



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) – 2023

May - 2025

**BMGT E1045 - Business Law**

Time: 03 hours

No. of Questions: 09 (Nine)

Answer any five (05) questions only.

**Question No. 01**

- (a) “To form a valid contract, there must first be a lawful offer by one party and a lawful acceptance by the other.” With reference to relevant case law, explain the legal rules governing a valid offer.

**(10 marks)**

- (b) Mr. Amitabh, an Indian IT specialist, was transferred to a new office in Colombo, Sri Lanka. He and his wife stayed in Sri Lanka for six months but returned to Punjab, India, due to health issues caused by the climate. Before returning to Sri Lanka alone, Mr. Amitabh promised to send his wife Rs. 100,000 per month for her upkeep. He has now refused to fulfill this promise. Advise Mrs. Amitabh on the legal action she can take.

**(10 marks)**

**(Total: 20 Marks)**

**Question No. 02**

- (a) “In English law, a contract must be supported by valuable consideration to be valid.” Explain the different types of consideration with examples.

**(08 marks)**

- (b) Madu Geeth, a popular young singer, signed a contract with Madura TV to perform in a live show. The agreement required him to attend rehearsals five days before the event. Due to illness, he arrived only two days before the performance. Madura TV treated the contract as terminated and refused his services. Advise Madu Geeth on the legal remedies available.

**(12 marks)**

**(Total: 20 Marks)**

**Question No. 03**

- (a) List and explain four ways in which an agency relationship between principal and agent can be created.

**(10 marks)**

- (b) Kasun authorized Ranil to purchase 5,000 kg of sugar at Rs. 150 per kg. At the market, Ranil discovered that prices had risen and bought the sugar from David at Rs. 180 per kg, using credit in his own name and without disclosing Kasun’s identity. Kasun later approved the transaction. Ranil now refuses to pay David, claiming the purchase was not for himself. Discuss David’s legal rights.

**(10 marks)**

**(Total: 20 Marks)**

**Question No. 04**

- (a) According to Section 1(1) of the Partnership Act, a partnership is “a relationship which subsists between persons carrying on a business in common with a view to profit.” Based on this definition, describe the key characteristics of a partnership.

**(10 marks)**

- (b) Monika sold her business to Little Star Pvt. Ltd., where she is the sole shareholder. The property transferred to the company remained insured in her name. When the property was later destroyed by fire, her insurance claim was denied on the grounds that she no longer had an insurable interest. Explain the concept of insurable interest with relevant examples.

**(10 marks)**

**(Total: 20 Marks)**

**Question No. 05**

- (a) Mala issued a cheque for Rs. 100,000 to Malisha. The cheque includes a banker's name and the words "not negotiable." However, the signature is unclear, the numerical amount is Rs. 100,000, but the written amount says "ten thousand rupces only," and her account only has Rs. 5,000.

(i) Explain the duties of the bank in this situation.

**(05 marks)**

(ii) Can the bank legally refuse to honor the cheque?

**(03 marks)**

- (b) Explain the restrictions under the Companies Act No. 07 of 2007 on choosing and registering a company name.

**(10 marks)**

**(Total: 20 Marks)**

**Question No. 06**

- (a) Indicate whether each of the following situations amounts to a contract of sale. Provide reasons for your answers:

- I. X agrees to sell his refrigerator to Y in exchange for a laptop.
- II. X agrees to make a set of dentures for Y using his own materials. Y agrees to pay upon completion.
- III. P buys furniture from R with a clause that P cannot cancel the contract under any condition, and R may repossess the items if any payment is missed.
- IV. B sends books to C on a "sale or return" basis.

**(10 marks)**

- (b) Gamini advertised a car as a "1991 model." Malik inspected the car and saw this label displayed. After purchasing the car, he discovered that it was assembled from parts of different vehicles. Advise Malik on his legal options to recover the payment.

**(10 marks)**

**(Total: 20 Marks)**

**Question No. 07**

- (a) Mohamed worked as a cook for Buriyani House Pvt. Ltd. for five years with flexible hours, bringing his own tools and being paid hourly. He had no written contract. One day, the owner told him not to return, without notice or compensation. Mohamed wants to claim EPF and ETF for the past five years. Discuss whether he qualifies as an employee or an independent contractor.

**(10 marks)**

- (b) Briefly describe the main features of a probationary employee.

**(10 marks)**

**(Total: 20 Marks)**

**Question No. 08**

- (a) Under the Employees' Provident Fund Act No. 15 of 1958, explain the special conditions under which a female employee (under 50) or a male employee (under 55) may withdraw EPF benefits.

**(05 marks)**

- (b) Compare and contrast the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF).

**(10 marks)**

- (c) What are the maternity benefits given under the Shop and Office Employees Act for female employees?

**(05 marks)**

**(Total: 20 Marks)**

**Question No. 09**

(a) Name four courts established in Sri Lanka.

**(04 marks)**

(b) Explain four purposes of law with examples.

**(08 marks)**

(c) With reference to case law, explain four principles the courts in Sri Lanka use to recognize custom as a legal rule.

**(08 marks)**

**(Total: 20 Marks)**