

EXAMINER'S REPORT**LEVEL II EXAMINATION - JULY 2026****(2803) BUSINESS LAW**

The January 2026 (203) Business Law Question Paper consisted of 07 compulsory questions in three sections, namely **A**, **B** and **C**. This question paper was designed to assess the overall business law knowledge of the candidates.

General Observations from the evaluation process have been summarized as follows:

Section - A**Question No. 01**

This question consisted of 14 OTQs for 25 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. A few candidates have scored total marks allocated to this question.

It was noted that a considerable number of candidates have failed to correctly answer for question no **1.4, 1.11, 1.12, 1.13, 1.14**.

- 1.4** The candidates did not have adequate knowledge about Colombo Stock Exchange.
- 1.11** Those who earned marks had mentioned subject matter must be goods, Transfer or Agreement to transfer ownership, money consideration (price). Also, some candidates have not correctly identified fundamental elements of a Contract of Sale of Goods. Some candidates have written fundamental elements of a contract.
- 1.12** Some candidates did not have enough knowledge about holder in due course. Some had written correct answers such as the bill is not overdue, has taken it in good faith have taken it for value consideration, etc.
- 1.13** Some candidates did not have adequate knowledge about the objectives financial intelligence unit.
- 1.14** Though the parties involved in the Bills of Exchange has been tested in several time candidates are not familiar with this area.

Candidates should have a good knowledge about Civil law, Criminal law, Sale of good ordinance, Negotiable instrument and Colombo Stock Exchange, financial intelligence unit to obtain high marks for **Section A**. Therefore, Candidates should improve their knowledge about all parts of the Business Law.

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

Section - B

This section comprised of 5 compulsory questions each carrying 10 marks with a total of 50 marks. The performance level of majority of candidates for these 5 questions was at a satisfactory level.

Question No. 02

This question has tested the knowledge of Intellectual Property. This is a fairly simple question. Most of the candidates have attempted this question and provided half correct answers. But, some candidates have not identified key intellectual property in this scenario. Copyright was the key intellectual property in this scenario. Very few candidates have mentioned about Copyright. Most of the candidates have given correct answers for **2(b)**.

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

Question No. 03

This question has tested the Company Law. Most of the candidates have attempted this question and have given half correct answers.

- (a)** This part tested the knowledge on powers of directors that may not be delegated such as, Issue of Shares, Change registered office, Redemption option of Company. Very few candidates have given correct answers for this part.
- (b)** This part tested the knowledge of duties of directors under the Company Act. Most candidates have given correct answers for this part.
- (c)** This part tested the knowledge of Separate Legal Personality of a company. Most candidates have given correct answers for this part.

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

Question No. 04

This question has tested the knowledge of Labor Law. Most candidates have attempted this question and provided correct answers.

- (a)** This part has tested the knowledge about an employee or an independent contractor. There are three tests to find out if **Nimal** is an employee or an independent contractor. They are The Control Test, The Equipment Test, and The Integration.

Test. Most candidates have identified these Tests. They have mentioned that Nimal was an employee.

- (b) For this part, candidates have written various answers. Candidates have not identified who are not covered under the Employees Provident Fund Act.

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

Question No. 05

This question has tested the knowledge of Law of Insurance. This is a fairly simple question. Most candidates have attempted this question.

- (a) Most candidates provided correct answers for this part. They have mentioned Principle of contribution is applied for this case when a property has been insured in several insurance companies and if a damage has occurred to it, payment of compensation by all the insurance companies for it by contributing proportionately is known as contribution.
- (b) Most candidates provided incorrect answers for this part. Most candidates have not identified elements of a contract of an Insurance. They have written principles of an Insurance.

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

Question No. 06

This question has tested the knowledge of Sale of goods ordinance.

- (a) Most candidates have attempted this question and provided correct answers for this part. Most candidates have mentioned that **Tharindu** can claim remedies such as rejecting the goods and obtaining a refund or claiming damages for losses.
- (b) Some candidates provided incorrect answer for this part. They have written various answers for this part. But, Majority of candidates have explained correct answers Right to sell land, sale by description, sale by sample.

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

Section - C

Question No. 07

This question is comprised of two parts.

Part (A)

This part is based on the law of contracts.

- (a) It was tested to stay elements of a valid contract. Most candidates have provided correct answers such as the offer, the acceptance, the consideration, legality of the object and earned marks.
- (b) It was required to discuss whether **Susila** could take legal action against **Fernando**. Most of the candidates have provided correct answers for this part with justification. They have written that there was no contract between Fernando and **Susila**. Also, they have written that the offer was not communicated to **Susila**.
- (c) Most of the candidates have provided correct answers for this part. But very few candidates have mentioned about Postal Rule.

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

Part (B)

- (a) **This part is based on Law of Agency:** Most of the candidates were satisfactory for this part. Most candidates have written **Nihal** did not act within his authority and is in breach of his duties as an agent.
- (b) **This part is based on Law of Agency:** Most candidates were satisfactory for this part. They have mentioned therefore **Nihal** could have taken a legal action against **Ranjith**.

Also, they have mentioned **Nihal** can claim damages for the financial loss and reputational damage.

Answers of most candidates were satisfactory for this part. Most candidates have enough knowledge Law of agency.

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

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Common matters to be considered to improve the competency level of candidates:

- (1) Study the syllabus completely and pay special attention to frequently tested subject matters.
- (2) Read the question with due care and answer only what is asked in the question.
- (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 Texts, additional books, magazines and any other material related to this subject.
- (5) Build competencies that are necessary to correctly identify and compare the fundamental theoretical concepts when answering the question paper.
- (6) Ensure that hand writing is legible and question numbers are written accurately.
- (7) Adhere to the instructions given in the question paper.
- (8) Improve practical experience by answering past papers and comparing with suggested answers.
- (9) Pay attention to proper time management.
- (10) Re-check whether question numbers and index numbers had been recorded correctly before handing over the answer script.
- (11) Sit for the exam with prior preparation and an utmost determination to pass the exam.

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