Provincial Department of Education – Northern Province

3rd Term Examination – 2026

வணிகக்கல்வி I,11 Business studies I,11	Three hours 10 minutes Grade - 12 (2027)	32	T	I,II

Index No;:.....

Instructions; :

- Answer **all** the questions **on the question paper itself.**
- Write your **Index number** clearly in the space provided above.
- Select the correct answers for question **No : 01 – 15** and **write its number on the dotted lines** given.
- Write short answers for the question **No : 16 – 25** on the **dotted line given**.
- Each question carries **Two** marks.

For Examiner's Use only	
For paper I	
Question No	Marks
01 – 15	
16 - 25	
Total	

Part – I

1) The fundamental objectives of business are earning profit and increasing wealth. Which characteristic is related to the above?

(1) transaction or exchange take place

(2) there is risk

(3) motivated by business

(4) creating wants

(5) continues transaction (……..)

2) The following table source the macro environmental forces and usage of it.

Macro environmental forces	Usage of business
1) Technology	A. Controlling polytene usage in cafes
2) Legal	B. Receiving *GSP* tax concision
3) Political	C. Internal price stability
4) Economical	D. Online protection act no *9* of *2024*
5) Globalization	E. Usage of *CHAT GPT*

Select the appropriate combination of the macro environmental forces and usage of it.

(1) A, B, D, E, C (2) B, E, D, C, A (3) C, E, D, B, A

(4) E, B, D, C, A (5) E, D, A, C, B (……..)

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3) The following are the declaration related to consumers

A. continuous participation
B. consumers
C. awareness
D. coordination
E. protection
F. selection
G. basic needs
H. concern society
I. healthy environment
J. concern on environments

select the group which consist only consumer rights

(1) A, E, G, H, I *(2)* B, D, F, H, I *(3)* B, E, F, G, I

(4) D, E, H, I, J *(5)* D, F, H, I, J (……..)

4) Which character is differing public limited company from private limited company

(1) legal personality
(2) minimum number of share holder
(3) limited liability.
(4) effects of companies act.
(5) transferring the ownership of shares (……..)

5) Which option correctly represents the information shown in the table of attributes related to business organizations?

Types of business		Legal personality	Liability	Sources of capital
(1)	cooperative	yes	unlimited	Share issue
(2)	Department	No	Unlimited	budget
(3)	Public company	No	Limited	Share issue
(4)	State company	no	Limited	Share issue
(5)	Partnership	Yes	Limited	Partners contribution

(……..)

6) The process of generating ideas in entrepreneurship is known as

(1) discovery (2) actualization
(3) harvesting (4) designing
(5) testing (……..)

7) Following are some types of financial institution

A. Stock broking company
B. primary dealers;
C. Leasing company
D. insurance company
E. Market intermediary
F. employees protirement fund
G. Micro credit company
H. cooperative rural bank
I. Unit trust
J. finance company;

Which group of institutions among the financial institution categories given above falls under the direct regulation of the Central Bank of Sri Lanka?

(1) A, C, D, E, J (2) B, C, F, G, J (3) C, D, F, G, I

(4) C, D, F, G, J (5) E, F, G, H, J (……..)

8) Which is incorrect related to deposit insurance scheme?

(1) administrated by the central bank of srilanka

(2) applicable to saving and fixed deposits in commercial bank and other financial instruction

(3) maximum compensation up to 1.1 million

(4) major intention is to protect deposit holders

(5) applicable for share debenture investment also (……..)

9) The following statements A,B are given to you

Statement A - both saving and current account can earn interest

Statement B - Cheque can be deposited in both saving and current account

According to the above statement

(1) A is correct and B is incorrect.

(2) A is incorrect and B is correct.

(3) A and B are incorrect

(4) A, B are correct and B is described by A.

(5)A, B are correct and A is described by B. (……..)

10) Insurance Regulatory Commission of Srilanka (IRCSL) is owned by.

(1) Sami Government (2) State sector

(3) Private sector (4) Cooperative

(5) State and private (……..)

11) The action taken in encoding in communication is

(1) conforming the receipt of the message

(2) converting the concept of message

(3) Confirmation that the message has been understood.

(4) The process of converting thoughts as message

(5) It refers to the way in which the receiver expresses their understanding of the message. (……..)

12) Considerations to keep in mind when distributing medicines during emergencies.

(1) cost (2) speed (3) capacity (4) nature of goods (5) accessibility (……..)

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13) The following table source the types of logistics and usage of it

Types of logistics	Description
i. Thirty party logits	A. After distribution containers will be hand over to factory
ii. reverse logistic	B. all the movement to production process
iii. Heavy inbound logistic	C. Outsourcing the business activities to external party
iv. heavy out bound logistic	D. difficult in barrier to market the products to consumers
v. balanced logistic	E. equality in inbound and out both inbound equally

Select the appropriate combination of the types of logistic and usage of it.

(1) A, C, D, B, E (2) C, A, D, B, E (3) C, E, B, D, A

(4) E, A, D, B, C (5) E, D, A, C, B (……..)

14) The agent who sells goods on credit and is responsible for the collection of debts from the relevant parties is

(1) actioner (2) broker (3) factor

(4) commission agent (5) del credere agent (……..)

15) Which groups consist only the members countries of BRICS related in international trade

(1) Brazil, Russia , India, China, South Korea

(2) British, Russia, India, China, South Korea

(3) Brazil, Russia , India, China, South Korea

(4) British, Romania, India, Canada, South Africa

(5) Brazil, Russia , India, China, South Africa (……..)

❖ **Answer questions from 16 to 20 by filling in the blanks with suitable words.**

16) a) The creation of a market through electronic means is known as……, whereas the creation of a physical market is known as ……

b) Domestic price stability is related to the ……policy, and the responsibility for ensuring it is carried out by the …… of the Central Bank of Sri Lanka.

17) a) Companies are incorporated for a public benefit purpose is ……, and there is no distribution of ……

b) Through the value measurement function, ……, is assigned to goods and services, and a continuous increase in it is called the ……, effect.

18) a) "Stockbroker companies execute investors' ……, and …… orders.

b) "The commercial bank that maintains a current account is referred to as the ……, while the account holder is referred to as the ……

19) a) "Up to the account balance, a _____ card can be used, while up to the credit limit, a _____ card can be used."

b) Internal logistics refers to the movements occurring from …… to ……

20) a) Obtaining orders for goods through an agent is called the ……method, whereas placing orders directly with the foreign manufacturer is called the ……method.

b) If goods loaded on a ship are in good condition, a …… bill of lading is issued; if there are damages or defects, a ……,bill of lading is issued.

❖ **Answer question No 21 – 25, writing the suitable answers in the space provided.**

21) Fill in the blanks based on the forms of business combinations.

(1) The merger of one soft drink manufacturing company with another soft drink manufacturing company. ……..

(2) The merger of one foot ware manufacturing company with another leather manufacturing company. …….

(3) The merger of one mobile manufacturing company with another motor vehicle manufacturing company. ……..

(4) The merger of one dress manufacturing company with another dress distribution company. ……..

22) State four models of electronic business

1. ……
2. ……
3. ……
4. ……

23) State four services received through electronic banking services

1. ……
2. ……
3. ……
4. ……

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24) State four monitory policy tools can be used to control money supply

1. .....
2. .....
3. .....
4. .....

25) Indicate in the brackets what the following symbols related to international trade are associated with.

1.  .....

2.  .....

3.  .....

4.  .....

Part II

- **Instructions**
  - **Answer altogether 5 questions at least two questions from Part A & Part B.**

Section A

1) Pranavan completed the Fitness Instructor training program at the National Institute of Sports Science. Together with his friends, he established and currently operates a training center named *'BT – FITNESS'*. Before starting this venture, he gained two years of work experience at another training institute. Within a short period, he captured a significant share of the market and successfully increased the profitability of his training center.

i. (a) Whether $BT - FITNESS$ is a Goods manufacturing or service business? State the reason (1 mark)

(b) State two characteristics of products of this business (1 mark)

ii. (a) State two strength of $BT - FITNESS$. (1 mark)

(b) State two objectives of this business (1 mark)

iii. (a) Name two methods that Pranavan used to develop his entrepreneurial skills and qualities. (1 mark)

(b) State two advices for increasing numbers of customers by you. (1 mark)

iv. Identify the four factors of production used in the given business, giving examples for each. (1 mark)

v. (a) State two reason for having interest by $BT - FITNESS$ on Pranavan and friends. (1 mark)

(b) Explain, with an example, how the technological environment impacts on $BT - FITNESS$ (1 mark)

(Total 10 marks)

2. The definition of social responsibility was given by Philippines is 'Business social responsibility is about business giving back to the society'.

i. (a) Mention two activities that businesses can carry out for the benefit of society using a portion of their profits. (1 mark)

(b) Nowadays, the social responsibility carried out by businesses is considered a form of indirect (hidden) advertising. Do you agree with this? Give reasons for your answer.1 mark)

ii. (a) State two factors to be considered , while making code of ethic (1 mark)

(b) Identify the resources that businesses should conserve when carrying out their activities for sustainable development. (1 mark)

iii. The government establishes various institutions and, through them, engages in the collection of taxes.

(a) Name the Government institution which collect tax (1 mark)

(b) State two objective of tax impressment. (1 mark)

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iv. (a)State the effect on the lending capacity of banks and the cost of borrowing when the Central Bank of Sri Lanka sells securities in the open market. (1 mark)

(b) State two ways in which businesses contribute to the economic objective. (1 mark)

v. (a) State the major institution protect consumers in srilanka (1 mark)

(b) Name two consumer responsibility (1 mark)

(Marks 10 marks)

3. Anandakumar started a business called A.K. Motors using his own capital and has been operating it successfully. In the future, he has decided to convert the business into a private company and expand the market by acquiring a leading motor company.

i. (a) Explain the legal effect of $A.K$ motors. (1 mark)

(b) Explains two advantages of $A.K$ Mothers.

(1 mark)

ii. (a) State the act for converting the business as private limited company (1 mark)

(b) Explain for converting the business as private limited company (1 mark)

iii. List out the documents needed to register as company (1 mark)

iv. (a) "State the term used when A.K. Motors acquires the assets and liabilities of another motor company as a going concern." (1 mark)

(b) "State and explain the term used to describe the combination or merger that results from the above-mentioned transaction." (1mark)

v. (a) Several multipurpose cooperative societies in the country operate fuel retail outlets under an authorized franchise agreement. Identify the type of franchise involved and explain it. (1 mark)

(b) "State two methods by which a partnership agreement can be formed." (1 mark)

(Total 10 marks)

Section B

4.

i. (a) Differentiate state Department and State Cooperation based on sources capital and liability (1 mark)

(b) Differentiate entrepreneurship and business. (1 mark)

ii. State the advantages of entrepreneurship to individual and business man separately (2 mark)

iii. (a) State which institutions the National Credit Guarantee Institution (NCGI) provides credit facilities to. (1 mark)

(b) State two entrepreneurial skills (1 mark)

iv. (a) State two qualitative factors can be used to identify small and medium scale of business (1 mark)

(b) State two financial motivation provided by the government to small and medium scale of business (1 mark)

v. State two differences between legal money and digital money. (2 mark)

(Total 10 marks)

5.

i. State the expansion of the following financial infrastructure facilities of the Central Bank of Sri Lanka."

$a.\ SLIPS$ $b.\ SSSS$ $c.\ RTGSS$ $d.\ SSDS$

(2 mark)

ii. Differentiate between licensed commercial banks and licensed specialized banks in terms of deposits and foreign currency transactions. (2 mark)

iii. (a) State the services that can be obtained through online banking operations. (1 mark)

(b) Explain the relationship between cheque endorsement and cheque dishonor. (1 mark)

iv. (a) List out the parties related to electronic money (1 mark)

(b) State two advantages of reinsurance to insured (1 mark)

v. (a) Give examples of the risks covered under comprehensive motor insurance. (1 mark)

(b) Name the responsible body insurance business (1 mark)

(Total 10 mark)

6.

i. (a) When selecting a mode of transportation, cost is taken into consideration. State what is meant by cost in this context, and explain, with an example, how it influences the price of a product. (1 mark)

(b) Explain what is $Multi - Modal\ transportation.$ (1 mark)

ii. (a) Briefly explain the nature of the pallet racking system, which is a method of handling goods in a warehouse. (1 mark)

(b) Differentiate heavy inbound logistic system and heavy outbound logistic (1 mark)

iii. State four differences between whole sale trade and retail trade (2 mark)

iv. (a) Define the term of agent and distributor (1 mark)

(b) State two factors that formed the basis for the emergence of international trade. (1mark)

v. Brefily introduce pro forma and trade invoice (1 mark)

(Total 10 marks)

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