

**EXAMINER'S REPORT**  
**AA2 EXAMINATION - JANUARY 2019**  
**(AA25) BUSINESS LAW AND ETHICS**

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**Part A**

**Question No. 01**

This question consisted of 10 OTQs. for 20 marks.

This question has been attempted by majority 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. **1.9** and **1.10**.

Some candidates have given various Institutions as regulatory institutions for question No.**1.9**. Majority gave incorrect answers for question No.**1.10**. They have not understood the concept of confidentiality.

Candidates should have a sound knowledge about entire syllabus to obtain high marks for this section. Because it contributes massively to reach the pass mark.

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

**Part B**

**Question No. 02**

This question is based on law of agency. It was applicable agency by necessity. Most of the candidates have failed to understand this question. Only few candidates have identified the correct rule. Most candidates have failed to provide the correct explanation. In this practical scenario **Dayabaran** has no necessity to sell steel. Because steel is not a perishable good. That concept has not been recognized by majority.

**As a whole, the performance for this question was poor.**

**Question No. 03**

This question was a simple and straightforward question.

**Part (a)** – This part tested the knowledge of Consumer Affairs Authority Act. Most of the candidates have attempted this part and provided satisfactory answers. However, some students have written about the consumer affairs Authority instead of offences.

**Part (b)** -This part tested the knowledge of Money Laundering act. Most candidates have attempted this part and provided satisfactory answers. However some students have given irrelevant answer for **part (b)**.

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

### Question No. 04

This is a fairly simple question related to sale of goods ordinance. There were 2 parts in this question.

(a) part tested what is a contract of Sale, and

(b) part tested about free promotions.

Most of the candidates have mentioned correct answers for both parts, but some students have not properly explained why gifts cannot be considered as contract of sale of goods. Some have not given what is a Contract of Sale. In the definition there are important words. Some have mentioned only one that is a money consideration.

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

### Question No. 05

This question tested about knowledge of Negotiable Instruments providing a practical scenario. Though most of the candidates have attempted this question, it was not properly explained point by point. Some points could be collected from the given scenario. Some students have properly explained, but they did not write the final conclusion whether sum is entitled to recover the money.

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

### Question No. 06

This question tested on the knowledge of Letters of credit. Most candidates have mentioned only as this related to International trade. But they have not given correct explanation about letters of credit. They should write who can open a letter of credit, how to make the payment under letter of credit, etc.

**As a whole, the performance for this question was not satisfactory.**

### Part C

### Question No. 07

This question tested about the Labour Law.

**Part (a)** - This part tested on the knowledge of Employee's Provident Fund Act No. 15 of 1958. Most candidates have mentioned Sethsewa Foundation is a charitable organization. Therefore EPF Act is not relevant. But they have not mentioned about the number of employees at the organization.

Students should know that temporary employees are carried under the EPF Act. Though it is charitable organization employees is more than 10, provisions of EPF will be applied.

**Part (b)** -This part based on Gratuity Act. Most candidates have calculated the gratuity. Some have not considered  $\frac{1}{2}$  salary of last months' salary when calculating the gratuity.

**As a whole, the performance of this question was satisfactory.**

### Question No. 08

This is a fairly simple question related to partnership law. It based on the nature, rights and duties of partners of a partnership. Most candidates have mentioned rights and duties of partners. But those were not connected to the practical scenario. Students should mention that **Kamal** can only admit his wife as a partner only with the consent of other partners. Further **Geetha** is not entitled to get an extra amount from the business. When taking the decision if one partner is against it cannot be implemented. Students can easily collect the points from scenario when answering the question.

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

### Question No. 09

This is a fairly simple question related to Law of Insurance. Most candidates have correctly answered **part (a)** and **part (b)**. In **Part (a)** they have recognized concept of insurable interest. Points could be taken from the scenario. When the fire occurred it was not Madura. But the company who suffered the loss and he partly that had an insurable interest in the damaged property. As well as some students did not mention that the insurance company can reject the claim.

**Part (b)** of indemnity concept was explained by majority. But some have given only one sentence to earn all 4 marks. It has to be explained properly. Students should write as Profit cannot be earned through insurance under the indemnity concept.

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

### Part D

### Question No. 10

This question consists of two parts. **Part (a)** of this question was based on law of contracts.

- (i) Most candidates have mentioned there was no valid contract between **Romesh** and **Priya**. **Romesh** did not communicate his acceptance to **Priya**.

Also they have mentioned **Romesh's** mere silence or passive inactivity is not an acceptance by implication. But they have not mentioned relevant case.

- (ii) There is a valid contract between **Mal Mal Florists** and **Priya**. There is a negligence from the part of florists as they could store adequate roses in order to fulfill the contract properly. **Priya** could ask for damages for breach of the contract.

Most candidates have mentioned about that. Some candidates have mentioned **Priya** leagaly bound to pay the rest of money for **Mal Mal Florists**. But they have not argued the reasons properly. They should mention that the flooding and road block was beyond their control. Thus they could not perform the agreement 100%. However some candidates have not answered satisfactory.

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

**Part (b)** of this question was based on sale of good ordinance.

- (i) The contract between Tina and skin and Hair Care saloon is a contract of sale of goods. Two implied conditions includes into this contract. They are fitness for the purpose and merchantable quality. The sale of goods ordinance provides that “the goods shall be fit for the purpose” and “the goods shall be of merchantable quality”

Most candidates have mentioned one condition and **Tina** can ask for damages from skin and Hair Care saloon. But most of them have not mentioned relevant case and **Tina** can ask damages due to admitting to hospital.

- (ii) The contract between **Suraj** and **Beautiful Homes (PVT) Ltd.** is a contract of sale of goods. In this case **Suraj** has specifically instructed about the particulars of design and he wanted it to be delivered within 2 weeks.

In this practical scenario most candidates have mentioned **Suraj** can claim for damages. But they have not mentioned that goods ordered by **Suraj** are specific and ascertained.

Most candidates have scored more than 70% marks from the total marks allocated for this question.

**As a whole, the performance for this part of the question was satisfactory.**

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**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 preparation and an utmost expectation of getting through.

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