

EXAMINER'S REPORT
LEVEL II EXAMINATION - JANUARY 2021
(203) BUSINESS LAW

Section - A

Question No. 01

This question consisted of 14 Objective Test Questions (OTQs) for 25 marks.

This question has been attempted by most of the candidates. Considerable number of candidates have scored more than half marks of the total marks allocated to this question. Some candidates have scored more than 20 marks of the total marks allocated to this question.

Candidates should have a good knowledge about civil law, criminal law, Sale of goods ordinance, Company law, contract law, International Law, labour law, etc. to obtain higher marks for **Part A**.

It was noted from the answers that a considerable number of candidates have failed to answer correctly the question Nos. **1.4, 1.8, 1.9, 1.13** and **1.14**.

Those are as follows:

- 1.4** From this question, it was required to select the correct statement with reference to "Acceptance" as per the contract law. Acceptance is generally considered as an unconditional assent made by the offeree to the offeror. However, due to the misunderstanding of the terms offeree and offeror, majority of the candidates have selected (4).
- 1.8** It was required to state the statement "Assisted contracts are generally not valid, and they are not binding on minors" is 'True' or 'False'. Though this statement is 'False' considerable number of candidates have stated it as 'True'.
- 1.9** It was required to state the statement "Any amount of money misappropriated by the workman during the course of employment, could not be deducted from the gratuity payable amount" is 'True' or 'False'. Though, this statement is 'False', most of the candidates have mentioned that it is 'True'.
- 1.13** It was required to list rights which can be enjoyed by an owner of a registered Trademark. Considerable number of candidates have not attempted this question. Those who attempted also have provided irrelevant answers highlighting their unawareness regarding the subject area.
- 1.14** It was required to state main dispute resolution methods that can be used to resolve an international trade dispute. Though this question was very particular regarding trade disputes, some have misunderstood it as labour disputes. Most of the candidates have attempted this question.

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

Section - B

Question No. 02

Knowledge on Sale of Goods Ordinance was tested from this question. This was specially designed to test the knowledge on implied conditions related to sale of goods contract that covers under Sale of Goods Ordinance.

It was noted from the answers that most of the candidates had no idea as to what are implied conditions attached to Sale of Goods Ordinance, where there is a sale of goods by sample as well as by description, the goods must correspond not only with the description, but also with the sample. This fact has not been understood by majority of the candidates. Accordingly, in both the instances respective innocent parties can take legal action against **Sanjaya**.

Only a handful of candidates have understood the question properly and answered correctly to obtain full or most marks for this question.

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

Question No. 03

This question tested the candidates' knowledge on "Agency by necessity". In this way, an agent enters into a contract on behalf of his principal in an emergency situation where the instruction of the principal cannot be sought. In such a case, agency is created through necessity and the principal is bound by the actions of the Agent. However, there are number of pre-requisites which should be fulfilled.

This could be considered as a fairly simple question that comes under "Agency Law". It was noted from the answers that considerable number of candidates have attempted this question correctly and able to obtain fairly good marks for this.

However, some candidates have just mentioned the facts given in the question itself and stated that train driver is not liable to pay for losses incurred by **Siripala**, without giving any reasons. Some other candidates have mentioned that there was an agency by necessity, but no conditions were stated. Accordingly they were unable to obtain reasonable marks for this question.

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

Question No. 04

This question tested the knowledge of candidates regarding partnership law. According to the partnership ordinance, every partner is an agent of the firm and his other partners within the scope of his actual authority (express or implied), it will bind the partnership, and a partner has an implied authority to bind the partnership when he does anything which would be usual in the course of carrying on partnership business.

Accordingly, in this case for **part (a)**, “C” is also liable to pay the loan obtained by A & B. However, most of the candidates have correctly identified the legality of the question concerned and provided very successful answers.

From **part (b)** of the question, it was required to state three instances where the court can dissolve a partnership. This was also answered correctly by majority of the candidates. Only a handful of candidates have not provided correct answers for this question.

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

Question No. 05

Knowledge on negotiable instruments were tested from this question.

From **part (a)**, it was required to identify the main parties involved in the given Bill of Exchange. Though, this was a very simple question, most of the candidates have not attempted this question correctly. Instead of relating the names given in the Bill of Exchange to the main parties involved, they have just mentioned the names given in the question.

From **part (b)**, it was required to state features of a valid Bill of Exchange. This part has been correctly attempted by majority. However, some have stated features of a cheque instead of stating features of a Bill of Exchange.

From **part (c)**, it was required to identify differences between a bill of exchange and a cheque. This question was also attempted by majority of the candidates correctly and were able to obtain very good marks for this. However, a handful of candidates have not even attempted this question.

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

Question No. 06

This question tested candidate’s knowledge on various legislations operating in Sri Lanka.

From **part (a)** of this question objectives of Electronic Transactions Act No.19 of 2006 have been tested. This question was very poorly answered by majority of the candidates. Only a fewer number of candidates have attempted the question, and those answers were also incorrect. It was observed from the answers that candidates have not studied this area properly.

From **part (b)**, it was required to identify articles which have been excluded from the scope of application of Electronic Transactions Act No. 19 of 2006. Some candidates have misunderstood this part with Money Laundering Act. This part was also very poorly answered by the candidates who attempted this question. Some candidates have not even tried this question.

From **part (c)**, it was required to explain functions / duties of Consumer Affairs Authority Act No. 09 of 2003. Regardless of the above 2 parts, majority of the candidates have attempted this question and scored full marks for this part by giving functions of Consumers Affairs Authority correctly.

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

Section - C

Question No. 07

(A) This part of the question consisted of 3 sub sections **(a)**, **(b)** and **(c)** related to the given scenario related to Contract Law and Insurance Law.

(a) This part required to discuss the remedies available to **Dinu & Ram** regarding the down payments they made to have their wedding. In this case, they were unable to have their wedding as planned due to government intervention by imposing a ban on conducting any private functions until further notice. In this case, the contract entered into by **Dinu and Ram** with hotel has been terminated due to frustration as a result of intervention of the government. Considerable number of candidates have obtained good marks for this question. However, only a handful of candidates have just mentioned that **Dinu and Ram** can get the refund from the hotel, without giving proper reasons there on.

(b) This part required to explain whether **Janahitha Insurance Co.** can reject the application made by **Ram**. This was related to principles of insurance. Specially the Principle of Utmost Good Faith in insurance. Most of the candidates have attempted this question and were able to score very good marks for this question. It was noted from the answers that this area was studied by majority of the candidates.

(c) This part required to explain the legal rights of **Ram** regarding the car damage. This was also related to law of insurance specially the principle of proximity clause in Insurance. Most of the candidates have not given very clear answers to this part. Only a fewer number of candidates have mentioned the fact that insurer is obliged to pay compensation only if the proximate clause is covered under the policy.

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

(B) This question tested the knowledge of candidates regarding the applicability of termination of Employment of Employees Act and the instances where it will not be covered. Considerable number of candidates have not attempted this question. Those who attempted also not provided correct answers. Because they have not recognized that the Termination of Employment of Employees (special provisions) Act is applicable only when there are more than 15 employees. Also they have not mentioned the fact that Employees who have worked less than 180 days of time within a continuous service period of 12 months are also not covered under this act. Most of the candidates have mentioned that **Foodmart** has terminated **Hameed's** employment without conducting a proper internal disciplinary inquiry which should have been the procedure as per the said Act, which cannot be considered as correct, as this particular employee is not covered from this Act.

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

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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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