

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

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This question paper has been prepared covering most sections of the syllabus. When considering as a whole, the level of candidates' accomplishment was satisfactory. However several candidates had failed to answer successfully. Here, the attention is focused to the candidates who could not score marks successfully. When considering each question separately, the important points which came across to the marking examiners are given below.

**Section A**

**Question 01** – 40 marks  
**(Compulsory question)**

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

This question covered most of the syllabus and tested the practical knowledge, but majority of them could not score more marks. Only few candidates had answered correctly for (E), (G), (N) and (S). The observations of the marking examiners are as follows.

- (E) Candidates had not clear understanding about image clearing system on cheques.
- (G) Lack of proper knowledge regarding the special incentives provided by the EPZ to entrepreneurs.
- (N) No clear understanding with regard to golden shares.
- (S) The reasons for wrong answers may be due to the misunderstanding of depreciation and devaluation of the currency.

**Section B**

**Question 02** – 15 marks  
**(An optional question)**

- (a) It shows that candidates were not aware regarding the incentives provided by the government budget of the year 2014 for promoting industries in Sri Lanka. So, they have scored low marks for this part.
- (b) Majority of candidates were able to list disadvantages of a sole proprietorship business in comparison with a partnership business and scored full marks.
- (c) (i) Most of the candidates explained correctly the cumulative preference shares.  
(ii) Candidates knowledge regarding the founders shares seems to be very poor and only a very few scored reasonable marks.

### **Question 03** – 15 marks

#### **(An optional question)**

- (a) Candidates had failed to state the facilities provided by Sri Lanka export credit Insurance Corporation for promoting industries on Sri Lanka. So, the candidates' knowledge regarding the export credit insurance is very poor.
- (b)
  - (i) About 50% of candidates answered successfully with respect to third party motor vehicle insurance policies.
  - (ii) Only a very few candidates had the clear and correct understanding with respect to comprehensive / full insurance motor vehicle insurance policies.
- (c) Majority of candidates did not have any understanding regarding the conditions followed by the private insurance companies. Only very few provided correct answers.

### **Question 04** – 15 marks

#### **(An optional question)**

- (a) Candidates' knowledge regarding the importance of having an efficient money market and capital market for the development of Sri Lanka economy seems to be very poor. Some candidates had stated the definitions of money market, but not pointed out the factors applicable to the development of Sri Lankan economy.
- (b) Only a very few candidates stated the main activities of the central depository system (Pvt) Ltd.
- (c) Majority of candidates failed to state the steps taken by the government recently for the development of the capital market, due to the lack of practical knowledge.

### **Question 05** – 15 marks

#### **(An optional question)**

- (a) In this question it was requested to explain a crossed cheque and to give two examples for each type of main crossing. Majority of candidates who answered this question scored full marks allocated.
- (b)
  - (i) Majority of candidates had a correct understanding regarding dishonour of cheques.
  - (ii) Most of the candidates were able to state the reasons for dishonoring a cheque.
- (c)
  - (i) When dishonouring a cheque, Commercial Banks use the term "Refer to Drawer". almost all candidates had given the correct answer.
  - (ii) Only a few number of correct answers received for "effects not Realized"

Majority of candidates were not aware regarding the terms used in dishonouring cheques.

**Question 06** – 15 marks

(An optional question)

- (a) Only a very few candidates was able to explain why countries impose trade barriers against free trade. They did not have a proper knowledge regarding this.
- (b) Candidates were failed to state the disadvantages of “Fixed Exchange Rate”.
- (c) (i) In respect of international trade agreements, a reasonable number of candidates answered, but scored low marks.  
(ii) Candidates were not aware regarding the non-tariff trade barriers, so they could not scored marks.

**Question 07** – 15 marks

(An optional question)

This question requested to write short notes on the following. Only a few number of candidates had attempted this question.

- (a) Lay Days  
Majority of candidates answered this part.
- (b) Stated Capital  
Only a few candidates answered this part correctly.
- (c) Blank Endorsement  
Most of the candidates had written wrong answers.
- (d) No Claim Bonus  
Reasonable number of candidates answered this part correctly.
- (e) Over Value of Foreign Exchange  
Most candidates answered this part, but only a few correct answers among them.

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

1. As soon as you get the question paper, read carefully the instructions given to candidates. Identify compulsory and optional questions separately. 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 details.
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 entered properly.
5. Legible handwriting help the marking examiner to evaluate your answer script well.
6. By answering past question papers, you can improve the subject knowledge as well as the ability to write answers speedily.
7. Make use of recently published magazines, hand books, newspapers and text books to update the knowledge.
8. Sit for the examination with the main intention of passing and with prior preparation.

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