

AL/2020/32/E-I(NEW)

සියලු ම හිමිකම් ඇවිරිණි / முழுப் பதிப்புரிமையுடையது / All Rights Reserved

නව නිර්දේශය/புதிய பாடத்திட்டம்/New Syllabus

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
 திணைக்களம் இலங்கைப் பரீட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம்
 Department of Examinations, Sri Lanka
 இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம்

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2020
 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2020
 General Certificate of Education (Adv. Level) Examination, 2020

ව්‍යාපාර අධ්‍යයනය I
 வணிகக் கல்வி I
 Business Studies I

32 E I

පැය දෙකයි
 இரண்டு மணித்தியாலம்
 Two 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 questions from 1-30 and write its number on the dotted line given.
- * Write short answers for questions from 31-50 on the dotted line given.
- * Each question carries two marks.

Index No. :

For Examiner's Use Only

for paper I		Signature	Code No.
Q. Nos.	Marks	1st Examiner	
01 - 30		2nd Examiner	
31 - 50		Addl. Chief	
TOTAL		Chief	
		E.M.F.	

- A business is
 - a group of people motivates by profit.
 - any economic activity based on services.
 - an organized effort of individuals for selling goods.
 - an organized effort of individuals for producing goods.
 - any economic activity which fulfills individual needs and wants. (.....)
- As per the classification of Gross Domestic Product of Sri Lanka, an economic activity which belongs to the industrial sector is
 - recycling.
 - legal advocacy.
 - insurance.
 - sale of vegetable seeds.
 - forestry. (.....)
- What is the direct action that can be taken by an enterprise to generate a fair earning for the owners?
 - managing waste
 - fulfilling social welfare
 - assuring job security of employees
 - investing money in productive ventures
 - setting a fair price for goods and services (.....)
- A business contributes to ensure economic sustainability through
 - creating infrastructure facilities.
 - importing goods.
 - creating employment.
 - maintaining an equitable distribution of income.
 - maintaining the internal price stability. (.....)
- What is the most prevalent business establishment type in Sri Lanka?
 - partnerships
 - co-operatives
 - public limited companies
 - sole proprietorships
 - franchise businesses (.....)

6. What is the immediate effect to the turnover and profit of a business when the production is reduced while the price of common goods is increased ?

	Turnover	Profit
(1)	Decrease	Increase
(2)	Increase	Decrease
(3)	No change	No change
(4)	Decrease	Decrease
(5)	Increase	Increase

(.....)

7. An entrepreneur uses a budget for

- (1) minimizing the financial requirements.
- (2) providing financial information to employees.
- (3) monitoring operations of the business.
- (4) monitoring financial performance of the business.
- (5) identifying the output level at the break-even point.

(.....)

8. Compared to an entrepreneur, a businessman is most willing to

- (1) take risks.
- (2) accept all responsibilities.
- (3) perform safely.
- (4) enhance creativity.
- (5) create new business opportunities.

(.....)

9. The following table provides monetary policy instruments used by the Central Bank of Sri Lanka and descriptions related to them.

Instruments	Descriptions
(i) Standing deposit facility rate	A - Buying and selling of government securities by the Central Bank on permanent or temporary basis.
(ii) Open market operations	B - An interest rate imposed by the Central Bank in granting advances for achieving temporary liquidity purposes in commercial banks.
(iii) Statutory reserve rate	C - The interest rate charged by the Central Bank when commercial banks obtain funds by pledging government securities.
(iv) Standing lending facility rate	D - The amount of deposit that commercial banks are required to maintain at the Central Bank from their deposits.
(v) Bank interest rate	E - The interest rate paid by the Central Bank when commercial banks invest their surplus funds in government securities.

What is the option that correctly matches the given order of instruments with the descriptions stated above?

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

(.....)

10. **Statement A** : Public Service Provident Fund is applicable for all permanent employees in the government sector.

Statement B : Employees Provident Fund is applicable for all private sector employees.

Out of the above two statements,

- (1) A is correct and B is incorrect.
- (2) A is incorrect and B is correct.
- (3) Both A and B are incorrect.
- (4) While both A and B are correct, A is elaborated through B.
- (5) While both A and B are correct, A is not elaborated through B.

(.....)

11. The following table provides principles of insurance and descriptions related to them.

Principles	Descriptions
(i) Insurable interest	A - The direct incident which causes the damage to the insured property.
(ii) Indemnity	B - The genuine interest of insuree for insuring a certain object.
(iii) Utmost good faith	C - The legal right an insurer holds to claim compensation paid to the insuree from the third party who caused the damage.
(iv) Proximate cause	D - Disclosing all relevant information pertaining to insurance agreement by the insurer and insuree.
(v) Subrogation	E - The insuree is able to compensate only to the extent of the actual loss.

What is the option that correctly matches the descriptions in the order of principles given above?

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

12. **Statement A** : Important and complex information can be communicated even verbally.

Statement B: In addition to verbal communication, it is important to communicate such information in writing.

Out of above two statements,

- (1) **A** is correct and **B** is incorrect.
(2) **A** is incorrect and **B** is correct.
(3) Both **A** and **B** are incorrect.
(4) While both **A** and **B** are correct, **A** is elaborated through **B**.
(5) While both **A** and **B** are correct, **A** is not elaborated through **B**. (.....)

13. When a retailer is selling his goods via online, first he should

- (1) maintain more inventories. (2) build trust among customers.
(3) establish a permanent customer base. (4) create sound customer attraction.
(5) be prepared to market in any country. (.....)

14. The agent who buys or sells goods under his personal name on behalf of the principal is called

- (1) factor. (2) broker.
(3) commission agent. (4) del credere agent.
(5) auctioneer. (.....)

15. Following are some of the tools that can be used for marketing promotion mix.

- A - Web sites B - Sales meetings C - Exhibitions
D - Catalogues E - Telephone calls F - Samples
G - Social media H - Incentive programmes

From the above, what is the group that contains tools that can be used only for direct marketing?

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

16. Depreciation of the rupee value of Sri Lanka causes to,

- (1) increase export orders. (2) increase prices of exports.
(3) increase import orders. (4) decrease prices of imports.
(5) decrease export orders. (.....)

17. Select the option which correctly states the two sub-roles according to the order of the two management tasks of hospital management given below.

A - Make hospital employees aware of preventive measures of diseases

B - Ensure sufficient treatment facilities and procure protective medical equipment

- (1) Leader and Liaison officer (2) Disseminator and Disturbance handler
(3) Entrepreneur and Liaison officer (4) Liaison officer and Disseminator
(5) Disturbance handler and Monitor (.....)

18. A business facilitates its employees to work from home via online mode in a crisis situation.

This statement illustrates more on

- (1) importance of planning (2) adaptation to dynamic environment
 (3) avoid organizational weaknesses. (4) coordination of managerial functions
 (5) need of technological knowledge. (.....)

19. The following table shows the components of a strategic plan and descriptions relating to them.

Components	Descriptions
(i) Mission	A - Guide the way of conducting affairs to achieve goals and objectives of the organization.
(ii) Goals	B - Outline what needs to be done to achieve goals and objectives of the organization.
(iii) Strategies	C - Outline a series of steps that need to be followed to achieve a task.
(iv) Policies	D - Outline the long term expectations and aspirations that an organization needs to achieve.
(v) Procedures	E - Decide the nature and direction of an organization.

Which is the option that correctly matches the description as per the order of the components given above?

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

20. Select the option that correctly states the leadership styles as per the order of the two decisions given below.

A : Employees are given full freedom and control to carry out their tasks.

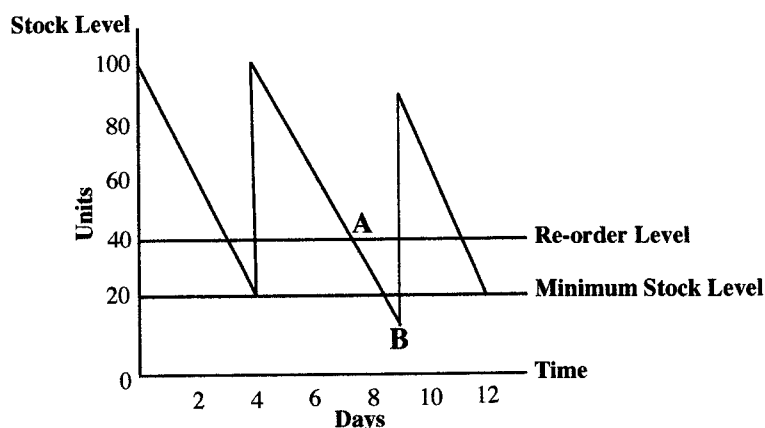
B : Obtain employee participation through decentralization of authority.

- (1) Autocratic and Democratic (2) Democratic and Laissez-Faire
 (3) Democratic and Autocratic (4) Autocratic and Laissez-Faire
 (5) Laissez-Faire and Democratic (.....)

21. Select the answer which contains only the functions of operations management.

- (1) production engineering, inventory control, production control, and production planning
 (2) material purchasing, setting standards, measuring performance, and production control
 (3) production engineering, production planning, material purchasing and production control
 (4) production engineering, internal audit, inventory control, and production control
 (5) setting standards, measuring performance, identifying variance, and research and development (.....)

22. Points A and B of the following diagram show



- (1) a decrease of consumer demand and an increase of cycle time.
 (2) an increase of consumer demand and a decrease of cycle time.
 (3) an increase of consumer demand and lead time.
 (4) an increase of re-order quantity and lead time.
 (5) a decrease of minimum stock level and an increase of cycle time. (.....)

[See page five

23. Choose the statement that correctly states 'Quality Assurance'.
- (1) Small groups of employees discuss about production issues.
 - (2) Manufacturing complying with national and international standards.
 - (3) Ensuring the quality of products at each phase of the production process.
 - (4) Assuring that the manufacture of each product is free of defects
 - (5) Communicating the performance of manufacturing process to relevant parties. (.....)
24. 'Market positioning' for a product or service means,
- (1) increasing sales in the market.
 - (2) increasing the market share.
 - (3) establishing in the market in the long-run.
 - (4) increasing the monopolistic power of the businessman.
 - (5) building-up a favourable attitude in consumer's mind. (.....)
25. In the last year, the current ratio and quick ratio of a company were 3:1 and 2:1 respectively. While current ratio remains unchanged in the current year, the quick ratio is 1:1. This indicates comparably,
- (1) an increase of company's liquidity.
 - (2) an increase of closing stock value.
 - (3) a decrease of closing stock value.
 - (4) a decrease of company's liquidity.
 - (5) an increase of company's total liabilities. (.....)
26. Following are several types of financial markets.
- | | |
|----------------------------------|-----------------------------|
| A - Inter bank call money market | B - Corporate bond market |
| C - Commercial paper market | D - Foreign exchange market |
| E - Share market | F - Treasury bond market |
- From the above, what is the group which belongs only to the capital market?
- (1) A, B, F
 - (2) B, D, F
 - (3) B, E, F
 - (4) C, D, F
 - (5) C, E, F (.....)
27. The following table shows types of selection methods of applicants and some measures relating to them.
- | Methods | Measures |
|----------------------------|--|
| (i) Application assessment | A - Ability to control emotions |
| (ii) IQ tests | B - Ability to accomplish the task of the relevant job |
| (iii) Practical tests | C - Suitability of candidates' qualifications |
| (iv) Personality tests | D - Ability of logical thinking |
- What is the option that correctly matches the measures as per the order of methods given above?
- (1) B, A, C, D
 - (2) B, C, D, A
 - (3) C, D, A, B
 - (4) C, D, B, A
 - (5) D, C, A, B (.....)
28. The immediate result of providing financial benefits on employee performance is
- (1) increasing employee motivation.
 - (2) increasing employee productivity.
 - (3) increasing employee attraction.
 - (4) minimizing employee absenteeism.
 - (5) improving employer-employee consensus. (.....)
29. An employee disciplinary issue that can occur while on duty is
- (1) delayed reporting to work.
 - (2) working for a competitive organization.
 - (3) resigning from the job without informing.
 - (4) taking leave without approval.
 - (5) assaulting an employee. (.....)
30. Several steps used in the management process are given below.
- | | |
|----------------------------|--------------------------------------|
| A - Co-ordination | B - Tasks identification |
| C - Problem identification | D - Delegation of work |
| E - Departmentalization | F - Employee training |
| G - Resource analysis | H - Inter-departmental communication |
- Out of the above, steps related only to organizing include,
- (1) A, B, D, E
 - (2) A, D, E, G
 - (3) B, E, F, H
 - (4) D, E, G, F
 - (5) D, E, F, H (.....)

- Answer questions from 31 to 40, by filling in the blanks with suitable word / words.

31. (a) As ownership of a sole proprietorship belongs to a/an person, creditors' of such a business is high.
- (b) Collective of partners is unlimited and therefore, making process in such businesses requires a longer time than sole proprietorship.
32. (a) Near money is an that can be converted into cash easily and it also functions as an accumulation of
- (b) The of bank money is comparatively lower than currency, and a deposit is an example for bank money.
33. (a) The main function of the Co-operative Rural Bank is to collect from people residing in rural areas and to provide strong institutional support for rural
- (b) The two categories of institutions that are eligible to be authorised as primary dealers are commercial banks and primary dealer companies.
34. (a) Electronic banking system facilitates customers to access their and perform financial
- (b) The institution established to provide government information to the public in Sri Lanka is and its telephone number is
35. (a) A document issued by an authorized institution of the exporting country confirming the suitability of consumption of export-agro products is certificate and a document issued by a shipping line to the exporter indicating that the goods have been accepted for shipping is
- (b) To boost revenue and to local industries, the Government imposes on imports.
36. (a) Division of labour creates and thereby employee will increase.
- (b) The printing of advertisements is an example for production method and tailoring garments for an individual is an example of production method.
37. (a) ISO standard is relevant to environmental management and ISO 9001 is relevant to management.
- (b) All physical components of an information system is and computer programs used for data processing is

[See page seven]

38. (a) The that a consumer receives from consumption of goods and services is the of it.
- (b) A collective effort of all employees in an organization to provide a better service for is known as marketing.
39. (a) While a fixed rate of is payable for debentures, a varied rate of is payable for ordinary shares.
- (b) While employee enhances current job performance, employee focuses on the future performance of the organisation.
40. (a) When ascertaining the production cost, salary of finance manager is categorized as cost, and salaries of production employees are categorized as cost.
- (b) The organizational depicts the inter-relationships between various divisions and positions within an organization and they can be summarized through organizational
- For questions from 41 to 50, write the **specific answers** in the space provided.

41. State **four** ways that businesses fulfill human wants.

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

42. List **four** points as to how adherence to business ethics would be important for a business.

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

43. State **four** main objectives that a business expects to accomplish.

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

44. Write **four** limitations of private limited companies.

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

45. List **four** reasons as to why entrepreneurship is important for the success of small and medium enterprises (SMEs).

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

46. Name the logistics system that matches with each description given below.

Descriptions	Logistics systems
1. Supply of goods manufactured using purchased raw materials to consumers.	1.
2. Obtaining required raw materials for production	2.
3. Providing products to end user	3.
4. Returning used products to the manufacturer	4.

47. Complete the following table with respect to financing sources used by public limited companies.

Internal source	External source
1.	1.
2.	2.

48. Write **four** ways of using the internet for business activities.

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

49. Write **four** points that should be considered when preparing a business plan.

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

50. Write the meaning of each of the following symbols given below, related to online purchasing process.

(1)



.....

(2)



.....

(3)



.....

(4)



.....

නව නිර්දේශය/புதிய பாடத்திட்டம்/New Syllabus

NEW ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
 இலங்கைப் பரீட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம் இலங்கைப் பரීட்சைத் திணைக்களம்
 Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka Department of Examinations, Sri Lanka

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය, 2020
 கல்விப் பொதுத் தராதரப் பத்திர (உயர் தர)ப் பரீட்சை, 2020
 General Certificate of Education (Adv. Level) Examination, 2020

ව්‍යාපාර අධ්‍යයනය II
 வணிகக் கல்வி II
Business Studies II

32 E II

පැය තුනයි
 மூன்று மணித்தியாலம்
Three hours

අමතර කියවීමේ කාලය - මිනිත්තු 10 යි
 மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள்
Additional Reading Time - 10 minutes

Use additional reading time to go through the question paper, select the questions you will answer and decide which of them you will prioritise.

Instructions:

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

Part I

1. After completing a professional course, Asha commenced a beauty salon named 'Amasha' and appointed Amara as its manager. Asha invested Rs. 500 000 obtained through a loan and Rs. 200 000 from her savings in this business. She bought a building worth of Rs. 600 000 and the balance was spent to import modern equipment for the business to deliver a high quality service. She and her trained staff are ready to provide service at any time by either visiting customers' homes or at the beauty salon, considering the convenience of the customers.
 - (i) Classify this business according to the following criteria:
 - (a) Ownership :
 - (b) Objective :
 - (c) Scale :
 - (d) Production sector : (04 marks)
 - (ii) (a) Briefly describe whether Asha's business fulfills a need or a want of a person. (02 marks)
 - (b) Name and describe **two** tactics except the price that Asha has adopted to increase the demand of the customers. (02 marks)
 - (iii) (a) List **two** strengths and **two** weaknesses of this business. (02 marks)
 - (b) Describe **two** ways the industry to which Asha's business belongs to contributes for the economic development. (02 marks)
 - (iv) (a) Mention **four** limitations that can be seen in these types of businesses. (02 marks)
 - (b) Write **four** resources, with examples in addition to entrepreneurship, employed by Asha's business. (02 marks)
 - (v) Explain **four** ways that Asha can further improve entrepreneurial characteristics and skills. (04 marks)

(Total 20 marks)

2. (i) (a) Name **four** institutions established in Sri Lanka to which you can make complains regarding trade malpractices. (02 marks)
 (b) Briefly describe **two** trade malpractices committed by traders. (02 marks)
- (ii) (a) Describe what is meant by a 'formal organization'. (02 marks)
 (b) Mention **four** characteristics of public limited companies. (02 marks)
- (iii) (a) Define 'franchise businesses'. (02 marks)
 (b) Describe how a listed public company differs from an unlisted public company. (02 marks)
- (iv) Keerthi runs an exporting company by purchasing fish from local suppliers. Due to the COVID-19 pandemic, the export price of fish declined from U.S. \$ 16 to \$ 06 per kg. Therefore, Keerthi decided to close down the business but employees and residents in the area were agitated over this decision.
 (a) What is meant by 'social responsibility' of this business? (01 marks)
 (b) Name **three** parties who are interested in the above business and state one reason for each party to show interest in it. (03 marks)
- (v) Explain the way in which a rational consumer behaves in the market using **four** facts. (04 marks)
 (Total 20 marks)
3. An airline operated by the government was integrated with a private airline named 'Air Alpha', with the intention of increasing its market share.
- (i) (a) What is meant by 'business merger' ? (02 marks)
 (b) Name the type of integration that occurred between the above two companies and describe that integration type. (02 marks)
- (ii) (a) Write **four** advantages that a businessman can obtain from leasing companies. (02 marks)
 (b) State **four** agency activities of the Central Bank of Sri Lanka. (02 marks)
- (iii) (a) Describe **two** differences between licensed commercial banks and licensed financial companies. (02 marks)
 (b) Describe the **two** main settlement systems of 'Lanka Settle' system. (02 marks)
- (iv) (a) Describe the importance of air transportation for the economy giving **two** reasons. (02 marks)
 (b) Describe **two** current trends in the road transport sector in Sri Lanka with **two** examples. (02 marks)
- (v) Explain what is meant by 'quantitative factors' in defining small and medium size enterprises and provide **two** examples for those. (04 marks)
 (Total 20 marks)
4. (i) (a) What is meant by a 'Letter of Credit'? (02 marks)
 (b) Name **four** fields of cooperative activities of the South Asian Association for Regional Cooperation (SAARC). (02 marks)
- (ii) (a) Name the parties that should contribute to the Employee Provident Fund (EPF) and mention the minimum percentages of contribution they should make. (02 marks)
 (b) State **four** ways of identifying **non-insurable** risks. (02 marks)
- (iii) (a) State **four** points that should be considered when writing a cheque. (02 marks)
 (b) Briefly explain, the importance of restricted endorsement giving **two** reasons. (02 marks)

- (iv) (a) What is meant by 'general liability insurance'? (01 marks)
 (b) Explain the importance of communication for business affairs giving **three** reasons. (03 marks)
 (v) Explain why 'barcodes' are important for a business using **four** reasons. (04 marks)
 (Total 20 marks)

Part II

5. (i) (a) Describe what is 'an organization'. (02 marks)
 (b) Explain the relationship between 'effectiveness' and 'efficiency'. (02 marks)
 (ii) (a) Write **two** advantages and **two** disadvantages of decentralizing an organization. (02 marks)
 (b) State **four** reasons on the importance of control process. (02 marks)
 (iii) (a) What is 'value added' of a product? (02 marks)
 (b) Briefly explain 'cell layout' with an example. (02 marks)
 (iv) (a) State **two** benefits of resource analysis in the planning process. (01 marks)
 (b) Explain why conceptual skills are more important for top managers giving **two** reasons. (03 marks)
 (v) The actual and forecasted information of Saravanas Shoe Manufacturing Company are given in the table below.

Description	2020 (Actual)	2021 (Forecasted)
Pair of shoes (units)	500	1 000
Fixed costs	Rs. 212 000	increased by 50%
Variable cost (per pair)	Rs. 200	Rs. 200
Selling price (per pair)	Rs. 730	Rs. 730

Calculate the following for the year 2021.

- (a) Total production cost
 (b) Production cost of a pair of shoes
 (c) Break-even point in quantity
 (d) Difference of break-even quantity compared to 2020 (04 marks)
 (Total 20 marks)
6. (i) (a) State **four** issues that a business may face when using new technology. (02 marks)
 (b) Explain how shopping goods differ from speciality goods with an example. (02 marks)
 (ii) A merchant sets the prices of his goods 20% less than the competitors' price.
 (a) What is the prime objective of the above pricing method? (01 marks)
 (b) Briefly explain the effect to gross profit of the merchant when using such a pricing method. (03 marks)
 (iii) (a) State **four** benefits that can be claimed to a business through trade promotion. (02 marks)
 (b) "Channel of distribution will vary based on the nature of consumer goods." Explain this statement giving **two** examples. (02 marks)
 (iv) (a) List **four** objectives of financial management. (02 marks)
 (b) Describe **two** advantages that shareholders can obtain through effective financial management. (02 marks)
 (v) Explain **four** benefits that a businessman can gain through market segmentation. (04 marks)
 (Total 20 marks)

7. (i) Using the given information, calculate each of the following ratios.

	Rs.
Net profit (before tax)	60 000
Preferred dividend	15 000
Preference shares	200 000
Ordinary shares	300 000
Sales	100 000
Income tax payable	10 000
Loan interest	5 000

- (a) Net profit ratio.
 (b) Return on equity ratio.
 (c) Debt equity ratio.
 (d) Interest coverage ratio. (04 marks)
- (ii) (a) What is 'capitalization of reserves'? (02 marks)
 (b) State **four** advantages of investing in government securities for an investor. (02 marks)
- (iii) (a) Mention the importance of share price indices to investors giving **four** reasons. (02 marks)
 (b) Describe **two** advantages that a business can obtain through recruiting employees on a temporary basis. (02 marks)
- (iv) (a) List **four** possible ways in which employee mobility can be done after performance evaluation. (02 marks)
 (b) Differentiate between employee absenteeism and employee turnover. (02 marks)
- (v) Explain **four** factors that can influence human resource demand of a firm. (04 marks)
 (Total 20 marks)

8. (i) (a) List **two** advantages and **two** disadvantages of internet banking service for a businessman. (02 marks)
 (b) Identify 'computer security threats' and name **two** such threats. (02 marks)
- (ii) (a) Mention **four** functions expected to be accomplished through an effective information system. (02 marks)
 (b) Describe for which purpose do employees use knowledge level information system. (02 marks)
- (iii) (a) Describe the importance of a finance plan for a business using **two** facts. (02 marks)
 (b) Briefly describe **four** reasons as to how an estimated cash flow is important for an entrepreneur. (02 marks)
- (iv) (a) Write **two** ways of increasing the working capital of a business. (01 marks)
 (b) State **two** reasons for delisting a listed company from the Colombo Stock Exchange and explain them. (03 marks)
- (v) A person intends to invest a part of his money in either stock market or make a fixed deposit in a commercial bank. Explain **two** advantages and **two** disadvantages of each alternative investment method. (04 marks)
 (Total 20 marks)