

EXAMINER'S REPORT
AA2 EXAMINATION - JULY 2016
(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 about 60% of the total marks allocated to this question. On the whole the performance of the candidates on this question is satisfactory.

It was noted that many candidates had failed to answer question Nos. **1.5** and **1.7** although both were fairly easy questions. From question **1.5** it was required to identify the agency relationship which is made retrospectively and many candidates have selected the answer (3) by necessity instead of the correct answer (2) "by ratification". For question **1.7** a considerable number of candidates have selected the incorrect answer (4) Payment in Advance instead of the correct answer (2) Money Order in selecting the payment method which is **NOT** used in the international trade. Further majority of the candidates have given various irrelevant answers in answering the question No.**1.8**. For that question, they were unable to state two (02) regulatory institutions of Sri Lanka. Candidates should possess an overall understanding of the entire syllabus to obtain high marks for the section A.

Part B

Question No. 02

This question is based on the Law of Agency where agency has been created by Estoppel. (Agency by rule of Estoppel). Most of the candidates have failed to understand the question correctly and minimal numbers of candidates have only identified the correct rule of which agency has been created based on the given mini scenario. Even though some candidates have identified the agency has been created by Estoppel, they have failed to provide the correct explanation on the same. Those who have scored fewer marks did so due to the fact that they have mentioned several points and given irrelevant facts based on different Agency rules. As a whole, the performance for this question is not satisfactory.

Question No. 03

Most of the candidates have attempted this question. This question was on explaining the differences between the FOB Contracts and CIF contracts. Some of the candidates have scored full marks but some of the candidates have scored fewer marks. This was due to the fact that they have mentioned several points and have given irrelevant answers. It was observed that some of the candidates have explained the FOB contracts and CIF contracts ignoring the fact that question was to explain the differences between FOB contracts and CIF contracts. On the whole, they have scored about 60% of the total marks allotted to the question. The performance for this question is fairly satisfactory.

Question No. 04

This question required to explain the two (02) types of crossings with their legal effects.

The common mistake that was seen from the answers is that explaining the two types of crossings without giving the emphasis on their legal effects.

Most of the candidates have attempted this question. Some have scored full marks, but some have scored less marks. This was due to the fact they have mentioned several irrelevant points. They have scored about 60% of the total marks allotted to this question. On the whole, the performance for this question is satisfactory.

Question No. 05

This question was based on the "Termination of Employment". Some of the candidates have scored well. But some of the candidates have scored low marks. Majority of the candidates had failed to state two (02) categories of employees excluded under the Termination of Employment of Workmen (Special Provision) Act for part (b). They have just given general answers, without referring to the Act.

On the whole, the performance for this question is not satisfactory. They have scored about 40% to 50% of the total marks allocated to this question.

Question No. 06

This question was to state five (05) main ethical issues faced by an accountant. It was noted from the answers that majority of the candidates were familiar with the area of this question. Some of the candidates have provided detailed explanations about the ethical issues faced by an accountant and devoted the time allocated unnecessarily whereas question has specified to "State" only. On the whole, the performance for this question is satisfactory.

Part C

Question No. 07

This question was based on the law of partnership and most of the candidates have answered well. They have scored about 70% / 80% of total marks allotted to this question. It was observed that some of the candidates have just explained the liability of sharing the profit earned by partners in a partnership without linking to the facts given in the scenario. It is vital to link the legal background to the given scenario and providing a conclusion in this kind of questions. A considerable number of candidates have incorrectly state general instances where a partnership could be dissolved but the question has specifically asked the instances with the intervention of the court for part (b) of the question. It is utmost necessary to understand the question properly before answering. On the whole, the performance of this question is satisfactory.

Question No. 08

This question was to test the knowledge of candidates regarding the Law of Insurance.

The majority of the candidates have given perfect answers for the question on explaining the basic categories of insurance for part (a) and concepts of insurance for the given scenario for part (b). Only a few had made mistakes in answering this question. But there were few instances noted where candidates have only mentioned whether Sunil is entitled to claim Rs.300, 000/- each from both the insurance companies or not, without giving proper facts to justify the answer in relation to the relevant concepts of the Law of Insurance.

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

Question No. 09

This question was to explain the meaning of “Money Laundering” and state five (05) unlawful activities as per the Money Laundering Act. No. 05 of 2006. It was observed that some of the candidates were not familiar to this area and have provided completely irrelevant and incorrect answers such as reprinting the new money by Central Bank, cleaning the money when it get physically unclean or discolored. Though, it was a very simple question, majority of the candidates could score only 60% of the total marks allocated to this question. Only a fewer number of candidates have scored full marks for this question.

On the whole, the performance is fairly satisfactory.

Part D

Question No. 10

This question comprised of 2 parts.

Part (a) of the question was to discuss whether Nishadi is legally entitled to claim reward from Rasith, referring to the given scenario based on Law of Contracts. This was to test candidates’ knowledge on Offer and Acceptance included in the Law of Contract. This part has been answered well by majority of the candidates. However, there were only a very fewer number of candidates who have just mentioned the facts given in the question itself as the answer, without referring to the Law of Contracts. Some candidates have ignored the fact that Nishadi has accepted the offer without being aware of the offer and offer has not been communicated to Nishadi. On the whole, the performance for this part of the question is satisfactory.

Part (b) of the question was to discuss whether Saman is entitled to recover Rs.60,000 from Leslie, when Leslie has no title of the goods which he sold. This was relating to implied conditions of Sale of Goods Ordinance. Majority of the candidates have failed to identify the fact that if the seller has no right to sell, the buyer may find himself in a wrong position in relation to the given scenario. This question has been very poorly answered by majority of the candidates In most of the cases candidates have given irrelevant facts and in some other cases, the facts given in the question itself, and accordingly they have scored fewer marks at all for this part of the question.

On the whole, this was the question where majority of the candidates have gone wrong.

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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.
2. Read the question several times and answer only what is asked in the question. Do not write unnecessary things.
3. Manage your time efficiently at the examination.
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. You are required to strictly adhere to the Action Verb Check List, attached at the end of the question paper.
7. Sit for the examination with the main intention of passing.

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