

EXAMINER'S REPORT
LEVEL II EXAMINATION - JULY 2020
(203) BUSINESS LAW

Section - A

Question No. 01

Candidates' knowledge on Business Law including the constitution, Sources of Law, Commercial Law, Labour Law, etc. covering the overall syllabus had been tested in this question.

A few shortcomings observed generally according to answers provided by candidates to some of the parts are set out below:

- 1.3** In answering this question, which one was not a method of payment used in international payment, most of the candidates had incorrectly selected the answer payments in advance.
- 1.4** For this question which required identification of employees not covered under the EPF Act, a few candidates had incorrectly marked casual or temporary employees.
- 1.5** A small percentage of candidates had not calculated the gratuity correctly. The reason for this was apparently not being conversant with the calculation of gratuity. Further, some candidates had considered the first salary instead of the last salary. Also, some others had not calculated his period of service correctly.
- 1.12** A few candidates had mixed up withdrawing the balance of the Employees Trust Fund with the right of gratuity entitlement and provided incorrect answers.

Candidates had not provided correct answers to **1.10** which required to state functions of the Board of Investment and **1.14** that required stating the objectives of the consumers' affairs correctly.

In an overall consideration most candidates had ensured correctly questions **1.1**, **1.7** and **1.8**. Majority of the candidates had earned a higher percentage out of the allocated marks.

As a whole, performance for this question was satisfactory.

Section - B

Question No. 02

This question was set in association with Partnership Law. Duties of partners had been tested based on a given scenario.

Most of the candidates had provided correct answers relating to the neglect of her duties by **Sumana** and right of **Piyal** to receive money. Although some candidates had written answers very well, quoting case law, a very few of them had not provided answers correctly.

As a whole, performance for this question was satisfactory.

Question No. 03

This question was set on Agency Law. It tested knowledge of candidates on ways of creating agency and on responsibilities and duties of agents.

Although most of the candidates had provided correct answers to this question on the whole, a few of them had not correctly identified the agency relationship between **Kumudu** and **Malaka**.

The liability of **Kumudu** under each of the contracts with **Podi Bass** and with **Renuka** had been tested in **part (b)**. Most of the candidates had correctly provided answers that damages could not be claimed from **Kumudu**.

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

Question No. 04

(A) The knowledge of candidates on the principle of contribution in Insurance Law was tested in this question. Most of the candidates with understanding of theoretical knowledge had provided correct answers.

Candidates had identified that **Anne** was not entitled to claim Rs.50,000/- each from both companies. A few out of them had correctly calculated the proportionate amount payable by each company.

As a whole, performance for this question is satisfactory.

(B) This was a simple question tested the knowledge of candidates on the theoretical aspects of hire purchase agreements. It was one which could be easily answered on perusal of the self-study text.

Although, candidates were able to identify correctly the obligations of the hires, the answers relating to the owner of goods was not at a satisfactory level.

As a whole, performance for this question is not satisfactory.

Question No. 05

- (a) This question had been based on “Negotiable instruments”. The knowledge of candidates on instances where bank had the power to refuse payment on a cheque ordered by a customer was tested. Although most candidates had provided correct answers to these 2 questions, there was a set of candidates who provided answers without an understanding of the effect of a cheque crossed “*Not Negotiable*”. However, candidates had answered very well regarding instances where bank had authority to refuse the payment.
- (b) The knowledge of candidates on Labour Law had been tested in the question. most candidates had identified that there was entitlement of the leave, but only a very few had indicated the entitlement of 84 days leave.

As a whole, performance for this question was satisfactory.

Question No. 06

- (a) This is a direct theoretical question, where a new account is opened in a financial institution what documents should be obtained were required to be stated. Most of the candidates had obtained a good percentage of marks.
- (b) The knowledge of candidates on prevention of Money Laundering Act and Computer Crimes Act had been tested by this question. Most of the candidates had provided satisfactory answers to this theoretical question.

There were a few candidates who had written answers without theoretical knowledge.

As a whole, performance for this question was satisfactory.

Section - C

Question No. 07

- (A) (a) This question was based on Contract Law. candidates had provided correct answers relating to “Offer” and “Acceptance” referred to in the question.
- (i) Though most of the candidates had provided correct answers, some of them had not written comprehensive answers relating to acceptance. Although they had indicated that this was a contract, the answers reflected lack of theoretical knowledge. Further, they had also failed to state that this was a contract associating legal matters.

- (ii) Most of the candidates had provided correct answers to this part. But a few candidates had provided incorrect answers that placing an advertisement in a newspaper was an invitation to offer. But, what had to be considered in these instances was that **Vishaka** had acted in the manner stated in the advertisement.
- (b) Candidates, providing on the whole, very good answers, had stated the rights and remedies available to **Banda** and **Vishaka** regarding **Dr. Perera**. The correctness of the answers to **part (b)** was highly dependant on the correctness of the answers to **part (a)**.
- (B) (a) This question had raised the legal rights of **Mohan** in terms of the Sale of Goods Ordinance. It was observed that the theoretical knowledge of candidates about sections 18 and 19 of the ordinance and also relating to case law was at a low level. But, most of the candidates had correctly answered that **Mohan** had to bear the loss.
- (b) In this question, candidates had correctly identified the legal rights of **John** and a considerable number of them had provided answers analyzing well the implied conditions of the Sale of Goods Ordinance.

As a whole, performance for this question was Very satisfactory.

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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 Text books, 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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