

EXAMINER'S REPORT**LEVEL 01 EXAMINATION - JULY 2026****(1604) BUSINESS ENVIRONMENT**

As the entire question paper has been covered almost all the area of Business Environment subject specified to the Level 01, the aim was to check the candidates' overall knowledge and understanding of the subject area. As a whole, most of the candidates' performances were satisfactory while others had been failed to answer well. Observing how the candidates have been answered the question paper, it had been realized that important points to prevent issues when understanding the questions and answer to the point so as to obtain sufficient marks.

SECTION A**Question No. 01**

By this section, overall areas of the subject of Business Environment have been covered and almost all the candidates have been attempted the question. 40 marks out of 100 have been allocated and majority of the candidates had obtained the pass mark. Most of the candidates had not successfully answered the sub question **1.4**, **1.7**, **1.12**, and **1.17**. The observations regarding the questions are as follows:

- 1.4** Some candidates were not aware of the document by which an invitation issued to the public to buy shares of a company and they have selected Articles of the Association instead of Prospects.
- 1.7** Some candidates were not aware that the Colombo Stock Exchange is not supervised by the Central Bank of Sri Lanka and had not earned marks.
- 1.12** Majority of the candidates had not identified the minimum number of shareholders of a private limited company is one and they had lost marks.
- 1.17** A higher number of candidates had not identified examples for instruments in the money market. It was observed that candidates had no proper knowledge of understanding the instruments in the money market and capital market. The candidates who mentioned "Bills of Exchange", Treasury Bills, Commercial Papers, Certificate of Deposit, Repurchase Agreements" earned full marks.

However, except above questions, most of the candidates have answered this part well.

As a whole, performance for this question was at a satisfactory level.

SECTION B

This section consisted with four compulsory questions. Each question had been given 10 marks.

Question No. 02

The question was based on the subject of “Partnership and Modern trade trends to reach customers effectively”.

- (a) Majority of candidates had answered properly and had obtained full marks.
- (b) It was tested the features of partnership. A very few candidates had not understood the features and they have written advantages of the partnership.
- (c) Most of the candidates had identifies the new trends in trade and earned full marks. Few candidates had not identified new trends properly and they have written as trends in .trade are discounts, publicity, marketing, etc.

The candidates who explained the Technology Orientation, one roof solution, extended business hours, extended marked, Enhanced customer services, etc. were able to earn marks

As a whole, performance for this question was at a satisfactory level.

Question No. 03

- (a) It was expected to test the candidates’ knowledge about support services required by a business. Almost all the candidates had identified this part and obtained full marks.
- (b) Majority of the candidates had identified the question properly, but they had failed to explain the reasons and lost few marks.
- (c) Majority of candidates had written the correct answer for barriers for effective communication such as physical factors, system malfunctions, negative thoughts, physiological factors, language and cultural diversity, health disorders, etc. and obtained full marks.

As a whole, performance for this question was at a satisfactory level.

Question No. 04

- (a) Majority of candidates had obtained full marks, but few of them had failed to identify the difference between an entrepreneur and a manager. This is a direct question from the Study Text and candidates could have earned full marks.
- (b) Most of the candidates had identified factors that affect the failure of SME’s and obtained full marks while some of them had written alternative answers by using their general knowledge.

- (c) Considerable percentage of candidates had obtained full marks and some of them had answered the question without explaining the reasons why SME's are important for the Sri Lankan economy and had got 2 marks out of 4.

As a whole, performance for this question was at a satisfactory level.

Question No. 05

- (a) It was requested to state the advantages of using cheques rather than cash and majority of the candidates earned full marks. Some of them had written advantages of maintaining current accounts instead of advantages of using cheques.
- (b) Majority of candidates had written correct answers and obtained full marks. Others had written the answers without explaining reasons for using Electronic Money by a business and obtained only 50% of the allocated marks.
- (c) Majority of candidates had answered to this question successfully and earned full marks. Some of them had written vague answers without mentioning the correct answers for the ways that a cheque can be dishonored.

As a whole, performance for this question was at a satisfactory level.

SECTION C

Question No. 06

This was a case-study based question regarding **Serendib AI (Pvt) Ltd.** Almost all the candidates have attempted this question and most of them had obtained above the average mark.

- (a) A small number of candidates obtained full marks and others have mentioned features of partnership instead of features of private limited company. It was observed that most of the candidates had not identified this scenario properly.
- (b) Significant number of candidates had identified the factors relating to PESTEL Analysis and obtained full marks. Some of the candidates had written answers based on SWOT Analysis instead of PESTEL.
- (c) Majority of the candidates had understood the positive impacts of digitalization. But, few candidates had written impacts without explaining the answer and earned only half of the allocated marks.
- (d) Majority had understood the question well and written the benefits of social responsibility for a business like **Serendib AI (Pvt) Ltd.** and got full marks.

- (e) Almost all the candidates had identified the question to state the reasons for the popularity of the electronic trade properly and got full marks. A very few candidates had given vague answers and they have described reasons for the popularity of the electronic trade.

It is necessary to read and understand the question well before answering.

As a whole, performance for this question was at a satisfactory level.

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

- (1) Candidates should study the relevant study packs before sitting for examinations.
- (2) It is very much important to practice answering past question papers and Action Verb Checklist with definitions attached to respective papers.
- (3) Candidates must read the instructions and questions carefully before answering the questions.
- (4) Do not write answers in the question paper itself and forward with the answer script.
- (5) Never try to give up compulsory questions as this habit may lead to achieve low marks.
- (6) Make use of recently published magazines, handbooks, newspapers and text books to update the knowledge.
- (7) Use a separate sheet to answer new question.

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