



**ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA**

**LEVEL II EXAMINATION - JANUARY 2026**

**(204) BUSINESS MANAGEMENT**

• **Instructions to candidates** (Please Read Carefully):

- (1) **Time Allowed:** Reading : 15 minutes.  
Writing : 03 hours.

08-02-2026  
Afternoon  
[01.45 – 05.00]

No. of Pages : 06  
No. of Questions : 07

- (2) **All questions should be answered.**
- (3) **Answers should be in one language, in the medium applied for, in the booklets provided.**
- (4) **State clearly assumptions made by you, if any.**
- (5) **Action Verb Check List** with definitions is attached. Each question will begin with an **action verb** excluding OTQ's. Candidates should answer the questions based on the **definition** of the verb given in the Action Verb Check List.
- (6) **100 Marks.**

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**SECTION A**

**Objective Test Questions (OTQs)**

(Total 25 marks)

**Question 01**

*Select the most correct answer for question No. 1.1 to 1.5. Write the number of the selected answer in your answer booklet with the number assigned to the question.*

**1.1** Which one of the following best defines “Management”?

- (1) The process of delegating all responsibilities to subordinates to achieve personal goals.
- (2) The art of getting things done through people efficiently and effectively to achieve organizational goals and objectives.
- (3) The act of planning long-term organizational goals without considering day-to-day operations.
- (4) The process of supervising workers without focusing on organizational goals.

**1.2** Obtaining the maximum outputs using the minimum resources in achieving goals and objectives is:

- (1) Efficiency. (2) Productivity.
- (3) Effectiveness. (4) Leadership.

**1.3** Which one of the following is **not** a strategy for Human Resource Surplus?

- |                           |                  |
|---------------------------|------------------|
| (1) Lay off.              | (2) Termination. |
| (3) Giving sub contracts. | (4) Retirements. |

**1.4** Which one of the following best describes the impact of Artificial Intelligence (AI) and Machine Learning (ML) on business operations?

- (1) They replace all human workers in every industry.
- (2) They allow industries to optimize processes, to reduce input material usage, and to improve efficiency.
- (3) They eliminate the need for management functions such as planning and controlling.
- (4) They serve only as tools for entertainment and social media applications.

**1.5** Which one of the following is an advantage of Total Quality Management (TQM)?

- |  |                              |
|--|------------------------------|
| (1) Strengthening competitive positions. | (2) Increasing productivity. |
| (3) Improving employees' morale.         | (4) All of the above.        |

(02 marks each, 10 marks)

*Select the correct word/words from those given within brackets to fill in the blanks of question No. 1.6 to 1.10. Write the selected word/words in your answer booklet with the number assigned to the question.*

**1.6** ..... (*Conceptual / Technical*) Skills are the abilities and knowledge needed to perform specific tasks.

**1.7** ..... (*Centralization / Hierarchy*) is a fundamental management principle as per Henry Fayol.

**1.8** According to ..... (*Hierarchy of Needs Theory / Two-Factor Theory*), employees are motivated to satisfy a series of human needs beginning with physiological needs and moving towards self-actualization needs.

**1.9** Avoiding false advertising and avoiding misleading information about competitors are ..... (*ethical / financial*) aspects of marketing.

**1.10** In a ..... (*planned / step*) change, the plans are developed after analyzing the environment, assuming that the organization is operating in a stable and predictable environment.

(01 mark each, 05 marks)

Write short answers for question Nos. **1.11** to **1.15** in your answer booklet with the number assigned to the question.

**1.11** State two(02) requirements for a successful brand.

**1.12** State two(02) characteristics of Bureaucratic Management Theory.

**1.13** State two(02) common methods of training in Human Resource Management.

**1.14** Explain briefly what is the “Marketing Management”.

**1.15** Explain briefly what is meant by “Dual Responsibility of Human Resource Management”.

(02 marks each, 10 marks)

(Total 25marks)

End of Section A

## **SECTION B**

(Total 50 marks)

### **Question 02**

**Tech Solutions (Pvt) Ltd.** is an information technology service provider that plans to expand into developing mobile applications for the healthcare industry. The management team must make several decisions regarding the type of technology to be adopted and the resources to be allocated. These decisions require careful evaluation of alternatives using a rational decision-making approach. As the company grows, managers emphasize the importance of effective planning to set clear objectives and align resources with future opportunities.

**You are required to:**

(a) **State** the steps of the Rational Decision-Making Process. (03 marks)

(b) **Explain** how planning helps in decision making process of **Tech Solutions (Pvt) Ltd.** (03 marks)

(c) **State** four(04) principles of planning. (04 marks)

(Total 10 marks)

### **Question 03**

At **BrightTech Ltd.**, the Human Resource Manager noticed that employees' morale was dropping due to long working hours and tight deadlines. To motivate the team, he introduced flexible schedules, recognition programs and team-building activities. However, he faced challenges such as rapid technological changes, competition, and rising customers' expectations. In order to face competition, the company focused marketing strategies through social media and is planning to expand distribution channels to attract and retain customers.

**You are required to:**

(a) **Explain** three(03) reasons why motivation is important for **BrightTech Ltd.** (06 marks)

(b) **Explain** two(02) ways how digital marketing can be used by **BrightTech Ltd.** to regain its competitive position. (04 marks)

(Total 10 marks)

### Question 04

The CEO of **SilverLine Ltd.** introduced a new organizational structure to clearly define the roles, reporting lines, and communication channels in the company. This facilitated better coordination among departments. The operations manager focused on planning, organizing, and supervising production activities. Operations management plays a crucial role in directing the business towards its success.

**You are required to:**

- (a) **State** four(04) benefits of a good organizational structure to **SilverLine Ltd.** (04 marks)
  - (b) **Explain** two(02) reasons why operations management is important for the success of **SilverLine Ltd.** (04 marks)
  - (c) **State** two(02) advantages of using Blockchain by **SilverLine Ltd.** (02 marks)
- (Total 10 marks)

### Question 05

At **Nova Textiles**, the human resource management team handles recruitments, training, and performance appraisals of employees and align employees' skills with the company's goals. However, when the management introduced new digital systems, some employees resisted the change. The management is planning to introduce different ways to reduce the resistance.

**You are required to:**

- (a) **Explain** the difference between "a Job Description" and "a Job Specification". (03 marks)
  - (b) **Explain** two(02) reasons why an effective performance appraisal system is important for **Nova Textiles**. (04 marks)
  - (c) **State** three(03) reasons for resistance to change by employees of **Nova Textiles**. (03 marks)
- (Total 10 marks)

### Question 06

The CEO of **Zenith Ltd.**, developed a long-term strategy to expand the business into international markets, guiding decisions on investment and product design. The project leader of **Zenith Ltd.** inspired employees with a vision and encouraged innovation while the production manager focused on planning schedules, allocating resources, and meeting deadlines. During a project execution, strict controlling measures were applied, such as monitoring performance and correcting errors. The management also faced behavioural implications, when controls are perceived as too strict.

**You are required to:**

- (a) **Explain** two(02) intensive strategies used by organizations. (04 marks)
  - (b) **Explain** the difference between "Transformational Leadership" and "Transactional Leadership". (03 marks)
  - (c) **State** three(03) factors to be considered in controlling by **Zenith Ltd.** (03 marks)
- (Total 10 marks)

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*End of Section B*

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## **SECTION C**

(Total 25 marks)

### **Question 07**

Sri Lanka's hospitality industry is gradually recovering after years of economic and political instability in the country, along with the severe impact of the global pandemic. **Moon Hotels PLC**, a well-known hotel chain, has experienced fluctuating tourist arrivals, increased competition, and high operational costs. In order to overcome these challenges and seize new opportunities, the company has begun re-evaluating its business practices.

A strong leadership is needed for **Moon Hotels PLC** with leadership skills to guide employees through uncertainty to motivate teams and to ensure that everyone works towards common organizational goals. At the same time, the Marketing Division plays a crucial role in attracting both local and international tourists by building brand awareness, communicating values and sustaining customers' relationships.

However, in its eagerness to expand operations, the company has recently made several poor recruitment decisions leading to mismatch between employees' skills and job requirements. This has resulted in several negative consequences on business's operations. Learning from this, the Human Resource Department now recognises the importance of proper selection practices.

In order to ensure long-term success of the organization, the management is also formulating a strategic plan. They understand that only a well-designed strategy will help **Moon Hotels PLC** to sustain competitiveness in a turbulent environment.

**You are required to:**

- (a) **State** three(03) leadership excellence factors required by a leader in the modern era.  
(03 marks)
- (b) **Explain** three(03) important roles to be performed by a leader in **Moon Hotels PLC**.  
(06 marks)
- (c) **Explain** three(03) reasons why effective marketing is important for **Moon Hotels PLC**.  
(06 marks)
- (d) **State** four(04) consequences of a wrong employee selection decision, with reference to the **Moon Hotels PLC**.  
(04 marks)
- (e) **Explain** three(03) ways how a strategic plan will help for **Moon Hotels PLC** to achieve its goals.  
(06 marks)

(Total 25 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.