

EXAMINER'S REPORT**LEVEL II EXAMINATION - JULY 2025****(203) BUSINESS LAW**

The Paper, (203) Business Law January 2025 constitutes three sections as **Section A**, **Section B** and **Section C** with 07 compulsory Questions. The paper had been set to assess Business Law knowledge of candidates as a whole.

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.

It was observed that a significant number of candidates have failed to provide correct answer to question Nos. **1.9**, **1.11**, **1.12** & **1.13**. Many candidates did not have the sufficient knowledge about Bills of Exchange, Prevention of Money Laundering Act and Functions of the Board of Investment.

Candidates should have a good knowledge about Civil Law, Criminal Law, Sale of Goods Ordinance, Functions of Regulatory Institutions, Contract Law, International Law and Negotiable Instrument to obtain high marks for the **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 is a fairly simple question related to Law of Agency.

- (a) Most of the candidates have attempted this question and provided correct answers by analyzing the situation using core principles of agency law, particularly actual authority, agent's duties and principal's liability.
- (b) Significant number of candidates have failed to recognize the duties of an agent in a principal agency relationship. Therefore, they have failed to present a clear and logical explanation concerning the breach of the agent's duties. Limited number of candidates who provided relevant points were earned maximum marks successfully

Considerable number of candidates have given incorrect answers for **2(b)**.

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

Question No. 03

The question was related to Labour Law.

- (a) Average number of candidates have correctly calculated gratuity entitlement of an employee. Some candidates have calculated gratuity entitlement based on months instead of years.
- (b) Most of the candidates correctly stated 3 types of leave entitled by employees under the Shop and Office Employees Act No. 19 of 1954. It was also observed that some candidates confused leave entitlements with provisions related to the termination or waiver of employment.
- (c) Many candidates have duly identified the human rights that employees are entitled in a workplace.

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

Question No. 04

This is a fairly simple question related to Law of Insurance.

- (a) Most of the candidates answered this section correctly with an understanding of the law of misrepresentation and the principle of "*utmost good faith*" in insurance contracts.
- (b) The principle of subrogation should required to be explained. Average number of candidates have given the successful answers.
- (c) The question was required to state 3 elements of a contract of insurance. Limited number of candidates had only provided satisfactory answers to obtain marks. Some candidates mistakenly stated principles of insurance law and the parties involved in insurance contracts.

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

Question No. 05

The question was related to Company Law.

- (a) It was observed that many candidates were knowledgeable about principle of "*separate legal personality*" of a company. Most of the candidates attempted this question and provided answers to a satisfactory level.
- (b) It was required to list 3 statutory books and registers that a company should keep. Majority of candidates have provided poor answers. Some candidates incorrectly referred to the statutory books and registers under employment law when infact this question related to company law.
- (c) This part tested subject knowledge of articles of Association. Most of the candidates successfully explained that when the company has stated objectives in its articles, it must operate in accordance with them and other rational points related to the article of association of a company.

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

Question No. 06

This was question based on Intellectual Property Law.

- (a) This part of the question focused on intellectual property requiring explanation of both trade mark and patent. Although many candidates demonstrated adequate knowledge of trademarks, it was evident that a significant number of candidates lacked a proper understanding of patents.
- (b) The majority of candidates either omitted this question entirely or failed to identify the relevance of geographical indications. Among the limited number of candidates who identified the topic correctly. Most of them were unable to provide an accurate explanations on its practical application to the scenario provided.

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

Section - C

Question No. 07

This question was comprised of 2 parts.

Part (A)

The question was asked based on Law of Contract.

- (a) Majority of the candidates have answered correctly by identifying the difference between the “offer” and “invitation to treat”. Most of the candidates have mentioned that there was no valid offer and therefore no any valid contract was formed between **Hasini** and **ABC Music Centre**.
- (b) The majority of candidates did not have sufficient understanding about application of exemption clauses in a contract.
- (c) The majority of the candidates failed to adequately explain the legal obligations of the event organizers instead concentrating on precautionary measures that organizers could take. It was observed that obtaining of all 4 marks was at a very low level as the answers of majority of the candidates were not satisfactory.

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

Part (B)

This part was based on Sale of Goods Ordinance.

- (a) Most of the candidates have explained the breach of implied conditions and obtained full marks.
- (b) Majority of the candidates have explained the remedies available to the buyer in a contract of sale of goods.

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

As a whole performance for this paper was good. Most of the candidates have earned marks above average level for the whole paper. It was observed that candidates answers for the questions allotted low marks were too long. It was generally observed that candidates need to be more knowledgeable in each area and answer by following the guidelines on the question paper. Another observation is candidates attempted to re write question as an answer.

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.

- * * * -