



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) – 2024

April/ May - 2026

BMGT E1045 - Business Law

Time: 03 hours

No. of Questions: 08 (Eight)

Answer any five (05) questions only.

Question No. 01

- a) Explain the jurisdiction and powers of the Supreme Court of Sri Lanka regarding the following
- I. Fundamental rights
 - II. Constitutional interpretation
 - III. Appellate jurisdiction
 - IV. Election petitions

(08 marks)

- b) In a village in the Northern Province, there exists a long-standing practice among local farmers regarding irrigation water. According to this custom, farmers whose lands are located upstream are required to release water at specific times of the day to allow downstream farmers to irrigate their fields. This practice has been followed peacefully and continuously for over 50 years and is widely accepted by the community. Recently, a new landowner, Mr. Perumal, who owns upstream land, refused to follow this practice, claiming

that there is no written law requiring him to share water. As a result, downstream farmers suffered crop damage and filed legal action against him. Advise whether the court can recognise and enforce this custom as a source of law in Sri Lanka. Discuss the legal requirements for a valid custom.

(12 marks)

(Total 20 marks)

Question No. 02

a) Briefly explain five essential elements of a valid contract.

(10 marks)

b) Nimal, a herbal product manufacturer, advertised in newspapers and on social media that he would pay Rs. 200,000 to any person who uses his herbal immunity drink twice daily for one month and still contracts dengue fever. He also stated that he had deposited Rs. 1,000,000 in a bank account to demonstrate his sincerity. Kamal saw the advertisement, purchased the drink, and used it exactly as instructed for one month. Despite this, he contracted dengue fever and claimed the reward. Nimal refused to pay, arguing that the advertisement was merely a marketing strategy and did not create a legally binding obligation.

Advise Kamal whether he can successfully claim the reward. Support your answer with relevant legal principles and case law.

(10 marks)

(Total 20 marks)

Question No 03

a) Discuss the legal position of contracts entered by:

- I. Minors
- II. Persons of unsound mind
- III. Drunkard Persons

(10 marks)

- b) Ruwan offered to sell his laptop to Saman for Rs. 150,000. Saman replied that he would buy it for Rs. 140,000. Ruwan did not respond. Two days later, Saman agreed to purchase the laptop for Rs. 150,000. However, Ruwan refused to sell the laptop. Saman now intends to sue Ruwan for breach of contract. Advise Saman whether a valid contract exists. Support your answer with relevant legal principles and decided cases.

(10 marks)

(Total 20 marks)

Question No. 04

- a) Dilan, a wholesale fruit supplier, entered separate contracts with three retailers—Kamal, Sunil, and Ravi—to sell apples. According to the contracts:

- Kamal agreed to buy 300 boxes
- Sunil agreed to buy 500 boxes
- Ravi agreed to buy 200 boxes

Dilan packed 1,200 boxes of apples and sent them by lorry to the three buyers at different locations. He instructed the transport company to deliver the respective quantities to each buyer. However, due to a vehicle breakdown, the apples became rotten before they were separated and delivered to the respective buyers. The buyers refused to bear the loss, arguing that the goods had not yet been appropriated to their contracts. Support your answer with relevant legal principles and decided cases.

(10 marks)

- b) Who is an unpaid seller? Explain the rights of an unpaid seller against the goods and against the buyer.

(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) An agent was appointed to purchase a piece of land on behalf of the principal. Instead of acting honestly, the agent secretly purchased the land in his own name at a lower price and later sold it to the principal at a higher price, making a profit. The principal later discovered the truth and filed a case. Discuss whether the agent has breached his duties and the remedies available to the principal.

(10 marks)

(Total 20 marks)

Question No. 06

- a) Discuss the different types of company meetings (e.g., AGM, EGM). Explain the difference between ordinary and special resolutions.

(10 marks)

- b) Nimal, Perera, and Silva were partners in a trading firm. Silva retired from the partnership, but no public notice of his retirement was given. After his retirement, Nimal entered into a contract with a third party on behalf of the firm. When the firm failed to perform, the third party sued all three partners, including Silva. Is Silva liable to the third party? Explain.

(10 marks)

(Total 20 marks)

Question No. 07

- a) What is the extent of probationary period of state sector and private sector employees in Sri Lanka?

(05 marks)

- b) Tharindu owns a digital marketing agency in Colombo. He engaged Ishara as a graphic designer to create marketing content for clients. Under their arrangement, Ishara works from home using her own computer and software. She is paid a monthly fixed fee, regardless of the number of designs completed. Tharindu requires her to be available online from 9 am to 5 pm on weekdays. She must follow the agency's specific instructions and brand guidelines. Ishara cannot delegate her work to others without permission. She is

included in the company's internal meetings and communication channels. The agency has provided her with ongoing work for over a year. She does not issue invoices, but is paid directly into her bank account

Advise whether Ishara is an employee or an independent contractor. Support your answer using relevant legal tests and case law.

(15 marks)

(Total 20 marks)

Question No. 08

- a) Discuss the rights and legal immunities enjoyed by registered trade unions. Why are these protections necessary?

(10 marks)

- b) Nisansala is employed as a sales assistant in a retail store in Colombo. She has been working continuously for two years. After becoming pregnant with her first child, she informed her employer and requested maternity leave.

The employer informed her that:

- She is entitled to only 10 weeks of maternity leave
- Half of her leave would be unpaid
- She must resume work immediately after the leave period, failing which her employment would be terminated

Nisansala argues that under the amended law, she is entitled to longer paid maternity leave and that the employer's decision is unlawful.

Advise Nisansala on her rights to maternity benefits under the Shop and Office Employees (Regulation of Employment and Remuneration) (Amendment) Act, No. 14 of 2018.

Discuss whether the employer has acted in accordance with the law.

(10 marks)

(Total 20 marks)