



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) – 2022

April - 2024

BMGT E1045 - Business Law

Time: 03 hours

No of Questions: 08 (Eight)

Answer five (05) questions only.

Question No. 01

- a) Name and briefly explain four purposes of law. Providing suitable examples. (08 marks)
- b) State four differences between Criminal Law and Civil Law. (04 marks)
- c) Nimal who resides in Polonnaruwa wants to repair his fence. To fulfil this purpose, he has to go to his neighbour Surendra's land. However, Surendra did not allow Nimal to enter his land to repair Nimal's fence. Then Nimal argued that there is an ancient custom prevailing in Polonnaruwa that an owner of a fence has a right to enter a neighbour's land to repair his fence". Briefly explain four facts that should be proved before the court to accept this custom as a legal rule. (08 marks)

(Total 20 marks)

Question No. 02

- a) Briefly explain four essential elements of a valid offer. (10 marks)
- b) Sahan and Aravinda are standing on the opposite banks of a small river. Sahan shouts offering to sell his bicycle to Aravinda for Rs 50,000. Aravinda hears the offer and shouts back that he accepts it. Unfortunately, at that precise moment, a low-flying aircraft passes by and Aravinda's acceptance is not heard by Sahan because of the noise. Is there a binding contract between Sahan and Aravinda? Give reasons referring to the decided cases. (10 marks)
- (Total 20 marks)**

Question No. 03

- a) State and explain briefly the various remedies available for breach of a contract. (10 marks)
- b) Danushka offered to sell his house to Priyantha for Rs. 20 million, and the offer was to be left open until 10 am on 31st of January 2024. On the 30th of January, Danushka sold the house to Aruna. Bimal, a friend of Aruna and Priyantha, told Priyantha of this sale. Priyantha wrote a letter of acceptance that he handed to Danushka before 10 am on the 31st of January 2024. Priyantha wants to take legal action against Danushka for breach of contract. Advise Priyantha referring to the decided cases. (10 marks)
- (Total 20 marks)**

Question No. 04

- a) Amara, Binara and Sunira made separate contracts with Ruhunu Curd Shop Ltd in Matara to buy curd pots. According to the contracts, Amara, Binara and Sunira agreed to buy 200, 500 and 800 curd pots respectively. Ruhunu Curd Shop Ltd consigned 1500 curd pots to the authorities at the railway station in Matara and gave instructions to hand over the relevant stock to the relevant person at different railway stations Kaluthara, Moratuwa and Mount Lavinia respectively. The train was delayed, and the curd had deteriorated before the curd pots had been appropriated for buyers. Who should bear the loss? Explain your answer with relevant case law.

(10 marks)

- b) "A seller cannot convey a better title to the buyer than he has (Nemo dat quod non habet)". Discuss this rule of law and point out the exceptions.

(10 marks)

(Total 20 marks)

Question No. 05

- a) Briefly describe five duties of an agent. Providing relevant example for each.

(10 marks)

- b) Sunimal appointed Nimal as his agent to sell 10000kg of fruits. Sunimal entrusted the fruits to Nimal and he stored them at his warehouse until he found a buyer. After two days Nimal noticed that fruits were beginning to perish and they were likely to contaminate other goods in his warehouse. Therefore, he sold the stock of fruits at a very low price to Prasad. Advise Sunimal as to his legal rights by referring to decided cases.

(10 marks)

(Total 20 marks)

Question No. 06

- a) Describe the nature, scope, and characteristics of a partnership with special reference to the Partnership Act of 1890. (10 marks)
- b) Name four sources of Partnership law in Sri Lanka. (04 marks)
- c) A and B were two separate firms which were carrying on competing business. Andrew, a partner of A bribed Bertie, a clerk of B and induced him to give secret information about the price and customers of B. Due to the supply of this information, B suffered a loss in the business. B brought an action against Peter the other partner of A for the recovery of loss suffered by them. Advise B whether they can recover compensation. (06 marks)
- (Total 20 marks)**

Question No. 07

- a) Write a brief note on the following referring to the provisions contained in the Companies Act No 07 of 2007
- I. Incorporation of a company
 - II. Articles of Association
- (10 marks)
- b) Explain the principle of insurable interest with suitable examples related to life insurance. (10 marks)
- (Total 20 marks)**

Question No. 08

- a) "Strike is a legitimate weapon of the working community." Do you agree with this statement? Give reasons. Under what circumstances does a strike become illegal trade union action? (10 marks)

- b) Write an account on the Shop and Office Employees Act referring to the following aspects.
- i. Working hours
 - ii. Payment of overtime
 - iii. Public holidays
 - iv. Annual leave

(10 marks)

(Total 20 marks)