



ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

LEVEL 02 EXAMINATION - JULY 2026

(2804) BUSINESS MANAGEMENT

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

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

26-07-2026
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.**

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 represents the main functions of the management process?

- (1) Hiring, Training, Marketing and Selling.
- (2) Planning, Organizing, Leading and Controlling.
- (3) Budgeting, Accounting, Auditing and Reporting.
- (4) Designing, Producing, Packaging and Delivering.

1.2 Doing the right things is known as:

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

1.3 In a tourist hotel, the Front Office Supervisor directly monitors receptionists, allocates daily tasks, ensures guests are properly served, and reports operational issues to the respective department manager.

Which one of the following categories of managers does the Front Office Supervisor belong to, in the organizational hierarchy?

- (1) Top Level Manager. (2) Middle Level Manager.
- (3) Lower Level Manager. (4) Strategic Level Manager.

1.4 The decision making is considered as important in the management, because:

- (1) It eliminates all risks in business operations.
- (2) It ensures that employees follow orders strictly.
- (3) It helps managers to choose the best course of action among alternatives.
- (4) It eliminates all losses of the organizations.

1.5 Which one of the following is **not** considered as a step of process of organizing?

- (1) Assignment of duties.
 - (2) Motivation.
 - (3) Departmentalization.
 - (4) Identification and division of work.
- (02 marks each, 10 marks)

*State whether each of the following statements from 1.6 and 1.8 are **True** or **False**. Write the answer (True/False) in your answer booklet with the number assigned to the question.*

1.6 Power means the obligation to demonstrate and take responsibility for performance in light of agreed expectations.

1.7 Expectation of the management is a factor to be considered in controlling.

1.8 A leader focuses mainly on inspiring people, while a manager focuses on planning and controlling tasks. (01 mark each, 03 marks)

Select the correct word/words from those given within brackets to fill in the blanks of question No. 1.9 to 1.10. Write the selected word/words in your answer booklet with the number assigned to the question.

1.9 Effective communication requires that the message should reach the (correct / nearest) person intended by the sender.

1.10 Strengths and weaknesses are (internal / external) factors of SWOT analysis. (01 mark each, 02 marks)

Write short answers for question No. 1.11 to 1.15 in your answer booklet with the number assigned to the question.

1.11 State two(02) signs of a de-motivated employee.

1.12 Explain briefly what is meant by “Branding”.

1.13 State the difference between “Authority” and “Responsibility”.

1.14 State two(02) attributes of a good Strategy.

1.15 State two(02) objectives of the Human Resource Management. (02 marks each, 10 marks)
(Total 25marks)

End of Section A

SECTION B

(Total 50 marks)

Question 02

ABC Foods, a well-known fast-food chain, has noticed a shift in customers' preferences towards healthier meals and faster delivery. The management needs to adapt its operations, marketing and processes to meet these changes while maintaining efficiency and customer satisfaction.

You are required to:

- (a) **State** two(02) parameters of a successful change for **ABC Foods**. (02 marks)
 - (b) **Explain** two(02) importances of planning for **ABC Foods**. (04 marks)
 - (c) **Explain** two(02) importances of organizing to **ABC Foods** that would help to manage changes effectively. (04 marks)
- (Total 10 marks)

Question 03

ABC Finance Ltd. is a growing finance company with 120 employees. The company recently introduced a digitalized loan approval system to improve customer services and to reduce processing time. To support this strategy, the management changed the organizational structure by creating separate teams for customer relationships, risk analysis, and digital operations. However, employees faced communication problems due to unclear reporting lines and resistance from some supervisors. The Chief Executive Officer (CEO) encourages managers to motivate their staff through training, teamwork, and participative leadership to improve performance.

You are required to:

- (a) **Explain** the relationship between organizational strategy and organizational structure using the above scenario. (04 marks)
 - (b) **Explain** two(02) leadership excellence factors that can help the CEO as a successful leader of **ABC Finance Ltd.** (04 marks)
 - (c) **State** two(02) barriers to effective communication faced by **ABC Finance Ltd.** in the above scenario. (02 marks)
- (Total 10 marks)

Question 04

Trans Move Logistics recently introduced GPS tracking, automated warehouse systems, and online delivery scheduling to improve its operations. The company transports goods across Sri Lanka and aims to reduce delivery delays and operating costs. Managers regularly monitor fuel usage, vehicle maintenance, employees' performance and customer complaints to maintain control over operations. The company follows several production steps such as receiving orders, packaging goods, loading vehicles, transportation, and final delivery to customers.

You are required to:

- (a) **Explain** two(02) key functions of operations management of **Trans Move Logistics**.
(04 marks)
 - (b) **Explain** two(02) impacts of new technology on the operations of **Trans Move Logistics**.
(04 marks)
 - (c) **State** two(02) new technologies that can be used in operation management of **Trans Move Logistics**.
(02 marks)
- (Total 10 marks)

Question 05

Fresh Bite Foods is a growing food company. To improve organizational performance, the Human Resources Department (HRD) recruits skilled employees, conducts training programs, and evaluates employees' performance regularly. Recently, **Fresh Bite Foods** introduced a digitalized HR system such as online recruitment, employee self-service portals and AI-based attendance tracking to improve efficiency and employee management.

You are required to:

- (a) **Explain** three(03) importances of Human Resource Management for **Fresh Bite Foods**.
(06 marks)
 - (b) **State** two(02) training methods that can be applied to **Fresh Bite Foods**.
(02 marks)
 - (c) **State** two(02) innovations that can be considered for Human Resource Management of **Fresh Bite Foods**.
(02 marks)
- (Total 10 marks)

Question 06

Green Harvest Agro Ltd. is an agri-business company that supplies vegetables and fruits to supermarkets and hotels across Sri Lanka and also the company is planning to export its products to several countries. The company focuses on effective supply chain management to ensure that fresh products are delivered on time with minimum wastage. The marketing department uses pricing, promotion, packaging, and distribution strategies to attract customers and increase sales.

You are required to:

- (a) **State** two(02) strategies that **Green Harvest Agro Ltd.** can use to manage the supply chain.
(02 marks)
 - (b) **Explain** two(02) importances of an effective supply chain management to **Green Harvest Agro Ltd.**
(04 marks)
 - (c) **Explain** two(02) pricing methods that **Green Harvest Agro Ltd.** can use to attract customers and increase sales.
(04 marks)
- (Total 10 marks)

SECTION C

(Total 25 marks)

Question 07

Desert Wave Logistics Ltd. is a mid-sized shipping and logistics company operating across several countries in the Middle East. The ongoing regional conflict and economic instability have created multiple challenges for the company, including disrupted trade routes, fluctuating fuel prices, sudden regulatory changes, and unpredictable delays at border checkpoints. These challenges have placed significant pressure on the company to maintain timely deliveries, to manage operational costs, and to ensure customer satisfaction.

To address these issues, **Desert Wave Logistics Ltd.** relies on managers at all levels to coordinate activities, to make quick operational decisions and to adapt strategies in real time. Middle managers play a crucial role in translating top management's directives into actionable plans, while first-line managers supervise day-to-day operations and ensure their teams follow updated protocols. Meanwhile, the marketing team has adjusted its campaigns to emphasize the reliability and safety of the company's services, introducing flexible pricing strategies, and communicating changes promptly to clients in order to maintain trust and loyalty. Further, training and development are encouraged by the top management understanding the necessities.

Top management continuously monitors the geopolitical situation, fuel price trends, and regulatory updates, and adjusts the company's long-term strategy accordingly. The leadership emphasizes strategic thinking, flexibility, and proactive problem-solving to ensure the company remains competitive, resilient, and capable of meeting client expectations under challenging circumstances.

You are required to:

- (a) **Explain** two(02) key skills, as explained by Robert L. Katz, required by managers at different levels. (04 marks)
- (b) **Explain** two(02) elements of the marketing mix used by **Desert Wave Logistics Ltd.** during the crisis. (04 marks)
- (c) **State** four(04) advantages of digital marketing for **Desert Wave Logistics Ltd.** (04 marks)
- (d) **State** three(03) ways to encourage employees to accept the change of **Desert Wave Logistics Ltd.** (03 marks)
- (e) **Identify** two(02) external factors that may influence **Desert Wave Logistics Ltd.**'s strategy and **Explain** how each factor could impact strategic decisions at **Desert Wave Logistics Ltd.** (06 marks)
- (f) **State** four(04) benefits gained by **Desert Wave Logistics Ltd.** through an effective training. (04 marks)

(Total 25 marks)

End of Section C

Action Verbs Check List			
Level	Action Verb	Definition	Detailed Instructions for Students
REMEMBER Recalling facts, terms, basic concepts, or answers without necessarily understanding what they mean.	Identify	Recognition of someone or something.	Find and name key parts of the topic.
	Define	Meaning of a word or concept.	Provide a clear meaning of a term or concept.
	Recognise	Awareness of something seen before.	Spot and acknowledge something from previous learning.
	State	Clear and concise expression of information.	Express key facts or concepts in a straightforward way.
	List	A series of names, numbers, or items.	Write down key points in an organized manner.
	Record	Entry of details into a system (not accounting).	Enter relevant details clearly and accurately.
UNDERSTAND Comprehending the meaning of informational materials and being able to interpret or explain it.	Construct	Formation of something by combining elements.	Bring together different parts into a meaningful whole.
	Differentiate	Recognition of differences between two or more things.	Highlight distinctions between concepts or items.
	Discuss	Consideration of different ideas and opinions about a topic.	Explore various perspectives and provide insights.
	Explain	Clarification of something in greater detail.	Provide a logical and detailed description.
	Illustrate	Use of examples, charts, or visuals to clarify a point.	Support explanations with appropriate examples or visuals.
	Interpret	Explanation of the meaning of information or actions.	Explain what something means in your own words.
	Describe	A detailed account of something.	Provide relevant details in a structured manner.
	Summarise	A brief statement of the main points.	Present key information concisely.
APPLY Using learned material in new and concrete situations. It requires the practical application of knowledge and skills.	Apply	Use of knowledge, skills, or rules in a situation.	Utilise relevant knowledge or techniques to achieve an outcome.
	Calculate	Determination of a value through mathematical or logical methods.	Use numerical or logical processes to reach a solution.
	Determine	Establishment of something through research or calculation.	Find out or conclude something after calculation or research.
	Demonstrate	Display of a process or method.	Show a clear example through structured steps.
	Prepare	Organisation of materials or information for use.	Arrange necessary details before engaging in a task.
	Use	Application of a concept, tool, or method for a purpose.	Implement relevant knowledge or resources appropriately.
	Present	Sharing of information effectively.	Deliver key insights clearly and professionally.
ANALYSE 1Breaking down information into its components to understand its structure and relationships.	Analyse	Detailed examination of something to understand its components.	Break down information into key parts for better understanding.
	Compare	Examination of similarities and/or differences.	Point out the key commonalities and distinctions.
	Distinguish	Recognition of unique characteristics.	Identify what makes things different from each other.
	Examine	Inspection of something to determine its nature.	Look at something closely to understand it better.
	Outline	Summary of the main points.	Provide an organised overview of key aspects.
	Conduct	Organisation of elements for an experiment, survey, or study.	Follow structured steps to carry out a task systematically.
	Report	Structured presentation of findings.	Present analysed information in a clear and logical format.
EVALUATE Making judgments about the value or quality of ideas or materials based on criteria or standards.	Advise	Offering of suggestions or recommendations.	Provide informed guidance based on analysis.
	Evaluate	Critical assessment of value, effectiveness, or impact.	Judge the quality or relevance of something based on criteria.
	Formulate	Development of a structured approach or plan.	Create a well-defined method or strategy.
	Recommend	Suggestion of a suitable course of action.	Propose an approach backed by logical reasoning.
CREATE Combining elements in novel ways to form a coherent or functional whole; the ability to generate new ideas, products, or ways of understanding.	Create	Generation of something new.	Develop something original and purposeful.
	Assess	Estimation or evaluation of quality, ability, or nature.	Provide a reasoned judgment based on available information.
	Develop	Expansion or refinement of an idea, product, or concept.	Strengthen and improve an idea over time.
	Propose	Suggestion of a plan or concept for consideration.	Present an idea or structured recommendation.
	Synthesis	Combination of different elements to form a coherent whole.	Integrate multiple ideas or insights into a meaningful conclusion.
	Design	Creation of a structured plan for something	Formulate a detailed structure for a product or process.
	Compile	Assembly of information from various sources.	Organise collected data into a comprehensive format.