



Term Examination G.C.E. (A/L) – 2022
conducted by Field Work Center, Thondaimanaru in collaboration
with Provincial Department of Education, Northern Province

Grade 12 (A/L) 2022

Business Studies I

Time : 3 hours & 10 Min.

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 – 15	
16 – 25	
TOTAL	

01. Some statements are given below.

- A – An individual sells his own land to another person.
 B – A person who produces yogurt sells his products to retail traders.
 C – A father donates a plot of land to his son.
 D – A hairdresser cuts hair of a school student.
 E – A mother uses vegetables of her home garden for daily food preparation.

Out of the above, select the answer which contains the statements which can be considered as business activity.

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

02. Five state organizations which fulfill needs and wants are given below.

- A – Sri Lanka Telecom B – Sri Lanka Insurance
 C – Osusala D – Sri Lanka Transport Board
 E – Lanka Salusala Ltd.

Select the answer which contains the correct order of needs fulfilled those state organizations.

- (1) A – Communication, B – Security, C – Health, D – Transport, E – Cloth
 (2) A – Communication, B – Health, C – Security, D – Transport, E – Cloth
 (3) A – Communication, B – Cloth, C – Health, D – Transport, E – Security
 (4) A – Security, B – Communication, C – Health, D – Transport, E – Cloth
 (5) A – Transport, B – Security, C – Health, D – Communication, E – Cloth (.....)

03. Some weaknesses of internal environment are given below.

- A – Less number of persons
 B – Having adverse work habit
 C – Having a positive evaluation and value system
 D – Having conflicts among roles
 E – Having negative attitude

Select the answer which contains the weaknesses of employees.

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

04. Main composition (pillars) of sustainable development are given in column X and the activities to be carried out by the businesses to assure those sustainable development are given in column Y in the following table.

Column X	Column Y
A – Economic sustainable development	1. Generating employment opportunities
B – Environment sustainable development	2. Respecting human diversification
C – Social sustainable development	3. Equality
	4. Introducing innovation
	5. Waste management
	6. Purchase of environment friendly product

Select the answer which contains the correct matching of the items given in column X and in column Y.

- (1) A – 1/6, B – 2/5, C – 3/4 (2) A – 1/4, B – 4/6, C – 2/3 (3) A – 1/4, B – 5/6, C – 2/3
 (4) A – 1/2, B – 3/4, C – 5/6 (5) A – 5/6, B – 3/4, C – 1/2 (.....)

05. Some statements related to business organizations are given.

A – Business organizations obtain legal personality by registering under related act.

B – State departments have legal personality.

C – Tharshana Company Ltd is a non-listed company.

D – Companies limited by guarantee do not issue the shares and do not provide dividend.

E – The combination between timber producer, furniture producer and furniture seller is a vertical combination.

Select the answer which contains the correct statements from the following.

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

06. Some business organizations are given in column X and some of their features are given in column Y in the following table.

Column X	Column Y
1 – Road Development Authority	A – Franchise business
2 – Livestock farmers Co-op Society	B – Minimum number of directors is one.
3 – Lanka Clear (Pvt) Ltd.	C – Management by board of directors
4 - KFC	D – Not-for-profit organization under private sector

Select the answer which have the correct order of items in column Y according to the order of items in column X.

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

07. Which of the following is an advantage of entrepreneurship for an entrepreneur?

- (1) Expansion of market share (2) Generation of new employment opportunities
 (3) Social recognition (4) Increase of Gross Domestic Production
 (5) Use of regional resources (.....)

08. Some organizations which provide the criteria used to identify small businesses and the criteria they provided are given in column X and in column Y respectively in the following table.

Column X – Organizations	Column Y – Criteria
1. Industrial Development Board	A – The businesses not exceeding the capital invested Rs. 20 million
2. Industrial Development Ministry	B – The businesses using power less than 50 Kilowatts
3. Census and Statistic Department	C – The businesses not exceeding the capital invested Rs. 4 million
4. Central Bank of Sri Lanka	D – The businesses having employees less than 25

What is the answer which have the correct order of the criteria given in column Y in accordance with the order of organizations given in column X?

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

09. Some functions of Central Bank of Sri Lanka are given below.

- A – Implementing monetary policy
 B – Directing foreign exchange rate
 C – Foreign exchange control
 D – Issue of legal tender
 E – Public debt management
 F – Management of Employees Trust Fund

Out of the above functions, the representative functions are,

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

10. **Statement A:** Important and complex information can be communicated through verbal communication.

Statement B: In addition to verbal communication, it is necessary to communicate that information through written communication.

From the above statements,

- (1) A is correct but B is incorrect.
 (2) A is incorrect but B is correct.
 (3) Both A and B are incorrect.
 (4) A and B are correct and A is further described through B.
 (5) Both A and B are incorrect. (.....)

11. The following table shows the insurance principles and their descriptions.

Principles	Descriptions
1. Insurable interest	A – The direct cause related to the loss incurred to the property insured
2. Utmost good faith	B – The legal right of a person to insure the life or the property
3. Indemnity	C – The right of insurer to collect the compensation from the third party who made the damages the property insured
4. Proximate cause	D – Disclosure of information by insured and insurer in relation to insurance policy
5. Proximate cause	E – The insured can obtain the compensation only for the value of loss incurred

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

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

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

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

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

(.....)

12. The logistic which has heavy outbound logistic and simple inbound logistic is,

(1) Heavy Inbound Logistic System

(2) Balanced logistic system

(3) Heavy Outbound Logistic System

(4) Reverse Logistic System

(5) Inbound Logistic System

(.....)

13. Select the statement which clearly shows retail trade activity from the following.

(1) Mangala furniture selling business purchased a certain set of furniture from Nilkamal furniture suppliers.

(2) A pharmacy purchased safety face masks from a local supplier.

(3) A building contractor purchased cement bags required for building works.

(4) 'Sooryodhaya Sports Club' purchased 200 kg of rice for annual Wesak arms giving.

(5) A stationery shop purchased required stationery items from a Colombo supplier.

(.....)

14. The documents used in international trade are given in column X and their descriptions are given in column Y in the following table.

Column X – Documents	Column Y – Descriptions
1. Indent	A – The document which certifies the country where it is produced.
2. Certificate of Origin	B – The document issued by Customs Department to exporter assuring goods have been taken over
3. Letter of Credit	C – An order provided to exporter to send the specified goods
4. Wharfinger's receipt	D – An assurance for the payment on import

Select the answer which has the correct order of the descriptions given in column Y in accordance with the order of documents given in column X.

(1) C, A, D, B

(2) B, D, A, C

(3) C, A, B, D

(4) D, C, A, B

(5) B, A, D, C

(.....)

15. The forms of e-business are given in column X and examples are given in column Y in the following tables.

Column X	Column Y
A – B2B	1 – Payment of EPF by a business
B – C2C	2 – Placement of order by a footwear seller through e-mail to his supplier
C – B2G	3 – Sri Lanka Interbank Payment System (SLIPS)
D – G2B	4 – Transactions by e-bay

Select the answer which correctly matches the forms of e-business given in column X and examples in given column Y.

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

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

16. (a) Other businesses which provide the goods and services similar to those of a business are called the businesses which provide alternative goods and services to those of a business are called
- (b) Consumers’ knowledge and their income create for some businesses and create for some businesses.
17. (a) denotes the equal distribution of gross domestic product of a country among its population. Further, all the persons who are willing to provide their labour involve in service providing and occupying all economic resources in efficient production activities is called
- (b) Import can be by imposing tax and local production can be
18. (a) Ownership of a sole proprietorship business is and is high on the business for creditors.
- (b) has the authority to remove the cross lines in the cheque and the drawee of a cheque is always
19. (a) and are the sub principles of indemnity.
- (b) of legal tender is high in comparing with bank money and money is an income earning asset.
20. (a) and are two types of insurance.
- (b) The method of reacting of receiver regarding the message received is known as Further the communication between a business and other businesses and its customers is called as communication.

● **Write the short answer for the questions 21 – 25.**

21. Write four new trends in the business due to information technology at present.
- (1) (2)
 (3) (4)
22. Provide any four of income tax classification of government.
- (1) (2)
 (3) (4)
23. Provide the essential characteristics of partnership business.
- (1) (2)
 (3) (4)
24. Write the four financial institutions included under ‘market intermediaries’ classified under specialized financial institutions.
- (1) (2)
 (3) (4)
25. State new technologies which can be used by retail business as new trends.
- (1) (2)
 (3) (4)



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Business Studies II**Instructions:**

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

Part I

- 01.** (i) Neela who has long term experience in apparel industry, designs and produces the garments herself for her need and supplies some garments items to the nearest textile shop.
 Write the examples for the following from the above passage.
- | | |
|-------------------------|------------------------|
| 1. Direct production | 2. Indirect production |
| 3. Secondary production | 4. Tertiary production |
- (02 marks)
- (ii) Shiyam who worked in a printing company abroad and returned to Sri Lanka, started a printing business appointing Dishani who has experience and interest computer designs, as manager.
 Explain separately how Shiyam and Dishani can influence on the success of business. (02 marks)
- (iii) Macro environment forces create opportunities and threats through affecting task environment.
 Justify the above statement citing examples. (02 marks)
- (iv) Categorizing wastes and producing another product is called recycle. State two types of recycle with examples. (02 marks)
- (v) Rohini who conducted a business producing hand bags for women, is interested in fulfilling social responsibility. State separately the social responsibilities to be fulfilled by her in favour of customers and society. (02 marks)
- (Total 10 marks)**
- 02.** (i) All businesses involve in fulfilling human needs and wants. However, there are adverse impacts of business activities. State four such adverse impacts. (02 marks)
- (ii) The government which implemented quarantine curfew to control Covid-19 pandemic, made the following activities to protect consumers and to control shortage of goods.
1. Sugar was issued through Sathosa at a determined price to eliminate shortage for sugar.
 2. The government determined control prices for some essential goods and asked to inform about the traders who violated this control prices through a hotline 1977.
 3. Paddy was purchased from farmers at a fair price.
 4. Vehicle import was controlled to maintain stock of foreign currency and unnecessary state expenses were controlled.
- Identify the relevant roles of government to influence businesses in relation to each of the above. (02 marks)
- (iii) Classify the following income and expenditure of government into tax income, non-tax income, current expenditure and capital expenditure
- | | |
|---|--|
| Port-city construction expenses | Public Health Inspector salary |
| Cost of Covid-19 vaccine | Income tax |
| Motor vehicle driving license revenue and charges | Withholding tax |
| Lottery ticket sales income | Construction cost of Colombo Lotus Tower |
- (02 marks)

- (iv) (a) State separately the objectives of fiscal policy and monetary policy of government.
 (b) State the impact on the profit as 'increase' or 'decrease' due to the following activities because of implementation of monetary policy.
1. When Central Bank reduces interest rate (bank rate)
 2. When Central Bank reduces Cash Reserve Ratio (02 marks)
- (v) Explain how a 'rational consumer' acts in market. (02 marks)

(Total 10 marks)

03. (i) Yamini went to a business which sells various varieties of fruits in packed bags. When she tried to check fruits to purchase, she was prevented by the seller to check fruits. Then, when she asked for information about the production place of fruits, seller denied to offer them. Yamini was suspicious and then complained to relevant Office of Regional Medical Officer of Health about that business.

State separately the consumer rights that seller denied and the consumer rights that Yamini applied against the seller. (02 marks)

- (ii) (a) What do you mean by 'Partnership'?
 (b) What is meant by Mutual agency of partnership? (02 marks)
- (iii) Provide the special features of incorporated companies. (02 marks)
- (iv) (a) What is meant by Certificate of Incorporation?
 (b) State two new trends in the development of co-operative society. (02 marks)
- (v) Explain citing examples how production franchise is different from product franchise. (02 marks)

(Total 10 marks)**Part II**

04. (i) Banu and Swadhi who have successfully completed internal university degree programme of Fashion Design, plan to obtain franchise from an Indian textile and to start a franchise business. There are advantages of franchise business and disadvantages also. Write four such disadvantages of franchise business. (02 marks)
- (ii) Kogulan involved in an entrepreneurship which produces agricultural products using natural fertilizer.
 (a) State two entrepreneurial characteristics that Kogulan must have to be successful.
 (b) Provide two methods which Kogulan can use to develop his entrepreneurial characteristics and skills. (02 marks)
- (iii) (a) Provide two financial incentives that government provides to encourage small and medium scale businesses.
 (b) Write state institutions which provide incentives to small and medium scale businesses. (02 marks)
- (iv) Magishnan wanted to purchase a mobile phone to participate in online classes due to Covid-19 pandemic. He paid Rs. 15 000 immediately to purchase a mobile phone at value Rs. 18 500 and he agreed to pay the balance within one week. The seller deposited all his receipts on that day in the bank to purchase mobile phones for resale in the future.
 Name the functions of money mentioned in this passage with examples from above. (02 marks)
- (v) Name the relevant classification of financial institutions for the following financial institutions.
- | | |
|------------------------------------|-----------------------------|
| 1. Licensed Specialized Banks | 2. Co-operative Rural Banks |
| 3. Licensed Microfinance Companies | 3. Employee Trust Fund |
- (02 marks)

(Total 10 marks)

05. (i) Classify the loan services of Licensed Commercial Banks. (02 marks)
- (ii) Priyanthan who carries out a mobile phone business, opened a current account at Bank of Ceylon due to increased transactions and obtained a cheque book. Clarify the matters to be considered in writing a cheque, as he does not have any prior experience. (02 marks)
- (iii) State the services provided by finance companies to simplify the e-cash transactions. (02 marks)

- (iv) (a) Name the institution which was started with the capital contribution of Central Bank of Sri Lanka and Commercial Banks to implement Sri Lanka Interbank Payment System - SLPS.
 (b) State two payment and settlement systems included in Lanka Settle System. (02 marks)
- (v) (a) Write the numbers which can be seen in the Magnetic Ink Recognition Column (MIRC) in order.
 (b) Write the number which can be seen in cheque and counter foil of the cheque. (02 marks)
- (Total 10 marks)**

06. (i) Pay your attention on the following two statements pertaining to involvement of external parties in the insurance.

Statement A – A business made an insurance to cover the losses which can be made by the business to external parties due to business activities

Statement B – A business obtained the compensation only from the insurance company by giving the right to obtain the compensation from the third party, when the loss was incurred by the third party.

Name the insurance policy related to statement A and name the insurance principle related to statement B. (02 marks)

- (ii) Write the relevant communication method for the following communication medium. (First one is done for you.)

Communication medium	Internal / External	Verbal / Written / Sign and signal	Electronic / Non electronic
1. Mobile phone	(A)External.....	(B)Verbal.....	(C)Electronic.....
2. Short Message Service (SMS)	(A)	(B)	(C)
3. Packaging symbol	(A)	(B)	(C)
4. Newspaper	(A)	(B)	(C)
5. Seminar	(A)	(B)	(C)

(02 marks)

- (iii) Madhura who applied for a post of Management Assistant in state sector, passed in the written examination, went to railway station by a three-wheeler and reached Colombo for an interview.

Write the elements of transportation used by Madhura with the examples from the above passage.

(02 marks)

- (iv) (a) What do you mean by 'non-store retailing'?
 (b) State any two methods of direct marketing in retail business. (02 marks)
- (v) (a) What do you mean by 'comparative cost advantage' in international trade?
 (b) Provide two barriers which can affect free trade, in addition to tariff. (02 marks)

(Total 10 marks)
