



UNIVERSITY OF KELANIYA – SRI LANKA
Centre for Distance and Continuing Education
Faculty of Commerce & Management Studies

Bachelor of Commerce (Special) Degree First Year Examination (External) – 2024

April – 2026

BCOM E 1055 - Business & Industrial Law

No. of questions: (08)

Time: 03 hours

Answer five (05) questions only.

Question No. 01

- a) Discuss the concept of the Rule of Law. Explain its importance and key principles in a democratic society. (10 marks)
- b) Identify and explain the main sources of law in Sri Lanka, including:
- i. Legislation
 - ii. Judicial precedent
 - iii. Customs

(10 marks)
(Total 20 marks)

Question No. 02

- a) Briefly explain five essential elements of a valid contract (10 marks)
- b) Nimal offered to sell his motorbike to Perera for Rs. 500,000. Perera responded by saying that he would purchase it for Rs. 450,000. Nimal did not reply to this message. Three days later, Perera informed Nimal that he was willing to buy the motorbike for Rs. 500,000. However, Nimal refused to sell the motorbike, stating he was no longer interested. Perera now intends to take legal action against Nimal for breach of contract. Advise Perera whether a valid contract exists between him and Nimal.

Support your answer with relevant legal principles and decided cases.

(10 marks)
(Total 20 marks)

Question No. 03

- a) Nadeesha booked a room at a guesthouse in Colombo for two nights. At the reception, she paid the full amount and was given the room key. No terms or conditions were mentioned at the time of booking or payment. After entering the room, she noticed a notice posted on the wall behind the door stating: *"The management will not be responsible for any loss of guests' personal belongings."* Later that evening, while she was out, her laptop and valuables were stolen from the room. The guesthouse management refused to compensate her, citing the notice posted in the room. Nadeesha intends to take legal action against the guesthouse. Advise Nadeesha whether the guesthouse can rely on the exclusion clause

(10 marks)

- b) Explain the different types of mistakes in contract law (common, mutual, and unilateral).

(10 marks)

(Total 20 marks)

Question No. 04

- a) Niroshan saw an online advertisement posted by a seller offering a "brand-new 2023 model electric scooter, unused and in excellent condition." The advertisement included only pictures and a description. Niroshan agreed to purchase the scooter based on this description without physically inspecting it.

After delivery, Niroshan discovered that:

- The scooter was actually a reconditioned 2021 model
- It had been previously used for over a year

Several parts had been replaced

The seller refused to take back the scooter, arguing that Niroshan had the opportunity to inspect it upon delivery and therefore could not complain. Advise Niroshan whether he can reject the scooter and claim a refund. Support your answer with relevant legal principles and decided cases.

(10 marks)

- b) Discuss the rules governing the passing of property and risk in a contract for the sale of goods. Support your answer with relevant case law

(10 marks)

(Total 20 marks)

Question No. 05

- a) Explain the different ways in which an agency relationship can be created. Illustrate your answer with examples.

(10 marks)

- b) Ramesh is the managing director of a company, but due to internal disagreements, the board secretly restricted his authority to enter into contracts above Rs. 1 million. Despite this, Ramesh entered a contract with Silva Traders for Rs. 2 million. Silva Traders had previously dealt with Ramesh and believed he had full authority. The company now refuses to honour the contract, claiming Ramesh exceeded his authority. Advise whether the company is bound by the contract.

(10 marks)

(Total 20 marks)

Question No. 06

- a) Explain the different types of partners, including:

- i. Active partners
- ii. Sleeping partners
- iii. Nominal partners
- iv Partners by estoppel (holding out)

(10 marks)

- b) Sunil and Kamal are partners in a furniture business in Colombo. Without informing Kamal, Sunil purchased a large quantity of timber on credit from a supplier, a normal business practice. However, their partnership agreement internally restricted purchases to Rs. 500,000 or less. The supplier was unaware of this restriction. Later, Kamal refused to pay the supplier, claiming Sunil had no authority. Is the firm bound by Sunil's act? Discuss with reasons.

(10 marks)

(Total 20 marks)

Question No. 07

- a) State five instances where employees can obtain money from the employees' provident fund

(05 marks)

- b) Ravindu owns a small supermarket in Kottawa. During busy weekends and festive seasons, he hires Dilani to assist with billing and stocking goods.

The arrangement is as follows:

- Dilani is called to work only when needed, mainly on weekends
- She is paid a daily wage at the end of each day
- There is no written contract between them
- She is not entitled to leave, EPF, or ETF benefits
- Sometimes she works continuously for several weeks during peak seasons
- Ravindu supervises her work directly while she is on duty

After working intermittently for nearly one year, Dilani was suddenly told that her services were no longer required. She claims that she should be treated as a permanent employee and is entitled to job security and benefits. Advise whether Dilani is a casual employee or a regular employee. Discuss whether she is entitled to any legal protection

(15 marks)

(Total 20 marks)

Question No. 08

a) Explain the different types of leave provided to employees under the Shop and Office Employees Act, including:

- i. Annual leave
- ii. Casual leave
- iii. Maternity leave

(10 marks)

b) i. Define a trade union.
ii. Discuss its main functions and importance in protecting employees' rights.

(10 marks)

(Total 20 marks)