



**Provincial Department of Education
Northern Province**



**General Certificate of Education (Adv.Level) Examination
Practice Examination 2019 - May
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.No.	Marks
1 – 30	
31 – 50	
TOTAL	

- 01.** Select the most correct statement which can be considered a business activity.
- (1) Karthik sold his own house to his friend Saravanan.
 - (2) Ramani, a house wife, uses the vegetables obtained from her home garden for her own food need.
 - (3) Arumugam donated his house to his daughter.
 - (4) Visalini produces and sells pillows produced using wasted cloth.
 - (5) Kamalini prepared a decorated cake-icing for her daughter's birthday. (.....)

- 02.** Select the production sector under which mining and quarrying, construction industries, manufacturing, electricity, gas, steam and air conditioning supply are included in,
- (1) agricultural sector (2) industrial sector (3) primary production
 - (4) secondary production (5) tertiary production (.....)

03. Some macro environment forces are shown in column X and related examples are shown in column Y.

Column X	Column Y
1. Global environment	A – Deduction of interest on loan provided by commercial banks
2. Political environment	B – Expansion of business through internet network
3. Demographic environment	C – Changes in gender ratio in population
4. Technological environment	D – Revising traditional technology to get increased harvest
5. Economic environment	E – Establishment of infrastructure facilities by Sri Lankan government

Select the answer which correctly shows the order of examples according to the order of macro environment forces in column X.

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

- 04.** Some social responsibilities to be fulfilled by businesses are given below. Select the responsibilities to be fulfilled in favour of customers.
- (1) Equality, job security
 - (2) Minimizing wastes, behaving fairly

10. The following are some features and functions of money.

1. Common acceptance
2. Difficult to create counterfeit
3. Common medium
4. Easy to carry
5. Store of value
6. Divisibility
7. Standard of deferred payment

The number of features of money from above is,

- (1) 5 (2) 3 (3) 4
(4) 2 (5) 6 (.....)

11. The following are some statements related to cheque. Select incorrect statement from the following.

1. The cheque where the words “or bearer” have not been cut off is a bearer cheque.
2. Endorsement is required, when an order cheque is transferred to another person.
3. Writing the name of payee in the reverse side of cheque as written in front page is endorsement.
4. Crossing ensures that a cheque is legally endorsed.
5. A cheque which has not been crossed can be realized by directly submitting at bank counter. (.....)

12. Theeapan’s lorry met with an accident and completely damaged. Insurance company brought that damaged lorry under its control before paying compensation. The related insurance principle is,

- (1) Subrogation (2) Insurable interest (3) Contribution
(4) Proximate cause (5) Utmost good faith (.....)

13. An advantage of written communication is,

- (1) high accuracy
- (2) Direct connection between sender and receiver
- (3) Data, notes, tables etc. can be communicated easily.
- (4) Information can be communicated briefly and clearly.
- (5) Information can be communicated fast and confidently. (.....)

14. The agent who purchases and sells goods in his name on behalf of owner is,

- (1) Commission agent (2) Auctioneer (3) Del credere agent
(4) Factor (5) Broker (.....)

15. Column X shows the documents used in international trade and column Y shows their importance.

Documents	Importance
1. Letter of Compensation	A – assures the exporter receives the value of export goods
2. Sanitary Certificate	B – facilitates to obtain preferential tax benefits
3. Certificate of Origin	C – facilitates to obtain clean bill of lading instead of dirty bill of lading
4. Letter of Credit	D – ensures eligibility of some agricultural products for consumption

Select the answer which correctly shows the importance of the documents according to the order of documents.

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

16. Select the correct statement / statements from the following.

A – Doing right things is efficiency.

B – Doing things right is effectiveness.

C – Relationship between input and output is productivity.

- (1) A only is correct. (2) C only is correct. (3) A and B only are correct.
 (4) A, B and C are correct. (5) A, B and C are incorrect. (.....)

17. Some activities / tasks related to functions of management are given below.

1. Environment analysis
2. Departmentalization
3. Establishment of goals
4. Motivation
5. Setting standards
6. Identification of tasks
7. Division of work

The number of organizing functions is,

- (1) 3 (2) 4 (3) 5 (4) 2 (5) 1 (.....)

18. Column X shows leadership styles and column Y shows activity of leaders such as A, B, C, D and E.

Column X	Column Y
1. Autocratic leadership	A – provides more freedom to subordinates in carrying out tasks.
2. Democratic leadership	B – pays attention in increase production and in carrying out tasks assigned.
3. Laissez faire leadership	C – acts on self-decisions without considering subordinates
4. Task oriented leadership	D – concentrates on employee motivation
5. Employee oriented leadership	E – acts considering the opinion of subordinates.

Select the answer that contains the way of leaders' activity according to order of the leadership styles given in column X.

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

19. Ramco umbrella manufacturing company obtain ISO 9 000 quality certificate from international Standards Organization. The quality control technique used by Ramco company is,

- (1) Quality circle (2) Zero defects (3) Quality Assurance
 (4) Quality Standards (5) Statistical Processing Control (.....)

20. The following tables shows the differences between various production methods in different criteria.

Criteria	Job production	Batch production	Flow production
1. Volume of output	A	Medium scale	Very high
2. B	Varied	Few types	C
3. Flexibility of production process	Flexibility	D	Flexible
4. Production for whether order or stock	E	For order and for stock in small quantity	For stock

Select the answer which contains the correct words for the letters A, B, C, D and E.

	A	B	C	D	E
(1)	Very high	Product line	Many varieties	Large scale	For order
(2)	Very low	Product line	Few types	Medium scale	Large order
(3)	Very low	Product line	Average	Only one	For sale
(4)	Very low	Product line	Only one	Average	For order
(5)	Very high	Product line	Only one	Medium scale	For stock

(.....)

21. Factory layout suitable for ship construction company is,

- (1) process layout (2) product layout (3) Cellular layout
(4) process and product layout (5) Fixed position layout (.....)

22. The marketing mix which contains the variables such as moving figures, promotional campaign, price off, communication, sales by mobile phones, carnivals, institutional tour etc. is,

- (1) product mix (2) place mix (3) price mix
(4) promotion mix (5) all above (.....)

23. XY company has gone to a worse situation and profit amount also got started to reduce. This position of the company in product life is,

- (1) Product development stage (2) Introduction stage
(3) Maturity stage (4) Growth stage
(5) Decline stage (.....)

24. Some advantages of sources of finance are given below.

A – Low cost

B – Large amount can be collected.

C – Easy to collect

D – No conditions

E – Expansion of business ownership

F – No increase in business liabilities

Select the answer which contains the advantages of internal sources of financing.

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

25. Financial ratios used by businesses to analyze financial statements and information obtained from those financial ratios are given below.

Financial ratios	Information obtained from ratios
1. Gross profit ratio	A – Efficiency of operating activities can be measured.
2. Return on equity ratio	B – Relationship between equity capital and fixed interest receiving capital
3. Net profit ratio	C – Measuring profit for ordinary share capital
4. Debt-equity ratio	D – Evaluating price policy of business

Select the answer which contains the information that can be obtained from each ratios in the order of ratios given.

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

26. The following are some statements related to human resource management.

- A – Job description and job specification are prepared using the information obtained from job analysis.
- B – The document prepared including the information required to recruit individuals to a business is job description.
- C – The process of appointing the right persons in the right job after selection is called ‘hiring.
- D – The process made to improve the future performance of management employees than present performance called as training.
- E – Comparing human resource supply with its demand is the third step of human resource planning.

Select the answer which contains the correct answer.

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

27. Ramanan, Chandra and Saleem are the three government administration service officers.

	Service period in Grade II	Total service period
Ramanan	06	20
Chandra	08	10
Saleem	07	25

Out of these three persons, one officer should be promoted to Grade I. Select the most appropriate statement from the following.

- (1) As total service period of Saleem is higher than Ramanan, he is the most appropriate person for the Grade I promotion.
- (2) As Chandra has more service period in Grade II, he is most appropriate person.
- (3) As Ramanan has more seniority, he is qualified for Grade I promotion.
- (4) As Saleem completed 25 years in total service period and he is nearing retirement, he is appropriate person for Grade I promotion.
- (5) Ramanan has less service period in Grade II and he is appropriate person for this promotion. (.....)

28. The activities such as cash payments, salary payments, recording accounting entries, certifying payments and auditing etc. were identified for financial section of David company Ltd. Creating various positions (posts) to fulfill these activities is called,

- (1) Job analysis
 - (2) Performance appraisal
 - (3) Job description
 - (4) Job specification
 - (5) Job designing
- (.....)

29. An information system used to organize the information created by daily transactions of a business is,

- (1) Executive Support System
 - (2) Decision Support System
 - (3) Management Information System
 - (4) Transaction Processing System
 - (5) Business Intelligence System
- (.....)

30. The part of business plan which provides a summary of basic information of the business to external parties is,

- (1) Business Description
 - (2) Executive Summary
 - (3) Marketing Plan
 - (4) Operational Plan
 - (5) Financial Plan
- (.....)

• Write short answers for the questions 31 – 40 in the dotted lines given.

31. (a) Surplus production occurred due to, and exchanging surplus production with others is called as

(b) Activities such as preparing employee files and maintaining arrival reports are called as and the activities such as hiring and training are called as

32. Some examples for government's influence on business are given below. Write the relevant role of government to influence the businesses in the dotted lines given, according to examples given.

- A – Implementation of monetary policy and fiscal policy
- B – Approving building construction projects
- C – Road maintenance
- D – Purchasing office equipment

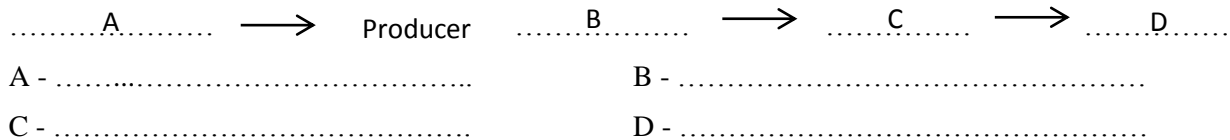
33. State whether the following statements are true or false.

- A – University Grants Commission belongs to the type of state department, which does not have limited liability. (.....)
- B – Purchase of software unit of Nokia company by software development company Microsoft Corporation is a horizontal combination. (.....)
- C – The initiator of a business according to a current idea or concept is an entrepreneur. (.....)
- D – The businesses which have independent ownership, act independently and do not have dominant in the certain field are small businesses. (.....)

34. (a) Bank of Ceylon and People's Bank are banks and National Savings Bank and State Mortgage and Investment Bank are banks.

(b) is an electronic money which has disadvantages such as possibility for frauds, consumption of unnecessary goods etc. and is an electronic money which requires holding of an account.

35. Fill in the banks in the following flow chart which shows the movements of logistics form purchase of goods from suppliers to production and delivery of goods to consumers.



36. (a) Mental ability of a manager to analyze new ideas created in a critical situation is called as

(b), and cost per order are considered in the calculation of EOQ.

37. (a) marketing concept describes that all variables in marketing mix should focus on satisfying target customers.

(b) Colombo Stock Exchange is a type of company and systemizes and supervises its activities.

38. (a) is an evidence for creation of job agreement.

(b) The time period to be performed by an employee who was newly appointed in a job, before his permanency is called as

39. (a) and are main two types of computer networks.

(b) Sender and receiver should have and to send and receive an electronic information.

40. (a) Evaluating all business ideas to select relevant business ideas is called as
- (b) A business plan is prepared in the circumstances such as business expansion
and

• **Write short answers for the questions 41 – 50 in the dotted lines given.**

41. State four consumer rights declared by former USA president John F Kennedy.
 (1) (2)
 (3) (4)
42. Provide four trends of entrepreneurship.
 (1) (2)
 (3) (4)
43. Name four state organizations which provide incentives to small and medium scale businesses.
 (1)
 (2)
 (3)
 (4)
44. State four insurance covers which can be obtained under liability insurance.
 (1) (2)
 (3) (4)
45. Provide four sectors where co-operation activities of SAARC are carried out.
 (1) (2)
 (3) (4)
46. Write sub roles of decisional role placed by Hentry Mintzberg.
 (1) (2)
 (3) (4)
47. Write four production techniques which improve manufacturing sections.
 (1) (2)
 (3) (4)
48. Provide four factors to be considered in determining suitable distribution channels.
 (1)
 (2)
 (3)
 (4)
49. Provide four financial infrastructure facilities.

50. Write four labour movement methods.
 (1) (2)
 (3) (4)