

**Examiner's Report**  
**Final Examination - January 2014**  
**(53) Business Studies**

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This question paper has been prepared covering most sections of the syllabus. As an overall, Candidates' performance was satisfactory. But some candidates had failed to answer successfully. The main purpose of Examiner's Report is to draw attention to the candidates who could not score marks successfully. The important points which were observed by the marking examiners considering each question separately are given below:

**Section - A**

**Question No. 01** - 40 marks  
(Compulsory Question)

This is a multiple choice question consisting of 20 sub sections with 02 marks each. Total of 40 marks.

This question covered vast area of the syllabus and the practical knowledge of candidates. Almost all the candidates answered this question, but majority of them could not score more marks.

Most of the candidates had not answered correctly sub sections (N), (P), (R) and (T). The observations of the marking examiners regarding this were as follows:

- (N) Majority of candidates had not answered correctly due to lack of knowledge with regards to comparative advantage and absolute advantage.
- (P) Candidates had no clear understanding about custom unions.
- (R) Lack of knowledge has been seen regarding the items included and not included in "Current Account" of the balance of payments account.
- (T) Majority of candidates failed to answer this question due to lack of practical knowledge regarding the "Commonwealth Heads of Government Meeting of Sri Lanka".

**Section - B**

**Question No. 02** – 15 marks  
(An optional question)

- (a) (i) Division of labour concept has been well described by majority of candidates and scored more marks.  
(ii) Most of the candidates explained about "Specialization" properly and scored more marks.
- (b) Some candidates did not know about the rules and regulations affecting partnership business. Therefore they failed to score full marks.
- (c) Majority of candidates were able to state correctly the documents to be submitted to the Registrar of Companies under the Company Act No. 07 of 2007.

**Question No. 03** – 15 marks  
(An optional question)

- (a) Some candidates had failed to state the main categories of financial institutions in the financial system of Sri Lanka, because they did not understand the question properly. However, majority of candidates scored more marks.
- (b) Most candidates were able to list the functions of licenced commercial banks and to state the names of licenced commercial banks. But few candidates stated Central Bank of Sri Lanka as an example for a Licenced Commercial Bank.
- (c) Only a few candidates had correctly stated the differences between a finance lease and an operating lease. The reason is that they do not have proper understanding about lease.

**Question No. 04** – 15 marks  
(An optional question)

- (a) Most candidates did not know about the services provided by the Board of Investment for the development of tourism industry in Sri Lanka. Some candidates had ignored the word “Board of Investment” and explained only the general factors applicable for the development of tourism industry. Therefore they scored low marks.
- (b) Majority of candidates explained correctly the contribution of Sri Lanka industrial development board for the development of entrepreneurship and scored full marks.
- (c) Most of the candidates stated correctly the main services provided by Export Development Board.

**Question No. 05** – 15 marks  
(An optional question)

- (a) Only few candidates had answered this question properly in which it was requested to explain the statement “Profits can’t be earned by insuring” by using the relevant principles of insurance.
- (b) It shows that candidates did not know the methods of indemnification used by insurance companies in Sri Lanka.
- (c) Majority of candidates successfully explained the types of insurance policies used in “marine insurance” and scored reasonable marks.

**Question No. 06** – 15 marks

(An optional question)

- (a) It was requested to explain the limitations of absolute advantage theory by using a numerical example. Only a very few candidates attempted this question. Candidates' knowledge regarding the absolute advantage theory seems to be very poor.
- (b) Requested to explain the following concepts with respect to balance of payment:
- (i) Current Account Balance: Most of the candidates had explained current account balance in budget instead of the current account in balance of payment account.
  - (ii) Overall balance: Majority of the candidates who answered this question was unable to score marks, because they failed to explain overall balance properly.
- (c) Only few had explained the economic implications of over valuation of a foreign exchange rate. Some candidates had explained the economic implications of depreciation of foreign exchange rate.

**Question No. 07** – 15 marks

(An optional question)

It was requested to write short notes and very few candidates attempted this question. The answers for (a), (d) & (e) were unsatisfactory. However, the answers for parts (b) and (c) were quite satisfactory.

(a) **Commercial papers**

Due to lack of knowledge, most of the candidates had written wrong answers.

(b) **Terms of Trade**

Majority of candidates answered this part correctly and obtained reasonable marks.

(c) **Documentary letter of credit**

The candidates who answered this part also scored reasonable marks.

(d) **Forward exchange transactions**

The candidates did not understand about the forward exchange transaction.

(e) **All share index**

Most of the candidates ignored this part and those who answered, had given wrong answers.

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**General points to be considered in developing the level of  
understanding of candidates**

1. When you get the question paper, read carefully the instructions given to candidates. Identify compulsory and optional questions. Do not write answers in the question paper itself.
2. Read the question several times and answer only what is asked in the question. Do not write unnecessary things.
3. When you answer, time management is very important.
4. Before handing over the answer script, check whether the question numbers and your index number have been written correctly.
5. By answering past question papers, you can improve the subject knowledge as well as the ability to write answers well.
6. Make use of recently published magazines, hand books, newspapers and text books to update the knowledge.
7. Sit for examination with the main intention of passing.

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