Provincial Department of Education
Northern Province

General Certificate of Education (Adv.Level) Examination
Practice Examination 2019 - March
Business Studies I

Grade 13 (2019) **Time: 2 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 – 30** and write its number on the dotted lines given.*
- *Write short answers for the questions No. **31 – 50** on the dotted lines given.*
- *Each question carries **two** marks.*

Index Number:……..

For examiner's use only	
Q.Nos.	**Marks**
1 – 30	
31 – 50	
TOTAL	

01. Business can be classified into primary, secondary and tertiary on based on the nature of production. Select the most suitable answer which includes only tertiary production.

(1) Agriculture, farming, Mining and quarrying
(2) Manufacturing, Construction, Mining and quarrying
(3) Manufacturing, Mining and quarrying, Water collection, treatment and supply
(4) Electricity, gas, steam and air conditioning supply, Water collection, treatment, and supply ,Food and beverages
(5) Agriculture, farming , forestry, fishing (……..)

02. X column includes the functions of the business and Y column includes the suitable examples for them.

X - Functions	Y - Example
1. Administration	A. Quality control
2. Production	B. Advertisement
3. Marketing	C. Preparing labour files
4. Financing	D. Training of employees
5. Human resource activities	E. Utilizing capital

Select the most suitable answer which denotes the examples in Y column according to the order of functions in X column.

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

03. The following are some trends environmental factors of a business.

A - Existence of well skilled and experienced employee
B – Increase of customer knowledge and increase in their income level
C - Increase in elder population
D - Entry of new competitors in new market
E - Political instability
F - Increase of conflicts between employer and employee
G - Supply of quality products by supplier
H - Increase in interest rate

Select the answer which includes only the opportunities of task environment forces .

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

04. Which of the following is not included in the factors to be considered by a business, when functioning in favour of environment sustainability.

(1) Resource utilization (2) Full employment
(3) Raw material and waste management (4) Risk management
(5) Natural and cultural aspects (…….)

05. The ways in which the government influences the business and examples for them are given below as pairs.

Ways of influencing	Examples
A - As a provider of infrastructure facilities B - As a competitor C - As a customer D - As a policy maker	- Forming of government organization to compete with private sector - Construction and renting out building for businesses equal to private business - Purchasing of paddy from farmers - Electricity and road maintenance

Select the answer that correctly denotes the matching of the ways the government influences the businesses and examples.

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

06. Which of the following includes only the direct taxes charged by government

(1) Income tax, capital gain tax, custom duty, production tax
(2) VAT, custom duty, withholding tax, company tax
(3) VAT, excise duty, production tax, income tax
(4) Custom duty, product tax, withholding tax, capital gain tax
(5) Withholding tax, capital gain tax, income tax, company tax (…….)

07. Select the business organization that belongs to private sector, have unlimited liability and no legal personality and that cannot be started by a single person.

(1) Sole trader ship (2) Partnership (3) Cooperative society
(4) Incorporated company (5) Franchise business (…….)

08. Select the answer that shows the correct franchise business format which allows the franchisee to conduct franchise business in the name and method of franchisor.

(1) Product franchise business (2) IOC fuel filling station
(3) Manufacturing franchise (4) Coco cola and Pepsi soft drinks company
(5) Business format franchise business (…….)

09. Uthayan started and carrying out a garments factory after completion of Diploma in Designing by identifying designing skill in him. He guides and motivates the employees who work under him and maintains a good interrelationship between the internal and external parties.
Select the answer which shows the ways to improve the skill of entrepreneur and skills of entrepreneurship.

(1) self-evaluation, education, leadership skill, interpersonal skill
(2) Training, experience, management skill, communication skill
(3) Self-evaluation, experience, management skill, leadership skill
(4) Training, self-evaluation, interpersonal skill, leadership skill
(5) Self-evaluation, education, interpersonal skill, leadership skill (…….)

10. Qualitative and quantitative features are used to classify small and medium scale businesses. Select the answer which includes only quantitative features.
(1) Amount of capital, no. of employees, technology usage, nature of market
(2) Power usage, annual sales, business formation, nature of market
(3) Use of technology, business formation, nature of market, labour efficiency
(4) Amount of capital, no. of employees, power usage, annual sales
(5) Amount of capital, no. of employees, use of technology, labour efficiency (…….)

11. Collection of some news related to the functions of Central Bank of Sri Lanka are given below.
A – Publication of 10 rupee coin representing all districts of Sri Lanka.
B - 20% of Employee Trust Fund of private sector would be provided to employees.
C - Central Bank publishes the external value of money as given below.
US dollar - Rs. 140
Euro - Rs. 145
D - Increase in the Cash Reserve Ratio of commercial banks to be maintained at Central Bank.
Select the most suitable answer which represents the primary functions of Central Bank of Sri Lanka.
(1) A, B and C (2) A, C and D (3) B, C and D
(4) A and B (5) B and D (…….)

12. Adavan maintain his current account at Bank of Ceylon, Kilinochi branch, which Saravanan maintains his current account at People's Bank, Mankulam branch. Adavan has given a crossed cheque amounting Rs. 100 000 to Saravanan. when Saravanan deposited the cheque in his bank account, the bank returned the cheque as it was crossed. Select the that shows the suitable method of crossing for the cheque from the following.
(1) BOC – Kilinochi
(2) Payee A/C only
(3) Payee A/C only, BOC Mankulam
(4) Not negotiable
(5) Payee A/C only, Not negotiable

13. Arun insured his house at Ceylinco insurance company at value Rs 500 000 and then he insured at Janashakthi Insurance at value Rs 1000 000. The house was destroyed due to thunder storm and cyclone. The loss was calculated as Rs 300 000. Which of the following is the correct answer that denotes the compensation paid by the above insurance companies under contribution principle.
(1) Ceylinco Rs100 000, Janashakthi 200 000
(2) Ceylinco Rs200 000, Janashakthi 100 000
(3) Ceylinco Rs200 000, Janashakthi 500 000
(4) Ceylinco Rs200 000, Janashakthi 400 000
(5) Ceylinco Rs500 000, Janashakthi 500 000 (…….)

14. Many communication medium are used in business activities. Select the answer which includes the internal, non-electronic and written communication medium.
    (1) Telephone, mobile phone, seminar, report
    (2) Memo, notices, notice board, report
    (3) Letter, newspaper, poster, banner
    (4) Electronic notice board, E-mail, letter, magazine
    (5) Fax, e-mail, SMS, notice board (…….)

15. The advantages and dis advantages of transportation methods are given below.
    A - Carrying large amount of passengers and goods at once
    B - Low cost
    C - Cannot get the service when needed
    D - Cannot travel to final destination
    Select the suitable transportation method which have the above characteristics.
    (1) Air way transport
    (2) Water way
    (3) Sea way
    (4) High way transport
    (5) Rail way (…….)

16. Select the correct statement in relation to whole trade.
    (1) Selling goods in bulk by purchasing the goods with the intention of resale
    (2) Selling goods in small quantities by purchasing with the intention of resale
    (3) Purchasing various varieties of goods with the intention of selling for final consumption
    (4) Purchasing goods with the intention of resale and maintaining a good customer relationship
    (5) Storing goods in bulk with the intention of selling for final consumption. (…….)

17. Some import procedures are given below.
    A - Sending inquiry
    B - Getting import allowance certificate
    C - Selecting the foreign supplier
    D - Getting list price
    E - Receiving goods
    F - Making order
    G - Making payments
    (1) A, C, E, F, B, D, G (2) C, A, D, B, F, G, E (3) C, A, D, F, B, E, G
    (4) A, C, E, G, F, B, D (5) B, A, D, F, G, E, C (…….)

18. The managerial roles by Henry Mintz berg are given in X column and the suitable sub roles of them are given in Y column.

X	Y
1. Interpersonal role 2. Informational role 3. Decisional role	A - Liaison B - Entrepreneur C - Spokes person D - Resource allocator E - Leader F - Monitor

Select the answer that correctly analyzes managerial roles and relevant sub roles.

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

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

19. The activities fulfilled by a school principal are given below.

A - Welcoming the guests

B - Speech on morning assembly

C - Appreciating the students who won extra-curricular activities

D - Facilitating teacher welfare services

E - Monitoring the activities of teachers and students

F - Sending a circular containing the details of salary for teachers

Select the answer which represents the activities of principal as a leader

(1) A and C (2) D and E (3) E and F

(4) C and D (5) A and E (…….)

20. Select the answer that shows correct combination of management function and its importance.

(1) Organizing: Facing successfully the future uncertainty and unstable dynamic environment.

(2) Planning: Evaluating present and future competition in the market.

(3) Controlling: Getting maximum use of resources by distributing the resources to accomplish the task/work

(4) Leading: Increase of the productivity due specialization created through division of labour

(5) Leading: Increase of the labour productivity (…….)

21. The goods and services are produced in many production methods. The advantageous features of such production methods are given below.

A - Production based on the customer needs and wants

B - Low unit cost

C - Easy to use modern technology

D - Can make changes in the output

E - Can maintain customer satisfaction at maximum level

F - No risk at the market

Select the answer which contains the advantages that only belongs to job production from the above

(1) A, B and C (2) A, D and E (3) A, E and F

(4) B, C and E (5) B and C (…….)

22. The factor that needs not to be considered by a manufacturing business when purchasing required goods and services is,

(1) Quality of goods (2) Reliability of supplier

(3) Payment condition (4) Time period of return of goods

(5) Order period (…….)

23. Some costs that are connected with furniture production business are given below. Select the answer which includes only variable costs

(1) Building rent, electricity charge, factory insurance

(2) Royalty payment, watcher salary, painting cost

(3) Timber cost, polishing cost, painting cost

(4) Timber cost, labour cost, building rent

(5) Royalty payment, timber cost, electricity charge (…….)

24. Saravanan is a person who sells naturally prepared soft drinks near to main bus stand. His intention is to maximize his profit by increasing the product quality through taste, not causing harm to body, preparing many varieties and using quality inputs.
The marketing concept that represents by the above paragraph is,
(1) Production concept (2) Selling concept (3) Consumer concept
(4) Product Concept (5) Marketing concept (…….)

25. Some bases used by businesses for market segmentation are given below. Select the answer that represents behavioural factors.
(1) Countries, weather condition, population density
(2) Age, income, race, religion
(3) Social status, life style, personality
(4) Purchasing opportunity, loyalty, attitude of users
(5) Life style, size of a family, loyalty (…….)

26. Following are some marketing tools.
A – Guarantee
B - Channel mix
C - Personal selling
D - Direct marketing
E - Payment method
F – Creation
G - Credit condition
H - Intermediate
Select the marketing tools that are belongs to place marketing tool.
(1) A and C only (2) B and D only (3) B and H only
(4) G and H only (5) E and F only (…….)

27. Select the correct answer by considering the following two statements.
I – Planning the investment of fund belonging to a business in long term assets or long term projects efficiently is capital budget.
II – Analyzing actual or estimated cash inflows and outflows of a business for a particular financial year.
(1) First statement is correct and second statement is incorrect.
(2) Both statements are correct.
(3) No relation between two statement
(4) First statement is correct.
(5) Both statements are incorrect. (…….)

28. Select the capital market from the following.
(1) Treasury bill market (2) Share market
(3) Interbank call money market (4) Internal Foreign exchange market
(5) Commercial paper market (…….)

29. The financial system is used to make financial decisions in an economy. Select the correct answer from the following which shows the contents of financial infrastructure.
    (1) Share brokering companies, insurance companies
    (2) Treasury bills, deposit certificates
    (3) Treasury bonds market, commercial paper market
    (4) Real time gross settlement system, friendly image clearing system.
    (5) Treasury bonds, friendly image clearing system (…….)

30. Which of the following can be seen under the job descriptions?
    (1) Educational qualification (2) Experience (3) Intelligence
    (4) Attitude and dedication (5) Duties of position (…….)

Fill in the blanks using most suitable answer from questions 31 to 40.

31. a) ……. are the interested parties in getting quality goods and services and ……..…… is important to business in getting infrastructure facilities and technological knowledge.
    b) Write the types of business environment that influences the following.
        1. Inflation: ……..……...……
        2. Religious beliefs: ……..……..……..

32. (a) ……., ……..…….. and society are bases of sustainable development.
    (b) According to the 4R concept of waste management system, getting paper from the straw is called as ……..……..……. and growing fishes by a fishing business is known as……..…..

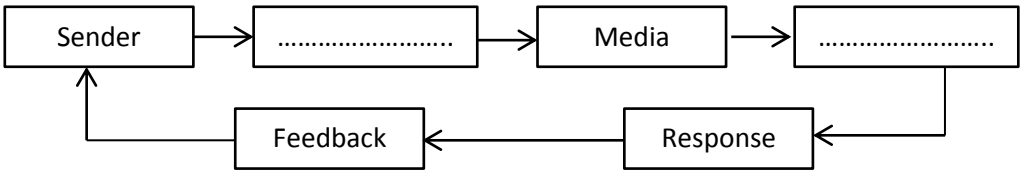
33. (a) The main tool used to control the financial stability of the economy is…… and the deposit that should be maintained by commercial banks at Central Banks is known as……
    (b) The eight international consumer rights were declared by …….. and ……

34. State whether the following statements are true (T) or falls (F) in the dotted lines given.
    A - The organization having legal personality established under special or common act is state cooperation. (……..)
    B - The person who starts a business according to prevailing idea or a concept is called entrepreneur. (…….)
    C - The company that does not issue shares and limits members' liability according to the guaranteed amount in the articles of association is off-shore company. (…….)
    D - The loan system that is implemented by the Asian development Bank to provide loans to small scale businesses is Sahanya loan scheme. (…….)

35. (a) The organization functioning to fulfill the financial requirement of new entrepreneurs is ……..…
    (b) The e-money which have the disadvantage that it must have an account and transactions can be done up to the account balance is……..……..

36. (a) The marine insurance can be categorized based on ……..…..,
……

(b) Fill the following flow diagram.



37. (a) The leadership style can be categorized in to ……..……., ……..……..
on the basis of behavior of leader.

(b) The control method made by businesses to avoid the future adverse effects and losses to be caused in business is known as …… and the stock control and quality control of business during production activities are considered as …….....

38. (a) The process of converting input into output is known as ……..…… and adding value to the final output is known as ……..……

(b) Fill in the following equations for reorder level and minimum stock level

1. Re-order level= ……. × Maximum stock level

2. Minimum stock level = ……..… - (Average stock level × Average order period)

39. (a) The soaps, newspaper, rice and bread that we use for our day to day consumption are …… goods and life insurance, new books are ……..……..…….. goods.

(b) A business considers price……..……..…..…… and ……..……
when pricing their products.

40. (a) The following information are derived from the Azhagan company ltd for the year ending at 31.12.2017.

- Current assets Rs. 100 000
- Trade receivables Rs. 20 000
- Stock Rs. 40 000
- Prepaid expenditure Rs. 10 000
- Current liability Rs. 50 000

Calculate the following.

1. Current ratio: ……..……
2. Quick ratio /acid test ratio: ……

(b) The information obtained from job analysis is used to prepare …….. and ……

41. Write the gradual development of business in order.

1. ……..……..
2. ……..……..
3. ……...……
4. ……

42. Write four consumer responsibilities.

1. ……..……..
2. ……..……..
3. ……...……
4. ……

43. State the functions of money.
    1. ……
    2. ……
    3. ……
    4. ……

44. There are various logistics based on of nature of business and nature of production. Name such logistics.
    1. ……
    2. ……
    3. ……
    4. ……

45. Categorize the agents according to their services.
    1. ……
    2. ……
    3. ……
    4. ……

46. Give four advantages of centralization.
    1. ……
    2. ……
    3. ……
    4. ……

47. Provide four stock control method.
    1. ……
    2. ……
    3. ……
    4. ……

48. Write one relevant example for each of the following brands.
    1. Individual brand: ……
    2. Family brand: ……
    3. National brand: ……
    4. Private brand: ……

49. Give four financing decisions among financial decisions.
    1. ……
    2. ……
    3. ……
    4. ……

50. State four external recruiting method.
    1. ……
    2. ……
    3. ……
    4. ……