a) Any incorporated company can collect capital by issuing shares to public. (.....)
- (b) The first step of entrepreneurial process is discovery. (.....)
- (c) 'Sahanya' loan scheme is a scheme for small medium entrepreneurs implemented by Asian Development Bank. (.....)
- (d) Fixed deposits and saving deposits at commercial banks in the name of people, treasury bills and commercial papers are bank money. (.....)

19. (a) The cheque where the words "or bearer" are not cut off is called
And certifies that the entitlement of cheque is legally transferred to another person.
- (b) Insuring back a risk accepted by an insurance company at another or other insurance companies by the particular insurance company is called as

20. Some objectives of providing international trade documents are given below. Write the name of document related to those objectives.

Objectives	Documents
(a) The document provided by an authorized institution certifying the suitability for consumption of some agricultural goods to be exported.
(b) The document provided, if the goods handed over to load into ship are in good condition.
(c) The document provided by Custom Department certifying that the goods have been taken over, after goods are handed over to Custom Department.
(d) The document provided by authorized Chamber of Commerce or a state institution to certify particular goods have been produced in the particular country.

● **Write short answers for the questions 21 – 25 in the dotted lines given.**

21. State four important stages of evolution of business.

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

22. State four essential characteristics that must be in a partnership business.

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

23. State four parties involved in e-money transactions.

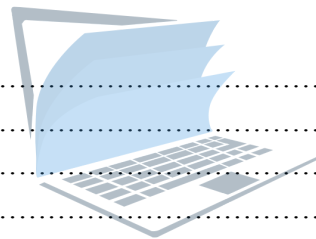
- (1)
- (2)
- (3)
- (4)

24. Write four parties involved in the movement of goods from completion of production process up to final consumption (outbound logistics).

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

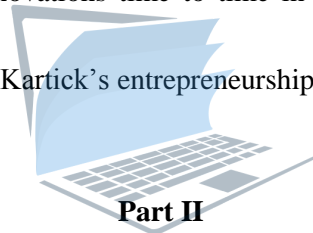
25. State the types of foreign trade.

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



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- 03.** (i) Chitra has taken over the business done by her mother long time. The business involved in selling food items produced with local products. Chitra introduced some modernizations and she created various divisions in the business according to various types of food. Initially sales and profit of the business increased, but because of her careless supervision activities, the business began to obtain loss. As a result, There were financial and managerial problems, at last, she was unable to settle her debts.
- (a) According to the information given, to what type of business does Chitra's business belong to?
 (b) Explain what is meant by "unlimited liability", considering Chitra's business. (02 marks)
- (ii) Kumanan requires advices from you regarding a business organization which has 'continued existence', 'can collect more capital' and has 'limited liability'.
- (a) State the type of business organization which can be started by Kumanan.
 (b) If the above business is registered, provide the act under which it should be registered and write where it should be registered. (02 marks)
- (iii) Mention four special characteristics of co-operative societies. (02 marks)
- (iv) (a) State two parties related to franchise business.
 (b) Write two characteristics of businesses under local government authorities. (02 marks)
- (v) Kartick produces coir products using coconut shells easily available in his areas, appointing ten employees. As he introduces innovations time to time in his coir products, his demand and profit increased.
- Explain the relationship between Kartick's entrepreneurship and economic development using the fact given above. (02 marks)



Part II

- 04.** (i) Most of small businesses are closed within a short time period from their beginning. State the reasons for it. (02 marks)
- (ii) (a) Write two financial incentives provided by government to promote small and medium businesses.
 (b) Name two state institutions which provide incentives to small and medium scale businesses. (02 marks)
- (iii) Discuss the characteristics of good money considering currency notes and coins used in Sri Lanka. (02 marks)
- (iv) (a) How do Licensed Specialized Banks differ from Licensed Commercial Banks?
 (b) What is meant by 'Unit Trust'? (02 marks)
- (v) (a) Commercial banks provide agency services to customers. Write such two services.
 (b) Write two advantages of automated banking services which can be obtained by customers. (02 marks)
- (Total 10 marks)*
- 05.** (i) (a) Write the name of the communication network related to international money transfer between banks.
 (b) Write two lending services provided by commercial banks. (02 marks)
- (ii) (a) Ragul has to pay Rs. 100 000 to Siva. Ragul has current account at Bank of Ceylon, Mulliawala branch and Siva has current account at People's Bank, Kokuvil branch. Ragul decides to make payment to Siva by a cheque with high security. Explain how he can draw the cheque.
 (b) State the circumstances where endorsement is required for a cheque. (02 marks)

(iii) (a) Kumaran's business which obtained an insurance cover for the risk of fire and explosives, damaged due to terrorists' activities. When Kumaran claimed the compensation for this damage, the insurance company rejected to offer the compensation. Write the insurance principles which caused this situation.

(b) Write two liability insurance policies which can be obtained under liability insurance. (02 marks)

(iv) State four barriers in an efficient communication. (02 marks)

(v) Mithura travelled to India to follow a scholarship programme for a course. She first travelled from her village Achuvely to Jaffna Railway Station by bus. Thereafter, she went to Colombo by train, then to Bandaranayake International Airport by a private motor vehicle. Then, she caught flight to India.

(a) State elements of transportation used by Mithura with examples from the above fact.

(b) Write the transportation method which 'spread all over the country' and 'can be used any time', amongst transportation methods used by Mithura. (02 marks)

(Total 10 marks)

06. (i) (a) Provide two advantages of using equipment in storing and moving the goods systematically in the warehouse.

(b) Various logistic systems can be used in accordance with nature of business organizations and nature of production. Write one example for reverse logistic system. (02 marks)

(ii) Super markets which were popular in urban areas in past times are becoming popular in rural areas too at present. Give four reasons for popularity of super markets. (02 marks)

(iii) (a) Provide two factors which provide basis for international trade.

(b) What do you mean by 'trade bloc'. (02 marks)

(iv) Provide four new trends in international trade. (02 marks)

(v) State the procedure of electronic trade in order. (02 marks)

(Total 10 marks)

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