LYCEUM INTERNATIONAL SCHOOL
Second Semester Examination – July 2015

Subject : Business Studies
Class : 7 ............
Duration : 2 periods
Date : ...........................................
Candidate's name : .................................. Admission no : ......................

Answer all the questions.

Part – I

1. Underline the most suitable answer.

Pretty Clothes PLC, is a company that owns a large number of factories making clothes to sell abroad. The company has a production and operations management division and also a department to manage all the employees of the business. There is another division to handle the finances of the business and purchase assets for its use.

(i) A PLC, is a company that generally has (only one / only six / a large number / only five ) owners.

(ii) The correct term used for making clothes in a country and selling them abroad is ( import / domestic trade / export / scarcity ).

(iii) ( Marketing / Human Resources / Accounts / Labour Resources ) is the name given to the department managing the employees of the business.

(iv) A PLC has a minimum of ( three / four / two / one ) directors.

(v) A factory building is ( a fixed asset / a loan / an expense / an income ).

(vi) If the company had to ask all of the employees working in a certain factory to leave because it was closing down, this situation would be called ( firing / dismissal / recruitment / redundancy ).

(vii) A shareholder of Pretty Clothes PLC, would have ( unlimited / limited / maximum limit / minimum limit ) liability.

(viii) Clothing for protection of the body is considered ( a need / an opportunity cost / a want / a resource ).

(ix) Clothes are considered to be goods because they are ( expensive / intangible / scarce / tangible ) in nature.

(x) An employee of a factory is given a very special award which makes him feel important, for doing a good job in this instance, the Management is motivating him by fulfilling his ( security needs / social needs / basic needs / esteem needs ).

[Total = 2 × 10 = 20 marks]

contd.....to page 2
2. **Mark the following statements True (T) or False (F).**

(i) Human wants are limited.  
(ii) International trade may take place between two companies in India.  
(iii) If a group of women sew clothes to sell them and make a profit, they can be considered as an organization.  
(iv) The Central Bank of Sri Lanka belongs to the private sector.  
(v) If a business has many owners, generally decision-making will be faster.

\[ \text{Total} = 2 \times 5 = 10 \text{ marks} \]

3. **Match the word / statement in column A with the correct answer in column B and write it in the space provided below.**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Supermarket</td>
<td>(a) Health and safety</td>
</tr>
<tr>
<td>(ii) Buy two get one free offer</td>
<td>(b) Dairy farming</td>
</tr>
<tr>
<td>(iii) Confidence to know you can work for a long time in a particular place</td>
<td>(c) Place</td>
</tr>
<tr>
<td>(iv) Providing workers in a chemical factory with a gas mask</td>
<td>(d) Job security</td>
</tr>
<tr>
<td>(v) New Zealand</td>
<td>(e) Promotion</td>
</tr>
</tbody>
</table>

\[ \text{Total} = 2 \times 5 = 10 \text{ marks} \]

\[ \text{Total for Part I} = 40 \text{ marks} \]

**Part II**

1. **The following is part of a structure of a large organization with many different branches and departments.**

```
  Managing Director
   /   |   |
Sales Director  Marketing Director  Production Director  Finance Director
   |     |   |
Marketing Manager
   |     |
Marketing Executive  Advertising Executive
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(i) **Draw and label the following on the organization structure given above.**

(a) Horizontal communication

(b) Vertical downward communication

\(4 \text{ marks}\)
(ii) Name **two** positions in this structure between which vertical upward communication can take place.

(1 mark)

(iii) The Marketing Director overlooks the functions of the Marketing Department. What would be an objective or aim of the Marketing Department?

(3 marks)

(iv) Identify **two** functions of a Marketing Department.

(a) .................................................................

(b) .................................................................

(4 marks)

(v) Give **one** reason why effective communication is important to a business with many different departments and branches.

(3 marks)

(vi) From the organization structure, it is seen that this organization makes its own products. What is meant by the term 'production of goods'?

(2 marks)

(vii) There are many different ways that people within an organization communicate with each other. Name **two** such ways that people communicate.

(a) .................................................................

(b) .................................................................

(2 marks)

contd.....to page 4
(viii) Name one barrier to effective communication.


(1 mark)

[Total = 20 marks]

2. An organization must produce goods according to the needs and wants of its customers.

(i) Name two resources needed by an organization to produce goods.

(a) 

(b) 

(2 marks)

(ii) What is meant by a 'scarcity of resources'?


(3 marks)

(iii) A company has a choice in the types of production it can use to make goods, depending on the good(s) produced. Name three types of production that can be used to produce goods.

(a) 

(b) 

(c) 

(3 marks)

(iv) Suggest two decisions a company producing goods will have to make, other than deciding what type of production to use.

(a) 


(b) 


(4 marks)
(v) An organization making and selling soft toys has Rs. 100,000 in its bank account. The organization has to make a choice between whether it will use this money to buy some new sewing machines to produce toys or whether to spend it on advertising on television.

(a) If the organization chooses to spend the money to advertise its products, name one benefit you think it would gain.

______________________________________________________________________________________________________________________________________________________________

(2 marks)

(b) To which factor of production does new sewing machines belong?

______________________________________________________________________________________________________________________________________________________________

(2 marks)

(c) The cost of buying new sewing machines, is Rs. 100,000. What is the opportunity cost of buying sewing machines?

______________________________________________________________________________________________________________________________________________________________

(1 mark)

(d) Instead of buying new machines if the organization decided to employ more people to produce soft toys which factor of production would it refer to?

______________________________________________________________________________________________________________________________________________________________

(1 mark)

(vi) 'Sri Lanka specialises in the production of tea'. Give one reason why a country would choose to specialise in making a certain product.

______________________________________________________________________________________________________________________________________________________________

______________________________________________________________________________________________________________________________________________________________

______________________________________________________________________________________________________________________________________________________________

(2 marks)

[Total = 20 marks]

3. The Ceylon Petroleum Corporation (CPC) and Laugfs Gas PLC, are both providers of Petroleum in Sri Lanka. The CPC is owned by the Government.

(i) To which sector does the CPC belong?

______________________________________________________________________________________________________________________________________________________________

(2 marks)

(ii) What is the main aim of a Government owned and controlled organization?

______________________________________________________________________________________________________________________________________________________________

(2 marks)

contd.....to page 6
(iii) To which sector of business would Laugfs Gas PLC, belong?

(2 marks)

(iv) Apart from PLCs, there are three other types of business organizations which are not owned by the Government but by individuals or groups of individuals. What are they?

(a)  

(b)  

(c)  

(3 marks)

(v) Business organizations can be categorised on the basis of the number of owners they have. What is the name given to a business with one owner? State an advantage of such a business.

Name:  

(1 mark)

Advantage:  

(2 marks)

(vi) Why would a business organization need money? Give two reasons.

(a)  

(b)  

(4 marks)

(vii) Which of the following are external sources of finance and internal sources of finances.

(a) Sale of assets  

(b) Trade credit  

(c) Loan  

(d) Retained profits

(4 marks)

[Total = 20 marks]

[Total for Part II - 60 marks]

END