



Association of Accounting Technicians of Sri Lanka

Level II Examination – January 2026

Suggested Answers

(204) BUSINESS MANAGEMENT (BMA)

Association of Accounting Technicians of Sri Lanka No. 540,
Ven. Muruthettuve Ananda Nahimi Mawatha,
Narahenpita, Colombo 05.
Tel : 011-2-559 669

A publication of the Education and Training Division

THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

Level II Examination –January 2026

(204) BUSINESS MANAGEMENT

SUGGESTED ANSWERS

(Total 25 marks)

SECTION - A

Suggested Answers to Question One:

1.1 (2)

1.2 (1)

1.3 (3)

1.4 (2)

1.5 (4)

1.6 Technical

1.7 Centralization

1.8 Hierarchy of Needs Theory

1.9 Ethical

1.10 Planned



(02 marks each, 10 marks)

1.11 **(Identifying any two of the below would permit full marks)**

- Relevance
- Clarity
- Coherence
- Patience

(01 Mark each, 05 marks)

(02 marks)

1.12 **(Identifying any two of the below would permit full marks)**

- Specialization
- Hierarchy
- Conditions

- Impersonality
- Appointed officers
- Professional officers
- Full time officers
- Public/private division

(02 marks)

1.13 (Identifying any two of the below would permit full marks)

- Technology based learning
- Simulators
- On the Job Training
- Coaching/Mentoring
- Lectures
- Group Discussion & Tutorials
- Role Playing
- Outdoor Training
- Films & Videos

(02 marks)

1.14 Marketing management is the art and science of choosing target markets and getting , keeping , growing customers through creating , delivering , and communicating superior customer value.

Or

Process of planning and executing the conception, pricing, promotion and distribution of ideas , goods and services in order to create, exchange and satisfy individual and organizational objectives.

(Any definition from above awarded with marks)

(02 marks)

1.15 All the managers **must perform Human Resource Management** as compulsory task in addition to **perform their main expertise functional** tasks such as Finance, marketing & operations.

(Any other similar explanations must include the underlined terms)

(02 marks)

(02 marks each, 10 marks)

(Total 25 marks)

End of Section A

Suggested Answers to Question Two:

Chapter 02- Functions of Management Process- Part I – Decision Making
Chapter 02- Functions of Management Process- Part II – Planning

(a)

- (1) Defining & Analyzing the Problem
- (2) Developing the alternative solutions
- (3) Evaluate the alternative solution
- (4) Selecting the best solution
- (5) Implementing the decision
- (6) Follow up

(All steps must be in order and award full marks only if its in the correct order)

(03 marks)

(b)

- **Planning provides direction**

The goals of the company are simply defined and as a result employees get a direction and all their activities are focused towards a particular goal/target.

- **Planning decreases threats of uncertainty**

Possible changes later on are expected and various actions are organized in the best possible way. Therefore the risk of future uncertainty can be reduced.

- **Planning decreases overlapping and inefficient activities**

Upcoming actions are organized and coordinated in which the problems of when, where, what and why are almost decided and this gives an end to problem and doubts. It places an end to overlapping and wasteful actions.

- **Planning encourages impressive ideas**

Under planning process , we choose the best substitute out of the many available. All these solutions had to found after an intense search. During this attempt of searching solutions ,many new concepts appear& they are analyzed intensively to figure out the best.

- **Planning determines requirements for controlling**

When goals and targets are set due to planning , It would be easy to carry on controlling upon comparing the standards and targets set in planning and find any deviations upon that take corrective actions.

(Award marks if any above 3 points or any other similar points are mentioned and explained separately)

(03 marks)

(c)

- The principle of passion
- The principle of creativity
- The principle of influence
- The principle of priorities
- The principle of flexibility
- The principle of timing
- The principle of team work
- The principle of implementability

(Award marks only if any four points from above is written)

(04 marks)
(Total 10 marks)

Suggested Answers to Question Three:

Chapter 02 - Functions of Management Process – Part IV – Leadership & Motivation
Chapter 04 - Marketing Management

(a)

- **Increase productivity**

Motivation increases the productivity of employees since it meets the needs of employees and creates the drive to work at the best of his abilities. A motivated employee will be willing to put in more effort towards the betterment of the organization .

- **Ensures organizational efficiency**

Motivation changes the attitudes of employees which brings out a favorable and indifferent attitude that allows the organization to be successful.

- **Ensures loyal workforce**

Motivated employees have high levels of commitment and moral towards goals and objectives thus reduces employee turnover and absenteeism.

- **Ensures a reactive workforce**

With motivation, extensive loyalty and employee commitment can be seen. This reduces resistance to changes and helps organization in adapting to its changing needs.

- **Facilitates direction**

Direction is a process that involves directing or initiating action according to a plan. This makes the employees work with commitment and loyalty towards the organizations direction.

(Award marks if any above 3 points or any other similar points are mentioned and explained separately)

(06 marks)

(b)

- **Search Engine Optimization (SEO)**

By optimizing their website to “rank” higher in search engine results pages , can increase the amount of organic traffic.

- **Content Marketing**

Creation and promotion of content assets for the purpose of generating brand awareness, traffic growth , lead and customers.

E.g. Blog posts, EBooks and whitepapers, Info Graphics

- **Social Media Marketing**

Using social media platforms and channels for marketing such as Facebook, Twitter, LinkedIn, Instagram, Snap Chat

- **Pay Per Click (PPC)**

Driving traffic to website by paying a publisher every time your ad is clicked.

E.g. Google Ads, Facebook ads, Twitter ads campaigns, sponsored messages

- **Marketing Automation**

Software that serves to automate your basic marketing operations.

E.g. Email newsletters, social media post scheduling, lead

- **Email Marketing**

Email marketing is often used to promote content, discounts and events as well as direct people toward the business’s website.

E.g. Blog subscription, Follow up emails, customer welcome emails

- **Online PR**

Practice of securing earned online coverage with digital publications, blogs and other content based websites.

E.g. Reporter outreach, engaging online reviews of your company, engaging comments

(Award marks if any above 2 points are mentioned and explained separately)

(04 marks)

(Total 10 marks)

Suggested Answers to Question Four:

Chapter 02 - Functions of Management Process – Part III – Organizational Structure & Design

Chapter 03 – Operations Management

(a)

- It allows correlation and coordination among human, physical resources and enables the business to achieve its goals.
- It ensures smooth flow of communication and better control over the operations
- It provides the framework within which an organization functions while coordinating the responsibilities of individuals and departments

- It makes people accountable and sense of belonging or satisfaction of working in groups
- Enhance efficiency and productivity.
- It facilitates better decision makers.
- It allows for flexible and effective alterations of resources.

(Award marks if above four points or any other similar points written)

(04 marks)

(b)

- **Make what customers wants**

The customers in the market really seeks the products not the business so the product which is created at the operation process makes the business live in the market.

- **Make the brand for business**

Leading business names are well known not because of who they are but what they make. Reputation or blame is the performance of the operations.

- **Utilizes the resources and competencies for competitive advantage**

Operations management performs as the heart of the business which pumps energy to all other units and divisions in order to keep the business active.

- **Create the basis for profitability**

Production cost management is enabled by managing the supply chain and internal activities to keep a gap between the targeted revenue and production cost.

- **Create the basis for market leadership**

Operations management provides a greater offerings which customers seek therefore the market share of the business starts to increase.

(Award marks if any above 2 points are mentioned and explained separately)

(04 marks)

(c)

- Improved accuracy by removing human involvement in verification
- Cost reductions by eliminating third party verification
- Decentralization makes it harder to tamper with
- Transactions are secure, private and efficient
- Transparent technology
- Increase efficiency and speed
- Automation
- Increase Accountability

(Award marks if above two points or any other similar points written)

(02 marks)

(Total 10 marks)

Suggested Answers to Question Five:

***Chapter 05 – Human Resource Management
Chapter 06 – Change Management***

(a)

Job Description	Job Specification
A job description explains what a job involves.	A job specification explains the type of person needed for the job
It includes duties, responsibilities, tasks, reporting lines, and working conditions.	It includes qualifications, skills, experience, personal qualities, and competencies.
It focus on the job itself.	It focus on the employee required.

(03 marks)

(b)

- **Identify Training and Development Needs**

By evaluating employees' strengths and weaknesses, Nova Textiles can identify skill gaps. This allows the company to provide targeted training, improving employee performance and productivity.

- **Motivate Employees and Improve Job Performance**

Performance appraisals recognize good work and provide constructive feedback. This boosts employee morale and motivation, encouraging higher efficiency and contribution to the company's success.

- **Support Promotion and Career Planning**

Appraisals help management identify high-performing employees suitable for promotions or key roles. This ensures the company retains talent and has a strong succession plan.

- **Identify Underperformance and Take Corrective Action**

Appraisals reveal employees who are not meeting expectations. Management can provide guidance, support, or corrective measures, improving overall organizational efficiency.

- **Align Individual Goals with Organizational Goals**

Performance appraisals ensure employees' work supports company objectives. Helps Nova Textiles maintain strategic focus and achieve overall business targets.

(Award marks if any above 2 points or any other similar points are mentioned and explained separately)

(04 marks)

(c)

- Uncertainty
- Threat to self interest and power

- Different perceptions
- Feeling of loss
- Fear of failure

(Award marks if any above 3 points or any other similar points are mentioned)

(03 marks)

(Total 10 marks)

Suggested Answers to Question Six:

Chapter 02 - Functions of Management Process – Part IV – Leadership & Motivation
Chapter 02 - Functions of Management Process – Part VI – Organizational Controlling
Chapter 07 – Strategic Management

(a)

- **Market Penetration**

Obtaining a greater market share for their existing goods and services in existing markets.

- **Market Development**

Introduce organizational current goods and services to new markets/new segments

- **Product Development**

Organizations change their current product portfolio or develop a new product/products/product portfolio.

(Award marks only if any above 2 points are mentioned and explained separately)

(04 marks)

(b)

	Transformational Leadership	Transactional Leadership
Focus	Inspires and motivates employees	Sets rules, monitors tasks, and enforces performance
Goal	Long-term vision, personal growth, innovation	Short-term goals, efficiency, and task completion
Method	Encourages creativity, empowers employees, provides vision	Uses rewards and punishments based on performance
Employee Role	Active, engaged, and innovative	Follows instructions and meets set expectations

(03 marks)

(c)

- Planning Objectives
- Ability of absorption of complexity
- Compatibility with the organization size and structure
- Level of motivation
- Expectations of management
- Cost effectiveness

(Award marks only if any above 3 points are mentioned)

(03 marks)

(Total 10 marks)



End of Section B

Suggested Answers to Question Seven:

(a)

Chapter 02 - Functions of Management Process – Part IV – Leadership & Motivation

- Inspire and motivate others
- Display high integrity and honesty
- Analyze issues and solve problems
- Drive for results
- Communicate powerfully and prolifically
- Build relationships
- Display technical or professional expertise
- Display a strategic perspective
- Innovate

(Award marks only if any above 3 points are mentioned)

(03 marks)

(b)

Chapter 02 - Functions of Management Process – Part IV – Leadership & Motivation

- **Ensure the business maintains its vision**
The human forces in the business need to work towards this direction which is vision. In order to make this effective, a right leadership in place will ensure the employees are guided to the right path.
- **Inspire morale**
The employees want to know what is right. In some critical situations, there need to be a support to keep them aware, active and alert, without they request. An effective leader will always look after the needs of the employees while the organizational goals are worked for.
- **Guide an organization towards embracing diversity**
In the modern era, diversity in many aspects is a unique feature. A good leader will guide his team towards the diversity and hence make sure the organization moves via the correct path among diversity
- **Communicate new strategic directions**
The long terms aspirations, market challenges and alternative actions are essential in a situation of environmental uncertainty and less predictability. A leader can keep himself and his team confident and concentrate on the goals to be accomplished via alternative strategies.

- **Ensure the employees are motivated**

Motivation is a function needed everywhere.. A leader can keep his team motivated and get the goals accomplished, via continuous communication, teamwork and other motives.

- **Availing necessary resources and support**

A leader shall ensure the team has the correct resource at the correct time.. Further, a leader is a resourceful person in terms of intellectual and conceptual skills. Hence, the leader will be able to provide a long-standing support to his team in order to complete the allocated task.

- **Encouraging continuous learning**

Hence, a leader shall keep his team engaged in continuous learning so that they are not outdated from the work practices, statutory and business requirements and the competitive advantage.

- **Inspiring a collective identity**

A leader does not work for himself, but for the team. Making the team effort success, the leader shares the credit with the team. This will encourage the team spirit and the unique identity for teamwork.

(Award marks only if any above 3 points are mentioned and explained separately)

(06 marks)

(c)

Chapter 04 - Marketing Management
--

- **Marketing Helps in Transfer, Exchange and Movement of Goods:**

Market activities play an important role in connecting the buyer and seller. If this connection is not validated, the buyers may not be able to satisfy their needs as well as the seller may not be able to sell their products.

- **Marketing as a Source of Income and Revenue:**

Marketing does not only provide the revenue generation opportunities for producers but also the intermediaries taking part in the distribution chain obtained opportunity to earn. In a broad perspective, the marketing creates many more opportunities to enhance the level of earning of the economy.

- **Marketing Acts as a Basis for Making Decisions:**

Marketing profile Mini information and insights of the market, customer behavior, competitor actions and predictions which help the management to make informed decisions in relation to the marketing activities of the business.

- **Marketing Acts as a Source of New Ideas:**

The products which are out of use because of the Fashion Technology, etc. may need to be replaced by new products in order to provide new satisfaction for the changing customer requirements and taste. Hence marketing does not provide opportunities to innovate but compulsory the business to innovate

- **Marketing helps the business to grow**

While your current customers should always be your main priority, marketing efforts can help you expand this base. Little efforts like social media posts and email campaigns can not only engage existing consumers but spread the word to new potential customers. In essence, marketing secures your business's future through new and old customer engagement

(Award marks if any above 3 points or any other similar points are mentioned and explained separately)

(06 marks)

(d)

Chapter 05 – Human Resource Management

- Expected job performance does not occur
- Loss of appropriate contribution expected from the right person
- Possibility of occurrence of losses and costs
- Cost incurred for induction and training of the wrong employee will go
- Cost of grievance handling arising from an elimination decision
- Additional cost in procuring a new right employee

(Award marks only if any above 4 points or similar points are mentioned)

(04 marks)

(e)

Chapter 07 – Strategic Management

- **Provides Clear Direction**

A strategic plan outlines the long-term objectives and priorities of the hotel. This ensures all departments work towards the same goals, improving coordination and efficiency.

- **Helps in Resource Allocation**

The plan identifies where to invest money, staff, and time for maximum impact. For example, investing in upgrading rooms or digital marketing can increase customer satisfaction and revenue.

- **Anticipates Challenges and Risks**

Strategic planning helps Moon Hotels identify potential threats such as economic downturns, competition, or seasonal demand drops. The hotel can develop contingency measures to minimize risks and stay on track to achieve its goals.

- **Enhances Decision-Making**

With a strategic plan, managers have a framework for making informed decisions. This reduces uncertainty and ensures choices align with the hotel's long-term objectives, such as expanding to new locations or introducing loyalty programs.

- **Motivates Employees**

A clear plan communicates the hotel's vision and targets to employees. This increases engagement and motivation, as staff understand how their work contributes to achieving goals.

- **Improves Competitive Advantage**

Strategic planning allows Moon Hotels to analyze competitors, market trends, and customer preferences. This helps the hotel offer unique services or promotions, staying ahead in the hospitality market.

- **Measures Progress and Performance**

The plan sets specific targets and milestones, allowing management to track performance. Regular reviews help identify gaps and make necessary adjustments to stay on track with objectives.

(Award marks if any above 3 points or any other similar points are mentioned and explained separately)

(06 marks)
(Total 25 marks)

End of Section C

Notice:

These answers compiled and issued by the Education and Training Division of AAT Sri Lanka constitute part and parcel of study material for AAT students.

These should be understood as Suggested Answers to question set at AAT Examinations and should not be construed as the “Only” answers, or, for that matter even as “Model Answers”. The fundamental objective of this publication is to add completeness to its series of study texts, designs especially for the benefit of those students who are engaged in self-studies. These are intended to assist them with the exploration of the relevant subject matter and further enhance their understanding as well as stay relevant in the art of answering questions at examination level.



© 2021 by the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka). All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka)