



04. Following are some news headlines from news papers.
1. Many students use internet for higher education.
  2. The interest rate on loans has decreased again.
  3. New government has decided to manager all the business in the country under government ownership.
  4. The amendments to Labour law and regulation act has been passed in the parliament.
- Select the answer with the correct order of macro environmental factors of business.
1. Economic environment / Political environment / Technological environment / Demographic environment.
  2. Technological environment / Economic environment / Political environment / Legal environment.
  3. Demographic environment. / Economic environment / Political environment / Legal environment.
  4. Demographic environment. / Political environment / Legal environment./ Technological environment
  5. Technological environment / Political environment / Economic environment / Legal environment.
- (.....)

05. Following chart is about business ethics. Select the answer which matches the business ethics with relevant business function.

<b>Business function</b>	<b>Ethics</b>
A Financial function	1. Preventing from anti-competitive activities.
	2. Minimizing environmental pollution.
B Human Resource function	3. Not cheating consumers.
	4. Preventing unnecessary payments.
C Marketing function	5. Providing job safety.
	6. Mainlining a good disciplinary procedure.
D Production Function	7. Preventing exchange frauds.
	8. Not producing harmful / unhealthy products.
1. A - 4,6    B- 5,7    C - 2,3    D - 1,8	2. A-4,7    B - 5,6    C - 1,2    D - 3,8
3. A - 4, 7    B - 5, 6    C - 1, 3    D - 2, 8	4. A - 7,1    B-6,8    C-2,4    D-3,5
5. A-6,3    B-4,5    C-1,2    D-7,8	(.....)

06. Which of the following is included in government monetary policy.
- |   |                                  |
|---|----------------------------------|
| 1. Controlling interest rates and money supply. | 2. Controlling tax and fees.     |
| 3. Controlling recurrent expenses.              | 4. Controlling capital expenses, |
| 5. Controlling government income and expenses.  | (.....)                          |

07. Following are consumer rights and responsibilities.

<b>X</b>	<b>Y</b>
Consumer responsibilities	1. To be informed
	2. Environmental concern
	3. Concern over social responsibilities.
Consumer rights	4. To choice
	5. To consumer education
	6. Critical awareness
	7. To fulfill basic needs.



14. Which one of following is not a feature of small and medium scale businesses.
1. Small market share.
  2. Decreasing the number of employees.
  3. Minimum use of new technology.
  4. Ability to give more employment opportunities.
  5. Using family members labour mostly. (.....)
15. Which one of following is a non-financial incentive provided by the government to encourage small and medium scale businesses.
1. Re financial Facilities.
  2. Tax incentive
  3. Excellency awards
  4. Short term and long term loans.
  5. Financial supports. (.....)
16. Amal paid Rs. 10,000/- on April, for the products he purchased on January, on credit basis. What is the function of money in this situation?
1. A measure of value
  2. A method of deffered payment.
  3. A medium of exchange.
  4. A store of value.
  5. The scarcity. (.....)
17. Which one of following is a licensed specialized bank?
1. Bank of Ceylon
  2. Sampath Bank
  3. Peoples Bank
  4. State mortgage and investment bank
  5. Seylan Bank (.....)
18. The organizations which supply various services at the time of issuing securities to the public is called.
1. Market intermediaries
  2. Underwrites
  3. Marginal suppliers
  4. Investment managers
  5. Share brokers (.....)
19. Following are some statements relating to various risks.
- A Gnanapala failed all subjects of GCE A/L including mathematics.
- B A luxury vehicle owned by a tuition teacher has fallen in to 'Viana Ela'
- C Thieves have broken in to Sahan's home and stolen money and jewelries.
- D Dasun's business has incurred a loss due to the outdateding of garment fashions purchased last year.
- E Paddy and other crops of the dry zone has been destroyed due to bad weather conditions.
- Select the answer which shows only the insurable risks from above incidents.
1. A,B and C .
  2. AB and D
  3. B,C and D
  4. B,C and E
  5. CD and E (.....)
20. Following X shows some insurance principles and Y shows some statements relevant to those principle select the answer which matches X with Y correctly.

X	Y
1. Insurable interest	A Sandun has insured his motor car in several insurance companies and he obtains compensation.
2. Utmost good faith	B Sahan sells products on credit basis and he insures his debtors.
3. Indemnity	C A person who have obtained a life insurance policy and he has insured his creditors.



27. What is the main factor which differentiates the retail trade from wholesale trade.
- |                            |  |
|----------------------------|--|
| 1. The amount of products  | 2. The cost of goods.                  |
| 3. The amount of discounts | 4. The objective / purpose of customer |
| 5. The price of product    | (.....)                                |
28. Which one of following is a function of a whole saler.
1. Providing products according to the consumer needs.
  2. Introducing goods to the customers.
  3. Transporting goods.
  4. Supplying information to the consumer regarding the product.
  5. Supplying information to the wholesalers. (.....)
29. What is the document that should be produced to release a stock of goods from the harbour at a time of non-receiving relevant documents from the exporter.
- |                       |                             |                  |
|-----------------------|-----------------------------|------------------|
| 1 Letter of indemnity | 2. Import entry             | 3. Bill of sight |
| 4. Bill of lading     | 5. Certificate of indemnity | (.....)          |
30. Which one of following describe the electronic business better.
1. Engaging in business activities using computers.
  2. Doing transactions through electronic networks.
  3. Doing all business process using electronic networks.
  4. Using electronic money for transaction.
  5. Using internet for the marketing and operational activities through internet. (.....)

❖ **Fill in the blanks with correct answers.**

31. (a) The products that are used in production process is called. ....
- (b) Tangible and intangible products are introduced as .....  
and ..... respectively.
32. (a) Environment organizations and consumer organizations which affect the business negatively and positively can be called as .....
- (b) Based on the ..... taken from extractive industries, the construction industries exist, and based on ..... of construction industries ..... extractive industries exist.
33. (a) The 04 sections that should be concerned by business in its social responsibility according to the United Nations are  
.....,  
.....,  
.....,  
.....
- (b) ..... and ..... are the ways how business can fulfill its responsibilities towards consumers.
34. (a) The international standard for environment protection is .....  
and the international standard on the securing of information is .....
- (b) ..... and ..... are two types of direct taxes.

35. .... are the companies incorporated outside Sri Lanka and registered under companies act in Sri Lanka to perform business activities here and ..... are the companies of which mother company is situated in one country and perform their business in so many other countries.
36. (a) Entrepreneurship is the ..... process of obtaining environment opportunities and .....
- (b) The steps of government to encourage small and medium scale business can be called as ..... and .....
37. (a) The method used by government to encourage small scale and medium scale business can be called as ..... and .....
- (b) The loan project launched by Asian Development Bank to supply loans for the small scale business is called .....
38. (a) The institution which collect the receivables from debtors and purchase the debtors of the businesses to facilitate them in working capital requirements are called .....
- (b) The high tech network which powers the financial markets of all world is called as .....
39. Insurable interest and utmost goodfaith principles affect (a) ..... insurance and principle of indemnity affect (b) .....
40. (a) Local trade can be classified as ..... and .....
- (b) Foreign Trade can be classified as ..... and .....

❖ **Write answer for following questions.**

41. What are the components of industrial sector of GDP in Sri Lanka.
1. ....
  2. ....
  3. ....
  4. ....
42. Name 04 ISO standards that can be used by a production company.
1. ....
  2. ....
  3. ....
  4. ....
43. What are the 4R of sustainable development concept.?
1. .... 2. ....
  3. .... 4. ....

44. Name 4 ways how government influences business.
1. ....
  2. ....
  3. ....
  4. ....
45. What are the basic features of a formal organization.
1. .... 2. ....
  3. .... 4. ....
46. Name 4 disadvantages of a private limited company compared to a public limited company.
1. ....
  2. ....
  3. ....
  4. ....
47. Name 4 entrepreneurial skills.
1. ....
  2. ....
  3. ....
  4. ....
48. Name 4 benefits that can be received by consumers from automated banking.
1. ....
  2. ....
  3. ....
  4. ....
49. Name 4 agency services of Central Bank of Sri Lanka.
1. ....
  2. ....
  3. ....
  4. ....
50. Name 4 ways how electronic trade can happen.
1. ....
  2. ....
  3. ....
  4. ....



Provincial Department of Education - NWP

32 E II

Third Term Test - Grade 12 - 2018

Index No : .....

Business Studies II

Three Hours

Instructions,

Write answers for 5 questions by selecting at least 2 questions from each part A and B

Part A

- 01. i. (a) 'The contribution of business is essential for the existence and development of mankind' Do you agree with this statement? Explain your reasons. (2 marks)
(b) What are the business expectations / objectives? (2 marks)
ii. 'Buddhima' is an international school in the town.
(a) What is the nature of service of this organization. (2 marks)
(b) What are the differences in between goods and services? (2 marks)
iii. (a) 'Businesses today operate as customer centered businesses' Explain this statement. (2 marks)
(b) Name two reasons each for how industrial revolution effected the development of Production and Trade. (2 marks)
iv. The influence of business interested parties to the business is increasing.
(a) Name the business interested parties. (2 marks)
(b) Select four of above parties and name 2 reasons for the importance of each party. (2 marks)
v. (a) Name 4 internal environment forces and name one strength and one weakness relating to those forces. (2 marks)
(b) Select two macro environment factors that you like, and explain how they affect the business with examples. (2 marks)
02. i (a) Explain the inter-relationship in between division of labour and specialization. (2 marks)
(b) Explain 'sustainable Development.' (2 marks)
ii. (a) Business also should actively participate in making the sustainable development a reality. Name 4 things that can be done by a business to ensure the Environment Sustainable Protection. (2 marks)
(b) Build up your own definition regarding sustainable development. (2 marks)
iii. Name major 3 parts which are discussed under sustainable development and write a short note regarding each part. (4 marks)

- iv. (a) Business which do not concern about the social responsibility becomes unsuccessful easily. Therefore it is very important to fulfil business social responsibility. What is meant by business Social Responsibility? (2 marks)  
 (a) Name 4 advantages that can be received by a business by fulfilling its Social Responsibility. (2 mark)
- v. (a) Define the monetary policy of the government shortly. (2 marks)  
 (b) Name 4 influences of levying taxes to the business by the government. (2 marks)
03. i (a) Define 'Statutory Reserve Requirement' shortly. (2 marks)  
 (b) Name 4 consumer rights introduced by president John F Kennady. (2 marks)
- ii. (a) Name 4 standards operated by Sri Lanka Institute of Standards. (2 marks)  
 (b) Name 4 benefits that can be obtained by a country by following standards. (2 marks)
- iii. Name 4 functions performed by the consumer affairs authority to protect consumers. (4 marks)
- iv. (a) Show the classification of business organizations based on the ownership. (2 marks)  
 (b) What is meant by the limited liability of a company. (2 marks)
- v. (a) What are the main common characteristics of any business organization. (2 marks)  
 (b) What are the disadvantages of a partnership? (2 marks)
04. i. (a) Public limited companies are a popular type of business in the business field. What are the positive features / advantages of public limited companies? (2 marks)  
 (b) Co-operatives are a special type of business organizations. It is formed based on valuable policies. What are those 04 policies? (2 marks)
- ii. (a) There are new trends of Co-operatives in its growth, and name 2 such new trends of co-operatives. (2 marks)  
 (b) However there are disadvantages of co-operatives too. Name 02 of them. (2 marks)
- iii. (a) Name 04 documents required to register a co-operative. (2 marks)  
 (b) Show the stages of entrepreneurial process in a diagram. (2 marks)
- iv. Name and explain 4 features of entrepreneurship.. (4 marks)
- v. (a) Name 4 social and economic benefits of entrepreneurship.  
 (b) Explain followings shortly.  
 1. Green entrepreneurship.  
 2. Internal entrepreneurship. (2 marks)

## **Part B**

05. i. (a) Explain the contribution of small and medium scale business to the economic development. (2 marks)  
(b) Name 4 reasons for the failure of small and medium scale business. (2 marks)
- ii. (a) Entrepreneurship is important for the development of small and medium scale business. Give 4 reasons to prove this statement. (2 marks)  
(b) Name 4 matters to be concerned in starting and maintaining small and medium scale business. (2 marks)
- iii. What are the functions of Central Bank of Sri Lanka which are used to achieve its objectives? (4 marks)
- iv. (a) What is a 'Licensed Specialized Bank' (2 marks)  
(b) State how licensed specialized banks support the functions of businesses. (2 marks)
- v. (a) Name 4 facilities that can be received by a business by maintaining a current account. (2 marks)  
(b) Classify bank loans and explain them shortly. (2 marks)
06. i. (a) Name 4 services provided by venture capital companies. (2 marks)  
(b) Name and explain the main / basic objectives of Central Bank of Sri Lanka. (2 marks)
- ii. (a) Name 02 services provided by Lanka clear (Pvt) Ltd. (2 marks)  
(b) What is meant by endorsement of a cheque? Give 2 occasions where endorsement is required. (2 marks)
- iii. (a) What are the benefits of using credit cards for transactions. (2 marks)  
(b) Define an 'Insurance agreement' shortly. What are the basic requirements for an insurance agreement? (2 marks)
- iv. Explain how insurance help the economic development and business development of a country. (4 marks)
- v. (a) Insurance principles decides the validity of an insurance agreement. Name these insurance principles. Explain how the principle of 'utmost good faith' can be violated. (2 marks)  
(b) Classify the communication of a business based on how it operates and name each part separately. (2 marks)
07. i. (a) Explain "Intra Net" (2 marks)  
(b) What are the disadvantages of communication through signals and symbols. (2 marks)
- ii. Name 4 strategies that can be used to avoid the barriers to communicate. (4 marks)
- iii. (a) Define 'Transportation' which is the largest infrastructure facility and that is important of develop the country and its social economic development. (2 marks)  
(b) Explain 'Transportation System' and the elements of it. (2 marks)

- iv. (a) Present government has taken various steps for the efficiency and development of transportation. Accordingly what are the actions taken by the government to develop highways, railways, air and ocean transportation. (2 marks)
- (b) Saman is a wholesaler who exports tea. What are the factors he should consider in selecting a suitable transportation method for his product? (2 marks)
- v. (a) Name two supply service systems. (2 marks)
- (b) Name 4 advantages that can be received by a business from transportation and supply services. (2 marks)
08. i. (a) Define 'Trade' shortly. (2 marks)
- (b) Draw the classification of trade in a flow chart. (2 marks)
- ii. Name 4 advantages and 4 disadvantages of using intermediaries for trade activities. (4 marks)
- iii. (a) Name 4 types of large scale retailings. (2 marks)
- (b) Super markets are popular today. What are the reasons for this? (2 marks)
- iv. Name 4 advantages and 4 disadvantages involving in international trade. (4 marks)
- v. (a) Name 4 international organizations which have been established to improve international trade. (2 marks)
- (b) Name 8 countries relevant to SAARC. (2 marks)

**Business studies - 2018**  
**Grade 12 Third Term Test Answer Part - I**

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(01) - 4	(11) - 3	(21) - 3
(02) - 2	(12) - 5	(22) - 2
(03) - 1	(13) - 4	(23) - 4
(04) - 2	(14) - 4	(24) - 4
(05) - 3	(15) - 3	(25) - 5
(06) - 4	(16) - 2	(26) - 5
(07) - 3	(17) - 4	(27) - 4
(08) - 5	(18) - 4	(28) - 3
(09) - 4	(19) - 4	(29) - 5
(10) - 3	(20) - 2	(30) - 3

31. a. Industrial goods / Business goods  
 b. Goods / Services
32. pressure groups
33. a. Human rights, Employee rights. Environment protection, public services.  
 b. Giving the accurate details of products. Keeping price and other things as promised providing quality goods.
34. a. ISO - 14001. ISO - 27000                      b. Income tax, corporate tax
35. Overseas companies, multinational companies
36. a. Creativity, innovative                      b. Innovations
37. a. Financial incentives                      non financial incentives  
 b. Sahanya
38. a. Marginal suppliers / Factoring companies  
 b. Society for world wide interbank financial Telecommunication
39. a. Life and property                      b. Property
40. a. Wholesale and retail trade                      b. Import and export Trade
41. 1. Mining and quarrying                      2. Manufacturing industries                      3. Contrition ind  
 4. Electricity and water and gas
42. 1. ISO 14001                      2, ISO 9001                      3. ISO 27000                      4. ISO 22000
43. 1. Refuse                      2. Reuse                      3. Recycle                      4. Reduce
44. 1. As a customer                      2. As an infrastructure provider                      3. Having an organization structure  
 4. Having name for identity
45. 1. peoples                      2. Perpose  
 3. Having and organization Structure                      4. Having a Name
46. Decreasing capital  
 Inability to transform into a listed company  
 Difficulty in transferring shares
47. Leadership skills                      Interpersonal skills                      Communication skills                      Basic managers skills
48. 1. Ability to withdraw money using teller cards  
 2. Ability to deposit money  
 3. Ability to transfer money from one account to another  
 4. Ability to know the balance of account  
 5. Having bill payment facilities
49. Government debt management                      Controlling foreign exchange                      to finance small scale businesses.  
 Managing employee trust found
50. Business to Business                      B2 B                      Customer to CustomerC 2 C  
 Business to CustomerB 2 C                      Government to BusinessG 2 B  
 Government to CustomerG 2 C

## Part - II

01. a. (i) Agreed (1/2)
- ii. 1. Businesses are emerged to full fill basic needs and wants  
 2. Purchasing power is given by businesses  
 3. Generating employment opportunities  
 4. Contributing to business social responsibility (1 1/2 marks for 3 matters)
- b. Vision, mission, Objectives, Policies) (2 marks for 4 matters)
- (ii) Direct service (2 marks)
- | b. Goods   | Services                                   |
|--|--|
| 1. Tangible                                      | Non Tangible                               |
| 2. Separable                                     | Inseparable                                |
| 3. Production and consumption happens separately | Production and consumption happens at once |
| 4. Non Diffenciable                              | Differentiable                             |
| 5. Can be stored                                 | Cannot be stored                           |
- (2 marks for 4 matters)
- (iii) a. Customer→Needs and wants→Produces→Profit (2 marks for 4 matters)
- b. **Production**
1. Emerging of businesses
  2. Contorting small scale businesses to large scale businesses.
  3. Using developed machineries instead of hand machineries.
  4. Using developed technologies. (1 mark for 2 matters)
- (iv) (a) Owners, managers, employees, creditors, supplies, potential investors, government. (2 marks for 8 matters)
- (b) **Customers** 1. For goods and services to secure the market.  
 2. To create loyalty for customers.
- Government :** 1. To get tax reliefs.  
 2. To obtain infrastructure facilities.
- Creditors :** 1. Obtaining fund requirements. 2. Obtaining funds at lower cost.
- Owners:** 1. To increase investments 2. To ensure the existence of business.
- Employees:** 1. To increase the efficiency of employee efficiency.  
 2. Toretain employees.
- (v) (a) **Environment factors**
- |           | Strength   | Weakness   |
|-----------|--|--|
| Owners    | 1. Having many owners.<br>2. Increasing financial strength                         | Having less number of owners.<br>Lower financial strength  |
| Manager   | 1. Ability to make correct decisions<br>2. High level of training and experiences. | Making wrong decisions<br>Lack of training and experience. |
| Employees | 1. Having clever and experienced employees.  | Having Non experienced employees.                          |

- (b) Political And Legal Environment :  
It been friendly for businesses  
Unfavorable rules and regulations

Economic Environment :

Low interest rates support business investment  
High interest rates discourage investments

(2 Marks)

02. (i) (a) Dividing total business process in to sub parts and assigning to different employees is called division of labour.

(2 marks for explanation)

- (b) The development which does not violate the right of the future generation to fulfill their needs and wants. (2 marks)

- (ii) (a) 1. Minimizing the wastage of resources like raw materials, power and water in production process.

2. Purchasing environment friendly things.

3. Using environment friendly transportation methods.

4. Minimizing the pollution of water, air and soil.

5. Protecting bio diversity.

6. Following environment friendly rules and regulations.

(2 marks for 4 matters)

- (b) Give 2 marks for properly developed definitions.

- (iii) (a) Economic sustainable development, social sustainable development environment sustainable protection.

- (b) Economic sustainable development

Bringing the life standard of people to a higher level in parallel to the economic development.

Employees

Having various types of skills

Employees being efficient

(2 marks for 4 matters)

Political and legal environment

Enacting laws and regulations favor for business will give opportunities for the business and the unfavorable rules and regulations give threat to the business.

Economic Environment

When interest rates are low business can obtain more loans to invest and it is opportunity.

When interest rates are high the loans cannot be obtained at a low cost. Therefore the business have to face losses. (2 marks for 2 matters)

Environment sustainable production.

Maintaining healthy relationship in between man and environment.

Social sustainable development.

Creating a generation with equality which goes beyond the disparities.

(3 marks for explanations)

- (iv) (a) Business giving benefit to the society. (Give 2 marks to relevant answer)

- (b) Increasing the contribution of the society to manage / carry on business. Minimum government interference . Developing inter relationship among departments of the business.

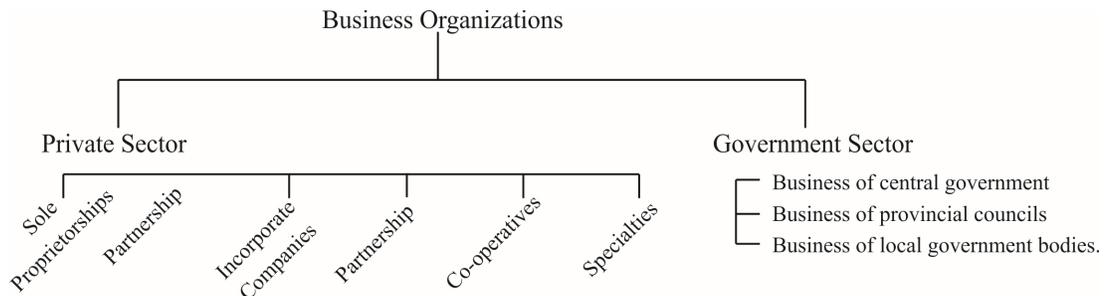
(02 marks)

- (v) (a) Policy which is carried on by the CBSL to control the money supply of the country.

- (b) Increasing the cost of business, losing consumers due to the increasing of product prices.

03. (i) (a) The rate decided by central Bank for the deposits of the banks and reserves of banks with CBSL.  
 (b) Right to safety, Right to be informed, Right to select, Right to be heard.
- (ii) (a) SLS, ISO 2001 - 2008, ISO 22000, GMP  
 (b) Increasing the efficiency due to the decreasing of production cost.  
 Decreasing the price of products  
 Increasing the foreign demand for local products.  
 Increasing the standard of life of people.
- (iii) 1. Controlling the agreements among businessmen.  
 2. Controlling anti-competitive behaviors.  
 3. Promoting effective competition among supplies.  
 4. Convincing consumers regarding consumption.  
 5. Supporting and promoting them.

(iv) (a)



(02 marks)

(b) This is the liability of business or its owner towards external parties. The companies which are liable only to pay the external liabilities from the capital only. (02 marks)

(v) (a) Having a name, Having aims, Having an organizational structure. Ability to define limits. (02 marks)

(b) Belated decision making, Affecting of one partners weakness to others also.  
 The share of profit received by one partner is small., Possibility for the issues.

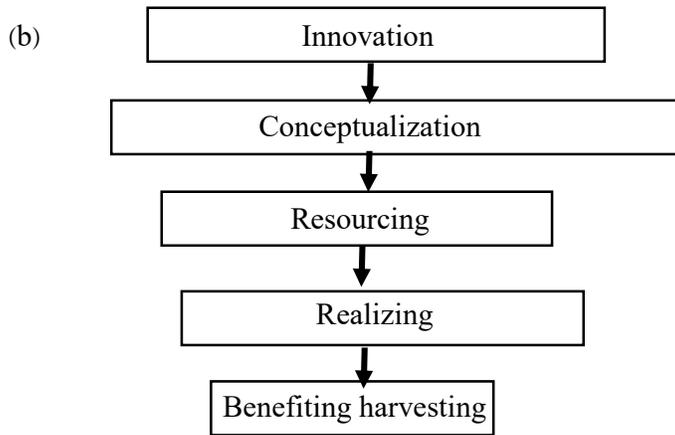
04. (i) (a) Limited liability ,Having legal personality, Ability to gather a larger capital convenience in obtaining loans. (02 marks)

(b) Voluntary and open membership. Democratic Control, Benefits over contribution, Autonomy (02 marks)

(ii) (a) Opening self-services business chasing new business opportunities, Introducing electronic payment systems. (02 marks)

(b) Acting on its policies only, Limited capital. (02 marks)

(iii) (a) Application for registering, 2 copies of interim conation, Economic facility report, Map to the society address. (02 marks)



(02 marks)

- (iv) Willingness to bear risk, Creativity, Dedication, self Confidence, Independence.  
(04 marks for naming and explaining 4 methods)
- (v) (a) Generating new employment opportunities, Generating income opportunities, Ability to consumer new good services, Increasing the standard of life of people utilizing local resources. Developing new mortars. (02 marks for 4 methods)
- (b) Give 2 methods correct explanations on green entrepreneurship, inter entrepreneurship. (02 marks)
05. (i) (a) As these are labour intension a higher number of employment opportunities contributing to national production, Utilizing local resources, Minimizing disparities of income distribution.
- (b) Financial problems. Difficulty in facing competition, Weak management, Minimum entrepreneurial skills, Lack of infra-structure facilities. (02 marks for 4 methods)
- (ii) (a) Entrepreneur minimizes the fear to bear business risk. , Business become successful due to the dedication of employees. , The determination of entrepreneurs make small business successful. , entrepreneurs grow their success on businesses. (02 marks for 4 methods)
- (b) To investigate about one's own ability and skills, possibility of reaching the market, To study about the initial and working capitals. , To study about the initial and working capital, To study about the type of business organization, Rules and regulations relevant to the type of Business organization. (02 marks for 4 methods)
- (iii) To control financial policy, to control exchange policies, To manage statutory foreign reserves, To issue and distribute money, To act as the government's economic consultant, Banner and financial agent, To supply settlement and payment accounts of primary dealers and commercial banks.  
4 marks for 7 matters, 3 marks for 5,6 matters, 2 marks for 4, 3 matters, 1 mark for 2 matters.
- (iv) (a) A type of organization which has obtained lisons from CBSL to act as a specialized bank under banking act. (02 marks)
- (b) Acceptation time and fixed deposits, Supply loans to the entrepreneurs in various fields., Re insuring the shares of companies supplying leasing facilities, Supplying management consultation. (2 marks for matters)
- (v) (a) Ability to pay cheques, Ability to obtain money transferring facility, Ability to pay standing orders, Ability to obtain bank over doubts, Ability to obtain a bank statement. (2 marks for 4 matters)

- (b) Consumer loans and business loans. (01 mark)  
 Business loans – Supplying short term, loan term and medium term. Financial facilities to a person or an institution for their business purposes.  
 Consumer loans – Loans provided by the banks to fulfill their financial requirements in accidental situations or purchasing assets. (01 mark for explanations)

06. (i) (a) Providing financial funds in starting new business, expanding prevailing business, acquisition of businesses.  
 purchasing, Re assuring of shares, Credit management, Supplying other services related to businesses. (02 marks)

- (b) 1. Maintaining economic and price stability.  
 2. Maintaining the stability of financial system. (1 mark for 2 matters )  
 Economic and Price stability means maintaining of the stability of rupee value in terms of its local and foreign value.  
 Maintaining the investment and economic development improving the ability of the economy by maintaining the total financial system in a stable manner is called system stability. (01 mark)

- (ii) (a) Calculating the net balance and exchanging of cheques and bank orders.  
 Informing those balances to the CBSL and other commercial banks. (02 marks)

- (b) Writing of the name of the bearer in the back side of the cheque as it has been written on the face of the cheque. (01 mark)  
 When depositing the cheque in the bank account by the bearer.  
 When as order cheques is transferred to someone else.  
 When exchanging the cheque at the bank counter. (01 mark)

- (iii) (a) Not necessary to have a bank account a credit with zero interest., Ability to with draw cash from bank ATM. , Ability to obtain discounts and points. (02 marks for 4 matters)

- (b) The written agreement in between the insurer and insured after accepting the proposal from the insured requesting an insurance cover.  
 Idea of creating a legal Bond, Proposal, Acceptance, Moving a financial volume, Ability of relevant parties to come to an agreement.  
 Legal acceptance. (02 marks for a complete answer)

(iv) **To the economy of the country**

Expansion of the business through various types of insurance policies., Expansion of financial market, Employment opportunities increase, Investment of various government securities by the insurance companies. (04 marks for explanations)

- (v) (a) Insurable interest, utmost good faith, indemnity, proximate cause.  
 Not disclosing all the relevant details ,false imaging, Deliberate non disclosing of matters, Innocence non disclosing of matters. (2 marks)

- (b) Internal communication, External communication.(02 marks)  
 Internal communication means communicating among internal particles of the business.  
 External communication means exchanging of information among external particles of the business.

07. (i) (a) Intranet means the network which allows only the internal and authorized external parties to use the network even though it is based on internet. (02 marks)
- (b) Inability to communication wrath couple who have vision difficulties. Manipulation of signals and symbols will communicate wrong ideas. difficulties in understanding some signals and symbols. (02 marks for a complete answer)
- (ii) Using new communication tools, Enacting carious rules and regulations relevant to communications.  
Establishing communication towers., Using digital technology, Formulating new rules and regulations about missing of communications.
- (iii) (a) The system of people and things from one place to another using various methods. (03 marks)
- (b) It is very important to have balanced elements of transportation and the development of these elements develops the transportation may / mode, medium, power, termination. (01 marks)

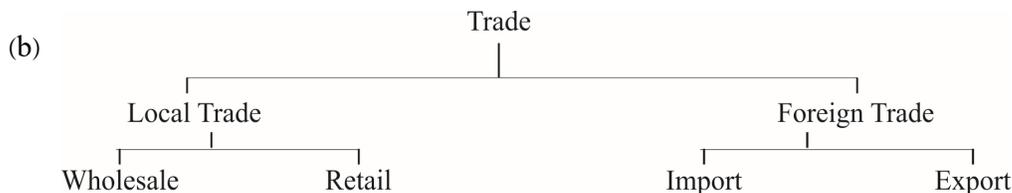
(iv) (a)

Highway	Railway	water way	Air way
Modernizing of ways Establishing expressways, tunnels	Repairing rail roads using new compartments, extending rail traces.	Developing ports constructing ports.	Developing Airports, creating air way tickets cheap construction air ports.

b) Nature of product, Distance, Speed, Security, Cost, Capacity, Available, Standards.

- (v) (a) 1. Balanced logistic system.  
2. Inbound logistic system.  
3. Outbound logistics system.  
4. Reverse logistic system.
- (b) 1. Ability fulfill consumer needs continuously.  
2. Ability to face competition successfully.  
3. Ability of produce high quality goods  
4. Minimizing time and cost.

08. (i) (a) Activities relevant to purchase and scale of products., Process of exchanging goods and services based on money. (02 marks)



(ii) **Advantages**

1. Easy to distribute produces.
2. Easy product introduced vector
3. Ability obtain market information
4. Expansion of market

**Disadvantages**

1. Creating unnecessary deficiency of products.
2. Losing the market controlling power
3. Increasing price of goods.
4. Minimum consumer return.

