

EXAMINER'S REPORT
LEVEL II EXAMINATION - JANUARY 2023
(203) BUSINESS LAW

Section - A

Question No. 01

This question consisted of 14 OTQs for 25 marks.

This question was attempted by almost all the candidates. Most of the candidates have scored considerable number of marks for this question.

It was noted that a considerable number of candidates have failed to answer correctly the question No. **1.10**. From that question, it was required to explain briefly, the meaning of consent defense in money laundering. It was noted that the candidates' knowledge in this area was poor although, it was included in the syllabus as well as in the study text.

Question No. **1.3** was also answered poorly by majority of the candidates. It was tested the knowledge of candidates regarding characteristics of Negotiable Instruments. It was clearly noted from the answers that candidates' knowledge of those characteristics were not up to the standard.

As a whole, the performance for this question was satisfactory and it contributed a majority of the candidates to reach their pass mark.

It is recommended that candidates should have a good knowledge about Civil law, Criminal law, Sale of good ordinance, Commercial law, International law, Money laundering law, Negotiable instruments to obtain high marks for the **Section - A**.

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

Section - B

Question No. 02

This question tested the knowledge of candidates regarding Hire purchase agreements. This was a fairly simple question and hence almost all the candidates have attempted this question and provided correct answers.

However, as stipulated in the hire purchase agreement, the hirer is required to pay the installments as agreed. It is a primary obligation of the hirer as per the hire purchase agreement. Only the hirer can purchase the property under the hire purchase agreement prior to expiration of the agreement by paying the full amount under the agreement. However, when there is a default of the installments or a breach of agreement by the hirer, there is a right to terminate the agreement. Also the owner can recover the possession of the hire purchase property and claim damages for any loss.

However, a fewer number of candidates were unable to correctly analyze the problem and to answer the question correctly.

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

Question No. 03

- (a) This part of the question tested the knowledge of agency by Ratification. Although, most of the candidates have attempted this part of the question, they were unable to provide correct answers. Candidates must improve their knowledge about various concepts in Agency Law.

However, the following conditions must be fulfilled for the occurrence of agency by Ratification:

- (1) The agent must have revealed the identity of his principal.
- (2) At the time of making the contract by the agent, the principal must have had the contractual capacity.
- (3) Agent should reveal all material facts of the contract to the principal.
- (4) The principal should ratify the entire contract. Ratification granted for a part of the contract is not a valid ratification.
- (5) The ratification must be done within a reasonable period of time.
- (6) Ratification applies only to valid and legally enforceable contracts.

Since, the candidates were not able to jot down the above points correctly, they could not score satisfactory marks.

As a whole, performance for this question was not at a satisfactory level.

- (b) This part tested the knowledge of agency by Necessity. Most of the candidates have attempted this part and provided correct answers.

However, the following conditions must be fulfilled for the occurrence of agency by necessity:

- (1) There was so emergency situation that instructions cannot be procured from the principal.
- (2) There was an actual commercial necessity to act so.
- (3) The agent must have acted in good faith on behalf of the principal.
- (4) The agent's action must be reasonable and prudent.
- (5) The principal must not have given prior express instructions to the contrary.

Considerable number of candidates have provided above points correctly and was able to score well.

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

Question No. 04

This question tested the knowledge of Law of Partnership. This was a fairly simple question related to Partnership Law. This question tested the rights and duties of a partner and the knowledge on instances in which the court can order a dissolution of a Partnership. Almost all the candidates attempted this question and provided correct answers.

However, it was noted that candidates knowledge on instances of court dissolution was poor.

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

Question No. 05

(a) This part is based on the Consumer Affairs Authority Act. It was required to explain objectives of the said Act. Most of the candidates have attempted this part and provided satisfactory answers. Few candidates have failed to provide correct answers.

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

(b) & (c)

These parts are based on the Computer Crimes Act. Most of the candidates have attempted these parts however, provided unsatisfactory answers. Few candidates have provided correct answers. Candidates had not gained enough knowledge about computer crimes act. They need to study about computer crimes act.

This act was introduced for the identification of computer crimes and to provide procedure for the investigations and prevention of such crimes.

Following are the crimes covered under this Act:

- (1) Unauthorized access and securing unauthorized access to a computer.
- (2) Unauthorized access to a computer to commit a crime and securing the authorized access of the computer to commit a crime.
- (3) Destroying, deleting or corrupting, or adding, moving or altering any information held in any computer.
- (4) Obtaining data from sources which are unauthorized access by using hacking systems.
- (5) Aiding and abetting and conspiracy to engage in crimes committed by computers.

As a whole, performance for this question was not at a satisfactory level.

Question No. 06

This question tested the knowledge of Sale of Goods Ordinance. This was a fairly simple question related to Sale of Good Ordinance. Most of the candidates have attempted this question and provided half correct answers for **part (a)** and incorrect answers for **part (b)**. As a whole, performance for this question is unsatisfactory.

From **part (a)**, it was required to discuss the legal rights of involving parties. Considerable number of candidates have mentioned that since the stock of sugar was stored at **Yaso's** warehouse, **Yaso** should compensate **Darshi** for the damage caused to stock of sugar which was incorrect. Since the ownership of the property has been already passed to **Darshi**, regardless of whether the goods have been delivered or not, **Yaso** is not liable for the damages caused to stock of sugar.

From **part (b)**, it was required to explain two circumstances under which an unpaid seller is permitted to re-sale the goods. However, candidates had no correct understanding on this area as well.

Following are the situations of goods re-sale:

- (1) When the goods are of perishable in nature i.e. vegetables, fish or fruits.
- (2) When the goods have been sold retaining the right to re-sale.
- (3) Where the seller has given notice to the buyer of his intention to resell and even after such notice, if the buyer does not pay within a reasonable time.

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

Section - C

Question No. 07

This question comprised of two parts.

Part (A) This part was based on law of contract.

- (a) It was required to identify whether there is a valid contract between **Ms. Kalpana** and **Mr. Ginikana**. Although, almost all the candidates attempted this part, it was observed that some had a little confusion regarding the scenario. Though there is a valid contract between the said parties, some candidates were unable to identify it correctly.
- (b) It was required to identify whether there is a valid contract between **Ms. Podimanike** and **Mr. Ginikana**. Considerable number of candidates have mentioned that since the postcard sent by **Ms. Podimanike** has been received by **Mr. Ginikana** before receiving **Ms. Kalpana's** letter, there is a valid contract between the said parties. Candidates have not understood the elements of a valid contract.
- (c) It was required to explain the legal rights of **Mr. Wilfred**. Most of the candidates had not identified that **Mr. Ginikana** has agreed to sell a motor vehicle which was already accepted by **Ms. Kalpana** and accordingly, **Mr. Ginikana** is required to pay damages to **Mr. Wilfred**. The performance to this part of the question was highly unsatisfactory.

As a whole, performance for this question was not at a satisfactory level.

Part (B) This part was based on Labour Law.

- (a) It was required to explain the difference between an employee and an independent contractor referring to applicable tests. Most of the candidates have performed in an unsatisfactory way for this part. Also, most candidates had failed to identify the differences between an employee and an independent contractor. Only a handful of candidates had mentioned relevant tests as the Control test, the Equipment test, the Integration test and the Economic Reality test.
- (b) It was required to discuss whether **Suraksha** could claim her position as an employee or not. As a whole, performance for this part was not that satisfactory. Considerable number of candidates were unable to do this part correctly due to lack of knowledge regarding an independent contractor.

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

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.

- * * * -