



University of Kelaniya - Sri Lanka

Centre for Distance and Continuing Education

Faculty of Commerce & Management Studies

Bachelor of Business Management (General) Degree First Examination (External) – 2021

October - 2023

BMGT E1045 - Business Law

Time: 03 hours

No of Questions: 08

Answer five (05) questions by selecting question Number one and another four questions.

Question No 01

Select the most appropriate answer and write it on the given answer booklet.

1. Among the following branches of law "Civil Law" includes.
 - a) Property Law, Administrative Law, and Civil Law
 - b) Personal Law, Tort Law, and Contract Law
 - c) Criminal Law, Contract Law, and Industrial Law
 - d) Administrative Law, Property Law, and Business Law

2. Which of the following statements is false?
 - a) A contract is an agreement that is enforceable in law
 - b) Every contract is an agreement
 - c) Agreements that are not intended to be legally binding are not contracts
 - d) Every agreement is a contract

3. The well-known judgment regarding the validity of the general offer is
 - a) Carlill Vs Carbolic Smoke Ball Company
 - b) Hyde Vs Wrench
 - c) Neal Vs Merrit
 - d) Fisher Vs Bell

4. Which of the following statements related to compensation is incorrect?
 - a) Normal loss is recoverable
 - b) Special damages can only be recovered if the parties were aware of it
 - c) Remote losses are not recoverable
 - d) None of the above statements are correct

5. Which of the following elements is not required to create a valid agency relationship?
 - a) The principal must have a contractual capacity
 - b) The agent must have a contractual capacity
 - c) Agency can be created either express or implied
 - d) The agent acts only in a representative capacity

6. Choose the most correct statement about 'Insurance'.
 - a) The life and property of individuals are frequently exposed to risk, so insurance is necessary
 - b) The purpose of insurance is to provide remedial insurance to reduce the losses incurred by a person due to the occurrence of unforeseen events.
 - c) Insurance is the protection of a person from the losses he has to bear due to the occurrence of uncertain events
 - d) All of the above are correct

7. Sources related to partnership law in Sri Lanka are;
- a) Fraud Prevention Ordinance No. 07 of 1840
 - b) Business Name Registration Ordinance No. 06 of 1918
 - c) Code of Civil Procedure
 - d) All mentioned here
8. According to Companies Act No. 07 of 2007, which of the following does not belong to the category of companies limited by shares?
- a) Companies limited by guarantee
 - b) Offshore Companies Limited
 - c) Private Limited Companies
 - d) Foreign companies
9. A sells his used car to a car dealer B for Rs 80,000 and in return, a new car is bought from B for Rs 120,000. A agrees to pay the arrears for the new car in cash. This transaction is.
- a) A contract of sale
 - b) An agreement to sell
 - c) An exchange
 - d) A delivery of goods for goods
10. According to the provisions contained in the Minimum Retirement Age of Employees Act 2021 what would be the maximum probationary period given to an employee in the private sector organization
- a) Three years
 - b) One year
 - c) Six months
 - d) Two years

(02 marks @10 = 20 Marks)

Question No 02

- a) What is the role of the law in society?
(06 marks)
- b) Briefly explain the application of Thsawalamai Law in Sri Lanka as both personal and territorial law.
(08 marks)
- c) Name the judicial powers of the Supreme Court of Sri Lanka and briefly explain them.
(06 marks)
- (Total 20 marks)**

Question No 03

- a) According to the law of contract, the minors are incapable of entering into a valid contract. However, in certain exceptional circumstances, minor's agreements are considered valid and enforceable" Discuss by referring to decided cases.
(10 marks)
- b) "A valuable Consideration" may be past, present, and future". Explain with suitable examples the different types of considerations related to the formation of contracts.
(10 marks)
- (Total 20 marks)**

Question No 04

- a) Nimal had two trucks, one green and the other blue. Nimal offered to sell his green truck to Bimal. Bimal agreed to buy the truck but he had a blue color truck in his mind to buy. Advise Nimal and Bimal whether they can make a valid contract with the support of decided cases.
(08 marks)
- b) What do you mean by "Discharge of Contracts"? Briefly explain the various modes by which a contract may be discharged.
(12 marks)
- (Total 20 marks)**

Question No 05

- a) What is “Agency by Ratification”? State the conditions that must be fulfilled to establish valid ratification. (10 marks)
- b) Amal, Bimal, and Sunimal are partners in a Retail business. Amal, acting on behalf of the partnership, performs the following acts.
- i. Sold a building belonging to the partnership firm
 - ii. Sold some goods on a credit basis
 - iii. Recruited two new employees to the partnership firm
 - iv. Endorsed a bill of exchange in the name of the firm
 - v. Referred a dispute relating to a commercial transaction of the partnership for arbitration

Discuss the validity of the above acts performed by Amal in his capacity as the agent of the other partners.

(10 marks)

(Total 20 marks)

Question No 06

- a) Nimal bought poultry feed from Kasun a poultry feed seller. When the feed was used it killed Nimal’s young chicks at the farm. However, it was found later that the feed was fit for older birds and other animals. Now Nimal wants to take legal action against Kasun on the grounds that the feed did not fit the purpose of the buyer and was not in merchantable quality. Advise Nimal regarding this matter. (08 marks)
- b) Explain with examples the fundamental principles of insurance. (12 marks)

(Total 20 marks)

Question No 07

- a) What are the various methods of calculation of gratuity laid down in the Payment of Gratuity Act No. 12 of 1983?
(06 marks)
- b) What are the special limitation that affects the registration of trade unions of the state sector employees?
(05 marks)
- a) What are the rights and privileges enjoyed by a registered trade union?
(05 marks)
- a) What are the main characteristics of casual employees?
(04 marks)
- (Total 20 marks)**

Question No 08

- a) Give four examples of “shops” defined under the Shop and Office Employees Act.
(04 marks)
- b) Explain the maternity benefits granted to a female employee according to the Shop and Office Employees (Regulation of Employment and Remuneration) (Amendment) Act, No. 14 of 2018
(05 marks)
- c) Name various alternative methods described in the Industrial Disputes Act in relation of resolving industrial disputes
(06 marks)
- d) State five instances where an employee is eligible to obtain monies in his provident fund account.
(05 marks)
- (Total 20 marks)**