



**1.6** Select from the following, a risk that a person **cannot** insure:

- (1) Losses due to economic recession.
- (2) Potential risk from accidents.
- (3) The risk of his own life.
- (4) All of the above.

**1.7** Consider the following statements:

- (a) Registration is not required.
- (b) There is no Going Concern.
- (c) Its purpose is long-term.

Of the above, the correct statement/s regarding a Joint Venture is/are:

- (1) **(a)** only.
- (2) **(b)** only.
- (3) **(a)** and **(b)** only.
- (4) **(a)** and **(c)** only.

**1.8** Which one of the following institutions is **not** supervised by the Central Bank of Sri Lanka?

- (1) Employees' Trust Fund (ETF).
- (2) Employees' Provident Fund (EPF).
- (3) Leasing Companies.
- (4) Licensed Specialized Banks.

**1.9** Which one of the following is **not** a characteristic of a formal business?

- (1) Being an economic activity.
- (2) There is no uncertainty.
- (3) There is a purchase, sale or exchange.
- (4) Motivated by profit.

**1.10** Which one of the following is an example for an instrument in Money Market?

- (1) Ordinary shares.
- (2) Treasury Bond.
- (3) Commercial papers.
- (4) All of the above.

*State whether each of the following statements from 1.11 to 1.15 is **True** or **False**. Write the answer (True/False) in your answer booklet with the number assigned to the question.*

**1.11** A business organization that is registered under the Companies Act, with a legal identity and a limited liability is called as an incorporated company.

**1.12** The Employees' Provident Fund (EPF) is a participant of the Real Time Gross Settlement System.

**1.13** A cheque is a payment method used in international trade.

**1.14** Vision is a statement that describes how the organization differs from other similar institutions.

**1.15** As per the indemnity principle, earning profit from the insurance is prevented.

Write the answers for question No. **1.16** to **1.20** in your answer booklet with the number assigned to the question.

**1.16** State two(02) advantages of a distribution channel to the business.

**1.17** Explain briefly what is meant by “Green Entrepreneurship”.

**1.18** State two(02) differences between “Capital Market” and “Money Market”.

**1.19** State two(02) ways that a cheque can be dishonoured.

**1.20** State two(02) differences between an entrepreneur and a manager.

(02 marks each, Total 40 marks)

End of Section A

## **SECTION B**

(Total 40 marks)

### **Question 02**

**Amila** started a business as **Amila Bakers** few years ago as a sole-proprietorship. Later, **Bilina** joined with **Amila** and they incorporated the bakery under the name of **Tasty Bakers (Pvt) Ltd.** under the Companies Act No. 07 of 2007.

**You are required to:**

- (a) **State** two(02) different types of companies that can be incorporated under the Companies Act No. 07 of 2007 other than private limited companies. (02 marks)
- (b) **State** differences between a sole-proprietorship and a limited liability company based on the following characteristics:
- |                        |  |
|------------------------|--|
| (i) Legal personality. | (ii) Control.                            |
| (iii) Continuity.      | (iv) Accounting and Auditing. (04 marks) |
- (c) **State** two(02) advantages and two(02) disadvantages of a private limited company. (04 marks)
- (Total 10 marks)

### **Question 03**

**Rashmi** started a clothing store as **Handi Style** in 2015. The **Handi Style** used currency and cheques to make the transactions. However, **Rashmi** had to carry out all business transactions through online with COVID-19 pandemic. Now she makes all the transactions using the electronic money (E-money).

**You are required to:**

- (a) **Define** what is meant by “currency”. (02 marks)
- (b) **State** four(04) matters to be considered when writing a cheque. (04 marks)
- (c) **Explain** two(02) reasons why E-money is a popular method to make transactions. (04 marks)
- (Total 10 marks)

## Question 04

**Digith Printers** which is a local digital print shop owned by **Digith** is a small enterprise in Sri Lanka. However, **Digith** recognizes his role in reducing the environmental impact of the digital printing industry. These practices are also aligned with recent government initiatives and also enabled them to attract eco-conscious customers and create a win-win situation between the business and society.

**You are required to:**

- (a) **List** three(03) objectives of the Government. (03 marks)
  - (b) **Identify** three(03) responsibilities of **Digith Printers** to the society. (03 marks)
  - (c) **Explain** two(02) reasons why Small and Medium Enterprises (SMEs) are important for the Sri Lankan economy. (04 marks)
- (Total 10 marks)

## Question 05

**Tharush Furniture** which is a sole proprietorship owned by **Tharush**, is a furniture business. It imports rare wood from Indonesia as its key raw material to make furniture. Climate change disrupts business of wood industry and affects wood prices and its supply chain. **Tharush** identifies a local, fast-growing bamboo as an alternative new raw material and it reduces reliance on imports. This innovation ensures stability of the business and highlights its importance in adapting to the changing global environment.

**You are required to:**

- (a) **State** two(02) differences between wholesale trade and retail trade. (02 marks)
  - (b) **Explain** two(02) impacts of the global environment on **Tharush Furniture**. (04 marks)
  - (c) **Identify** four(04) entrepreneurial qualities possessed by **Tharush**. (04 marks)
- (Total 10 marks)

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*End of Section B*

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## **SECTION C**

(Total 20 marks)

### **Question 06**

**Malika**, a young entrepreneur, who graduated recently observed a gap in the market for eco-friendly cleaning services in Sri Lanka. Her entrepreneurial spirit drives innovation. She launched "**Eco-Clean**", a company dedicated to use sustainable products and practices for commercial buildings. This contributes to a more sustainable future and economic growth.

**Eco-Clean** succeeds by utilizing various supportive services. Banks offered loans for expansion, allowing **Malika** to invest in equipment and promotional activities. **Eco-clean's** strong online presence and partnerships with green building initiatives attract new clients and raise brand awareness. Further, **Malika** is searching for legal advices to ensure compliance with environmental regulations, while insurance protects against potential risks of the business.

However, according to the business management knowledge she gained at her university, she knew that navigating the business world requires a keen understanding of stakeholders and their influences. Accordingly, she gathered data on her stakeholders and their impact. She understood that eco-conscious businesses are drawn to **Eco-Clean's** environmental focus, leading to increased brand reputation and client loyalty. Yet, dissatisfied clients can damage their reputation through negative reviews. There is a need for a well-trained and motivated workforce to ensure efficient cleaning and customer satisfaction. However, there is a possible threat of high employees' turnover rate, due to the economic conditions of the country, which can disrupt operations and impact quality. Most of her suppliers are reliable suppliers of eco-friendly cleaning products. Nevertheless, unreliable suppliers can lead to stock shortages and service disruptions.

**You are required to:**

- (a) **Assess** the business environment of **Eco-Clean**, using the SWOT analysis (06 marks)
- (b) **List** four(04) stakeholders of **Eco-Clean**. (02 marks)
- (c) **State** four(04) services provided by a licensed commercial bank in Sri Lanka to businesses other than providing loans. (04 marks)
- (d) **Explain** two(02) reasons why insurance is important for **Eco-Clean**. (04 marks)
- (e) **Explain** two(02) ways how **Eco-Clean** contributes to a more sustainable future in Sri Lanka beyond their core business activities. (04 marks)

(Total 20 marks)

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*End of Section C*

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## **ACTION VERBS CHECK LIST**

Level of Competency	Description	Action Verbs	Verb Definitions
<b>Knowledge (1)</b>	Recall Facts and Basic Concepts.	<b>Draw</b>	Produce a picture or diagram.
		<b>Relate</b>	Establish logical or causal connections.
		<b>State</b>	Express details definitely or clearly.
		<b>Identify</b>	Recognize, establish or select after consideration.
		<b>List</b>	Write the connected items.

Level of Competency	Description	Action Verbs	Verb Definitions
<b>Comprehension (2)</b>	Explain & Elucidates Ideas and Information.	<b>Recognize</b>	Show validity or otherwise, using knowledge or contextual experience.
		<b>Interpret</b>	Translate into understandable or familiar terms.
		<b>Describe</b>	Write and communicate the key features.
		<b>Explain</b>	Make a clear description in detail using relevant facts.
		<b>Define</b>	Give the exact nature, scope or meaning.

Level of Competency	Description	Action Verbs	Verb Definitions
<b>Application (3)</b>	Use and Adapt Knowledge in New Situations.	<b>Reconcile</b>	Make consistent / compatible with another.
		<b>Graph</b>	Represent by graphs.
		<b>Assess</b>	Determine the value, nature, ability or quality.
		<b>Solve</b>	Find solutions through calculations and/or explanation.
		<b>Prepare</b>	Make or get ready for a particular purpose.
		<b>Demonstrate</b>	Prove or exhibit with examples.
		<b>Calculate</b>	Ascertain or reckon with mathematical computation.
		<b>Apply</b>	Put to practical use.

Level of Competency	Description	Action Verbs	Verb Definitions
<b>Analysis (4)</b>	Draw Connections Among Ideas and Solve Problems.	<b>Communicate</b>	Share or exchange information.
		<b>Outline</b>	Make a summary of significant features.
		<b>Contrast</b>	Examine to show differences.
		<b>Compare</b>	Examine to discover similarities.
		<b>Discuss</b>	Examine in detail by arguments.
		<b>Differentiate</b>	Constitute a difference that distinguishes something.
		<b>Analyze</b>	Examine in details to find the solution or outcome.