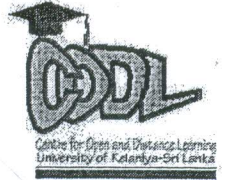




University of Kelaniya - Sri Lanka
Centre for Open and Distance Learning



Faculty of Commerce and Management Studies

Bachelor of Commerce (Special) Degree Examination (External) – 2008

Year I

BCOM E 1054 – Business Law

No. of questions: Seven (07)

Time: 03 hours

Answer five (05) questions.

(01) (a) “All the contracts are agreements, but all the agreements are not contracts”. Discuss the validity of this statement with suitable examples.

(10 marks)

(b) Amal offered to sell a land to Senaka at Rs. 1 million. Senaka replied accepting the offer and enclosed a cheque for Rs. 200,000/= with a promise to pay the balance by monthly installments of Rs. 100,000/- each. Explain whether a contract was concluded between Ajith and Senaka.

(10 marks)

(Total 20 marks)

(02) (a) How do the following mistakes affect the validity of the contract? Give examples in support of your answer.

(i) Common mistake as to existence of the subject matter.

(ii) Mutual mistake as to identity of the subject matter.

(iii) Unilateral mistake as to the quality of the subject matter.

(12 marks)

(b) What do you understand by breach of contract? Discuss in detail giving suitable examples.

(08 marks)

(Total 20 marks)

(03) (a) What are the conditions to be satisfied to constitute a valid Agency by Ratification.

(10 marks)

(b) State the rights and duties of an agent with reference to decided cases.

(10 marks)

(Total 20 marks)

(04) (a) Saman bought a DVD player from Electronics World (Pvt.) Ltd. The DVD player is examined by Saman in the shop itself. Later on Saman found that there was a dangerous crack in the chassis of the player. Can Saman terminate the contract? Give reasons for your answer with reference to decided cases.

(10 marks)

- (b) (i) Who is an “unpaid seller”
(ii) What are the legal remedies available for an unpaid seller?

(10 marks)
(Total 20 marks)

- (05) (a) Ann, her daughter Roshini and her son-in-law Gihan are partners of a successful garment business. They are in the process of considering converting their partnership business into a company and seek your advice on the merits and demerits of transforming a partnership into a private limited company. Advice them.

(08 marks)

- (b) Describe the various kinds of partners in a partnership firm.

(06 marks)

- (c) Discuss the legal principle explained in the case of Salmon V Salmon Co. Ltd. (1897) A.C. 22.

(06 marks)
(Total 20 marks)

- (06) (a) What are the main characteristics of a negotiable instrument.

(06 marks)

- (b) Ajith is the payee of a bearer bill. Ajith misplaces the bill in his office. It is picked up by Bandu. Bandu delivers it to Kasun, who takes it in good faith and for valuable consideration. Discuss the rights of Kasun as the current holder of the bill.

(08 marks)

- (c) What are the different kinds of crossing of cheques? State the difference between a general and special crossing.

(06 marks)
(Total 20 marks)

- (07) Write short notes on any four (04) of the following.

- (i) Exemption clauses in contracts
(ii) Insurable interest
(iii) Nature and main elements of a contract of sale
(iv) Termination of Agency
(v) Characteristics of a bill of exchange

(05 marks x 4)