ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

EXAMINER'S REPORT

LEVEL I EXAMINATION - JANUARY 2024

(104) BUSINESS ENVIRONMENT

As the entire question paper has been covered almost all the areas of Business Environment specified to the Level - I, the aim was to check the candidates' overall knowledge and understanding of the subject area. As a whole, most of the candidates' performance 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 has been covered and almost all the candidates have been attempted the question. 40 marks out of 100 have been allocated and 90 percent of the candidates had obtained over 30 marks. Most of candidates had not answered successfully the question **1.3, 1.8, 1.17** and **1.20** The observations regarding the questions are as follows:

1.3 Majority of candidates were not aware of the 'Money Market' properly and the majority had chosen the incorrect answer. But average number of the students had obtained full marks.

1.8 Most of the candidates had not identified the importance of SME's. They had selected the answer number 4 instead of the correct answer.

1.17 Most of the candidates were not aware of "Utmost Good Faith" in insurance. So they had described only the insurer instead of describing both parties. Majority of candidates had not answered the question properly.

1.20 Most of candidates had not identified "Functions of the Colombo Stock Exchange". Majority had described different types of markets instead of Colombo Stock Exchange. Some had described obtaining loan facilities and issuance of shares as functions of CSE.

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

Overall performance was satisfactory.

SECTION B

This section consisted of 4 compulsory questions. Each question had been given 10 marks.

Question No. 02

The question was based on the subject of "Partnership".

Part (a)   It was tested the characteristics of a partnership. Some candidates had stated the characteristics without explaining. Hence they have not earned the allocated full marks. However, majority of candidates had obtained full marks to this part and explained successfully.

Part (b)   It was tested the disadvantages of partnership. Majority of candidates had written profit sharing as a disadvantage of a partnership instead of the correct answer and they have missed the chance of obtaining full marks.

Part (c)   Most of candidates had identified the duties of a partner and obtained full marks. But, a very few candidates had written "Capital Contribution" as a duty of a partner.

Majority of candidates had obtained higher marks for the entire question.

Question No. 03

It was expected to test the candidates' knowledge about Transportation.

Part (a)   It was expected to explain advantages of food transportation to an exporter. Majority of candidates had properly answered to this part and earned full marks. But few candidates have only mentioned the points and lost few marks.

Part (b)   Majority of candidates had written advantages of new technology by using their general knowledge and got earned marks.

Part (c)   This part was required to explain documents used in foreign trade. Majority of candidates had not identified documents used in foreign trade and they have explained the documents related to trade. Ex. Cheques, purchase/ sale invoices, passport etc.

    The correct answers are Performa Invoice, Commercial Invoice, Certificate of Origin, Bill of Lading, Insurance Certificate, Letter of Indemnity and Sanitary Certificate, etc.

    So they were unable to earn full marks and majority had obtained very low marks.

Question No. 04

Part (a)   Average of candidates had not written answers related to the insurance policy of **XYZ Ltd.** Some of the candidates had described fire insurance and theft insurance policy instead of insurance policy for factory employees.

Part (b)   Majority of candidates had not identified the term "Insurable Interest" and explained that insurable interest as only a legal bond. But small number of candidates had earned full marks.

Part (c)   This part tested the criteria for accepting insurance as a risk and Majority of candidates had not written correct answer due to failure in explaining the criteria for insurance as a risk. The correct answers would be predictability, causality unconnectedness and verifiability.

Therefore, Majority of candidates had obtained very low marks.

Question No. 05

It was expected to test the knowledge of the candidate regarding the Internet Banking Facility.

Part (a)   It was tested to state characteristics of good money. Average number of the candidates had written function of good money instead of characteristics of good money. Therefore, they had obtained half of the allocated marks.

Part (b)   **(i)**   This part was based on electronic money. Majority of candidates had written credit cards, even though, it has been mentioned in the question itself. E-wallet, Debit Cards, Smart Cart Cards, Macro Chips and Pre-paid Cards are few examples.

(ii)   Majority of candidates had obtained full marks due to their practical knowledge regarding internet banking. It was tested the services that there can be performed facility. But, few had mentioned the advantage of internet banking.

Part (c)   It was asked to state elements of a cheque and majority of candidates had answered this part of the question successfully and earned full marks.

SECTION C

Question No. 06

This was a case-study based question regarding **Siri Motor House (Pvt) Ltd.** Majority of candidates have attempted this question and most of them had obtained marks about the average.

Part (a)   It was tested the advantages of an incorporated company. Majority of candidates had correctly answered and obtained full marks. But, some has mentioned the advantages of a partnership.

Part (b) The question was expected to test the knowledge of PESTEL analysis. Half of the candidates had not understood the PESTEL analysis and they had described SWOT analysis instead. Some candidates have mentioned the macro environmental force but not mentioned the factors for each force. Further, few candidates had not attempted to this part.

Part (c) The question tested responsibilities towards stakeholders. Majority of candidates had answered properly and earned full marks. However some candidates had written internal and external parties as stakeholders.

Part (d) This part tested the ways in which the government influences businesses. Most of the candidates had easily answered this question due to general knowledge regarding the government influences towards business and obtained full marks.

Part (e) This question tested the "The creativity" has helped **Siri Motor Ltd.** for success of the business. Majority of candidates had written "The creativity" ignoring the fact that it should be linked to the given scenario. Small number of candidates had written the answer successfully and got full marks.

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

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

(1) Students 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) Students 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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