

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

Section A

Question No. 01

This question consisted of 10 OTQs. for 20 marks.

This question has been attempted by almost all 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 Nos. **1.2** and **1.10**.

Question No. **1.2** tested the knowledge on constitution of 1978 of Sri Lanka. Majority of the candidates had not given correct answers. Question No. **1.10** tested the knowledge on fundamental principles of professional ethics. However, majority of the candidates had not understood the concept of objectivity in relation to professional ethics. Candidates should have a good understanding about laws and regulatory framework of Sri Lanka, International trade, contract Law, sale of goods ordinance to obtain high marks for the **Section A**, because it contributes to reach the pass mark.

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

Section B

Question No. 02

This question is based on Intellectual Property Act. Most of the candidates have failed to understand this question. Only few candidates have given the correct answers. Most candidates have not identified the relevant sections (9 and 10) of the Act. Therefore, they have not applied the requirements of the section to given scenario.

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

Question No. 03

This question is a simple and straightforward question and tested the knowledge on law of Insurance. Most of the candidates have attempted this question and explained the facts why **Amara** cannot recover the damages and obtained full marks.

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

Question No. 04

This is a fairly simple question related to International Trade. It has tested the duties as a CIF seller. Some candidates have provided correct answers. Some candidates could not understand the question.

As a whole, the performance for this question was at an average level.

Question No. 05

This question tested the knowledge on Partnership Law. It has tested how to apply learning outcome to a given scenario. Most of the candidates have attempted this question and correctly explained **Kamani's** legal rights and **Raja's** duties.

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

Question No. 06

This question tested the knowledge on Corporate Law. Most candidates have identified the qualifications to be available to company Directors and they have given correct explanation on suitability of **Piumi** and **Srilal** as Directors.

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

Section C

Question No. 07

This question is based on creation of agency by implication. Most candidates have not identified that this question was related to Law of agency. Therefore, some candidates have answered assuming this is related to company Law.

Some of the candidates had mentioned that **Alina** cannot refuse to pay **Lion Ltd.** without giving the rationale of the law.

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

Question No. 08

This is a fairly simple question related to labour law and consists of 2 parts.

Part (a) was on ETF Act. However, most of the candidates have not clearly identified that the question is on ETF. They have answered assuming that this question is on EPF. Some candidates have mentioned **Thara** can get ETF because she leaves the country.

Part (b) was on calculation of gratuity. Majority of the candidates had answered correctly.

As a whole, the performance for this question was at an average level.

Question No. 09

This question tested the knowledge on negotiable instruments. Majority of the candidates have correctly answered for **part (a)** which is on validity of the cashier's statement and for **part (b)** which is on duties of a banker.

For **part (a)** majority of the candidates have recognized relevant conditions to be followed in relation to crossed cheque and they have mentioned that cashier's statement is correct.

Majority of the candidates have mentioned duties of a banker correctly for **part (b)**.

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 Contract Law.

- (a) Majority of the candidates had given correct answers for this part. They had mentioned that there was no valid contract between **Saman** and **Gajan** due to absence of offer and acceptance which are considered as essential elements of a contract. Further, majority of them had mentioned this was an invitation to treat.
- (b) Majority of the candidates answered correctly for this part and obtained marks. They have mentioned that there was no valid contract between **Nimal** and **Sithum**, because essential elements of the contract were not fulfilled. Some candidates have mentioned **Sithum** has made the counter offer.

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

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

- (a) This part tested the implied conditions of sale of goods ordinance and remedies available for the buyer. In the given scenario there is a contract of sale of goods between **Nuwan & Sameera**. Therefore, implied conditions includes in this contract. They are fitness for the purpose and merchantable quality (where the goods are bought by description then goods must be match with the description). However majority of the candidates have mentioned only one implied condition. But the majority of the candidates had mentioned that **Nuwan** is entitled to claim recovery of the price paid or Specific performance to claim for a suitable bicycle.
- (b) Majority of the candidates have correctly explained the existing goods & future goods in relation to law of sale of goods and majority of the candidates have obtained high marks out of 04.

As a whole, the performance for this part of the question was at an average level.

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Common facts to be considered in order to improve the competency of candidates:

- (1) Study the syllabus completely and pay high concentration on new 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 the knowledge by referring past papers and suggested 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 pass the exam.

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