

EXAMINER'S REPORT
AA2 EXAMINATION - JULY 2017
(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 many candidates had failed to answer the question no. **1.5, 1.9** and **1.10**.

Some candidates have given incorrect answers for question number **1.5** because they have not noticed the word **“Not”** in the question. However candidates should develop a sound knowledge regarding the implied conditions according to the Sale of Goods Ordinance.

In question number 1.9 some candidates failed to state the difference between Personal Law and Territorial Law. Some candidates have mixed up the two laws and some have just provided the examples for Personal Law and Territorial Law without stating the difference.

For question number **1.10**, many candidates have failed to state two (02) primary functions of the Board of Investment (BOI) of Sri Lanka 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 Law of Agency. Certain candidates have not identified that there is an agent – principal relationship created by the agency by estoppel in the given scenario. Some candidates have provided vague answers without explaining whether **A&B Ltd.** is liable to pay for the land purchased by **Hemal**. It was observed that a handful of candidates have just written whether **A&B Ltd.** is liable to pay for the land purchased by **Hemal** 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 explained about the Crossing of cheques with the words “not negotiable” without explaining the responsibility of the bank, with regard to the cheque provided in the scenario. Some candidates have explained the **Dhansiri’s** legal rights against **Dhanapala** without the understanding that it was expected to explain the responsibility of the bank by the question.

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 International Trade. It was required to state two (02) methods of payment used in international trade from part (a) and explain any one of the payment method stated from part (b) of this question. Most of the candidates have successfully answered for part (a) of this question but certain candidates have not explained one payment method stated at (a) above. Some candidates have provided unnecessary detailed explanations for part (b). It is important to get guidance on the answer to be provided from the marks allocated for the question.

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

Question No. 05

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 the insurance company can reject **Bindu's** claim or not, 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 principle of utmost good faith ("uberrimae fidei") in insurance in explaining their answers and have applied irrelevant concepts of insurance. It is utmost necessary to understand the question properly before answering.

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

Question No. 06

This question was based on Fundamental Principles in Professional Ethics. It was required to state two (02) safeguards created in the work environment from part (a) and state three (03) safeguards created by profession, legislation and regulation. It was observed that some of the candidates were not familiar with this topic and provided completely irrelevant and incorrect answers. Some of the candidates have provided detailed answers regarding safeguards although the question has clearly specified to "State". Candidates should understand what is expected from the question before answering.

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

Part C

Question No. 07

This was a fairly simple question related to Partnership Law and required to discuss about the joint liability of other partners of a partnership for a wrongful act committed by one partner. Many candidates have answered well for this part and obtained high marks. Some candidates have evaluated the various aspects of the given scenario with the partnership law without discussing the liability of the other partners of **ABS partnership** in relation to **Sumi's** wrongful act. Candidates should note that when a tort is committed during the ordinary course of partnership business, the partners are jointly liable for the person who suffered the loss and the injured party can sue all the partners together or separately.

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

Question No. 08

This question was based on Copyright law of Intellectual Property Act No.36 of 2003. It was required to explain the works protected by copyright law under the Intellectual Property Act No.36 of 2003. from part (a) and explain the liability under the copyright law based on the given scenario from part (b). Many candidates have explained the works protected by copyright law correctly. But a considerable number of candidates failed to answer properly for part (b). Some candidates have erroneously stated that the₂

copyright is only protected during the lifetime of the author in relation to the given scenario. It is worthwhile to learn that the copyright is protected during the life time of the author and another seventy (70) years after his / her death.

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

Question No. 09

This question was based on Employees' Provident Fund (EPF) of Labour Law. This question required to explain with reasons whether the employees can withdraw their Employees' Provident Fund (EPF) balance under each of the given circumstances according to the Employees' Provident Fund Act No.15 of 1958. Certain candidates have only mentioned whether the employees can withdraw their Employees' Provident Fund (EPF) balance or not. For part (c) of this question, some candidates have erroneously explained that Asha, is entitled to withdraw the EPF balance although it was stated that she has got an employment in a foreign country on a contract basis. Candidates should note that a reasonable conclusion has to be arrived that the person has no intention to return to Sri Lanka, for her to withdraw the EPF balance.

On the whole, the performance for 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 and part (b) of this question was based on Sale of Goods Ordinance.

Part (a) (i) of the question was to discuss the legal right of **Amali** regarding **Amal**, 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 about the legal right of **Amali** regarding **Amal** in the given scenario.

Part (a) (ii) of the question was to discuss the legal right of **Amali** regarding **shopkeeper**, referring to the given scenario based on an invitation to offer under Law of Contracts. Some candidates have mixed up the scenario with Sale of Goods Ordinance and provided irrelevant answers. Candidates should note that the display of goods with price tags in a shop window is an invitation to offer which is a mere request to start negotiations with a view of entering into a contract in the future.

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

Part (b) of the question was to discuss the right and remedies available to **Silva** as a buyer based on the facts given in the scenario. This was relating to Sale of Goods Ordinance. Many candidates were unable to explain the remedies available to Silva as a buyer due to breaching of implied conditions by seller. In most of the cases candidates have given irrelevant facts and in some other cases they have reproduced the facts given in the question itself as the answer. Some candidates have mixed up that this scenario has been tested under the law of contracts.

On the whole, the performance for this part of the question is 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.

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