

EXAMINER'S REPORT
AA2 EXAMINATION - JANUARY 2018
(AA25) BUSINESS LAW AND ETHICS

Part A

Question No. 01

This question consisted of 10 OTQs. for 20 marks.

This question has been attempted by most of the candidates. Most of the candidates have scored more than half marks of the total marks allocated to this question.

It was noted that a considerable number of candidates have failed to answer correctly for the question no. **1.4, 1.6** and **1.9**.

Some candidates have given incorrect answers for question number **1.4** and **1.6** because they have not noticed the word "**Not**" in the question.

For question number **1.9**, many candidates have failed to state two (02) functions of the Securities and Exchange Commission although this was a simple and straightforward question.

Candidates should possess an overall understanding of the entire syllabus to obtain high marks for the **Section A** because it contributes massively to reach the pass mark.

On the whole performance of the candidates on this question was satisfactory.

Part B

Question No. 02

This question was based on the Sale of Goods Ordinance. Certain candidates have not identified that there is a contract for the sale of goods by description, and there is an implied condition that the goods shall correspond with the description in the given scenario. Some candidates have provided vague answers without explaining whether **Duminda** is entitled to recover money from **Siripala** for the vehicle purchased. It was observed that a handful of candidates have just written whether **Duminda** is entitled to recover the money from **Siripala** for the vehicle purchased without rationalizing the answer based on the given facts in the scenario and correct theoretical base.

As a whole, the performance for this question was fairly satisfactory.

Question No. 03

The question tested on Negotiable Instruments providing a practical scenario. Most of the candidates have attempted this question and provided satisfactory answers. Several Candidates have just explained about the Crossing of cheques without explaining that a cheque must be valid only for a period of six months from the date of issue in normal circumstances. Those candidates have not focused on the specified dates in the scenario. They have explained whether **Sunil** is entitled to encash the cheque received from **Perera** without the understanding that six (06) months have lapsed from the date of issue of the cheque in the given scenario.

As a whole, the performance for this question was fairly satisfactory.

Question No. 04

This question was to test the knowledge of candidates regarding the Law of Insurance. There were certain instances noted where candidates have only mentioned whether **Safe Line Insurance Ltd.** can accept the application made by **Alice** for insuring the life of **Alice's** Sister, without giving proper facts to justify the answer in relation to the relevant concepts of the Law of Insurance. Several candidates have not related this case with the insurable interest in insurance in explaining their answers and have applied irrelevant concepts of insurance. It should be noted that there is no insurable interest in the life of one sibling of the other. It is utmost necessary to understand the question properly before answering.

On the whole, the performance for this question was good.

Question No. 05

This question was to test the knowledge of candidates regarding the International Trade. It was required to explain the functions of a bill of lading of this question. Most of the candidates have successfully answered for this question but certain candidates have explained about the bill of lading but they have not explained about the functions of bill of lading. Candidates should note that the bill of lading is a receipt of a ship owner for the goods, acknowledging that these goods have been shipped to a stated destination, it is an evidence of the contract of carriage, it is a document of title and it is used to claim insurance compensation. However candidates should develop a sound knowledge regarding the international trade.

On the whole, the performance for this question was satisfactory.

Question No. 06

This question was based on Intellectual Property Act No.36 of 2003. It was required to explain two (02) types of intellectual property recognized under the Intellectual Property Act No.36 of 2003. It was observed that some of the candidates were not familiar with this topic and provided completely irrelevant and incorrect answers. Candidates should note that Copyright, Marks, Patent, Trade Names, Industrial Design and Geographical Indications are the types of in intellectual property recognized under the Intellectual Property Act No.36 of 2003. Some candidates have just stated the types of intellectual property although it was required to **"explain"** the same by the question.

On the whole, the performance for this question was fairly satisfactory.

Part C

Question No. 07

This was a fairly simple question related to Law of Contract and Sale of Goods Ordinance and required to discuss the legal rights of **Ashen**. Many candidates have answered well for this part and obtained high marks. Some candidates have evaluated the various aspects of the given scenario without discussing the legal rights of **Ashen**. Many Candidates have not understood that **Automobile Lanka (Pvt) Ltd.** has breached the contract because it has not obliged the “Expressed terms” specifically mentioned and agreed between **Ashen and Automobile Lanka (Pvt) Ltd.**

On the whole, the performance of this question was satisfactory.

Question No. 08

This question was based on Labour Law. This question required to discuss whether **Sunimal** is an employee or an independent contractor based on the given scenario. Certain candidates have only mentioned whether **Sunimal** is an employee or an independent contractor without linking to the facts given in the scenario. Candidates should note that there are four tests as Control test, Test of equipment, Integral test and Economic reality test in the labour law which helps to determine the employee status of a person. Candidates should note that a reasonable conclusion has to be arrived based on facts.

On the whole, the performance for this question was satisfactory.

Question No. 09

This was a fairly simple question related to Partnership Law. It was required to discuss about the duties breached by **Kamal** as a partner from part (a) based on the given scenario and state four (04) rights and duties of partners included in the Partnership Ordinance 1890. Many candidates have answered well for part (a) and obtained high marks. Some candidates have evaluated the various aspects of the given scenario with the partnership law without discussing the duties breached by **Kamal** as a partner. Candidates should note that according to the partnership ordinance, there is a duty on every partner not to compete with the partnership by carrying on businesses of the same nature. If he does so, he should pay over to the firm all profits made by him in such businesses.

Part (b) was a very simple and straightforward question and majority of the candidates have correctly stated rights and duties of partners included in the Partnership Ordinance 1890. Some of the candidates have provided detailed answers regarding the rights and duties of partners although the question has clearly specified to “State”. Candidates should understand what is expected from the question before answering.

On the whole, the performance of this question was satisfactory.

Part D

Question No. 10

This question comprised of 2 parts. Part (a) of this question was based on Law of Contracts.

Part (a) (i) of the question was to discuss whether **Kumar** is entitled to receive a BMW car from his grandfather, referring to the given scenario based on domestic Contracts under Law of Contracts. This part has been answered well by majority of the candidates. However, there were certain candidates who have just mentioned the facts given in the question itself as the answer, without referring to the Law of Contracts. Those candidates have not reached at a conclusion whether **Kumar** is entitled to receive a BMW car from his grandfather.

Part (a) (ii) of the question was to discuss whether **Ravi** should pay his first year salary to the aunt, referring to the given scenario based on the contracts entered with minors under law of contracts. In some instances candidates have given irrelevant facts and in some other cases they have reproduced the facts given in the question itself as the answer.

On the whole, the performance for this part of the question was satisfactory.

Part (b) of this question was based on Law of Agency. Part (b) (i) of the question was to discuss whether **Pala** has breached any duties owed by him to **Siri** as his agent based on the facts given in the scenario. Some candidates have mixed up the scenario with law of contracts and provided irrelevant answers. Candidates should note that according to the law of agency, it is a duty of an agent to follow the instructions given by the principal and he must not exceed the authority vested on him. Further as an agent, he must not make a secret profit.

On the whole, the performance for this part of the question was satisfactory.

Part (b) (ii) of the question was to discuss the legal rights of **Perera** to recover his money. Certain candidates have reproduced the facts stated in the scenario without discussing the legal rights of perera to recover his money. Candidates should note that as per the law of agency, agent should follow the instructions given by the principal.

On the whole, the performance for this part of the question was not satisfactory.

- - -

Common facts to consider in order to improve the competency level of the exam candidates:

1. Study of the syllabus completely and thoroughly and paying high concentration on new subject matters.
2. Should not write unnecessary explanations/details when it is expected to write certain and direct answers after reading the question several times.
3. Action verb Check List with definitions is attached to the question paper itself and each question will begin with an action verb excluding Objective Test Questions (OTQs). Candidates should answer the questions based on the definition of the verb given in the Action Verb Check List.
4. Refer specially the Self-Study Text, books, manuals, letters, magazines and any other material related to this subject.
5. Build competencies that are necessary to correctly identify and compare fundamental theoretical concepts, when answering.
6. Should ensure that hand writing is legible and question numbers are placed accurately and accordingly.
7. Adhere to the instructions given in the paper.
8. Improve your knowledge by referring past papers and answers.
9. Proper time management.
10. Properly check whether question numbers are placed accordingly before handing over of the answer scripts.
11. Sit for the exam with prior a preparation and an utmost expectation of getting through.

- * * * -