



University of Kelaniya – Sri Lanka

External Examinations Branch

Faculty of Commerce and Management

Bachelor of Business Management (General) Degree First Examination – (External) 2009 October 2010

BMGT E 1045 – Business Law

No of questions – 08

Time: 03 Hours

Answer five (5) questions only

- (01) (a) All the contracts are agreements but all agreements are not contracts". Discuss the validity of this statement with suitable illustrations. (06 marks)
- (b) Distinguish between,
(i) Void and voidable contracts.
(ii) Executed contract and Bilateral contract. (08 marks)
- (c) Amal and Bimal are friends. Bimal treats Amal during Amal's illness. Bimal does not accept payment from Amal for the treatment and Amal further promises Bimal's son Shiran to pay him Rs. 5000/=. Amal being in poor circumstances is unable to pay Shiran. Shiran sues Amal for money. Can Shiran recover money from Amal. (06 marks)
- (02) (a) Discuss the legal position of following each contract entered by Ajith, a seventeen year old school boy.
(i) Ajith purchased 100 shares in ABC company. When he was asked to pay the balance of the purchase price he refused to pay money and attempted to recover the money that he had already paid.
(ii) Ajith entered into a contract with Nimal, a businessman to buy some shirts and books. Nimal supplied all the items to Ajith as agreed. But Ajith refuses to pay money. (12 marks)
- (b) Distinguish between Duress and undue influence. Explain their effect upon the validity of a contract. (08 marks)
- (03) (a) "As a general rule where goods are sold by a person who is not the owner, and who does not sell them under the authority or with the consent of the owner, the buyer acquires no better title to the goods than the seller had." Outline the principal exceptions to this rule. (12 marks)
- (b) On 1st of January 2010, Malan enters into a contract with George to purchase George's computer for Rs. 50,000/=. Malan asks for time to pay the price and George gives him four weeks to pay. Malan informs George that he would send his vehicle on 2nd January with instructions to collect the computer. On the night of the 1st of January 2010, burglars broke into George's house and among other things the computer was also stolen. Discuss the legal issues that arise in the above situation. (08 marks)

(04) (a) What is agency by ratification? State the preconditions that must be fulfilled in order to establish valid ratification.

(08 marks)

(b) Bandu appoints Amara as his agent to sell goods with instructions that they are not to be sold for less than Rs. 50,000/= in any single transaction. Examine legal position of the parties in each of the following situation.

(i) Amara sells the goods to Piyal for Rs. 40,000/= and also enters into the contract by his own name.

(ii) Amara sells the goods to Pradeep for Rs. 55,000/=. Pradeep thought that he has obtained a profit and given Amara a present of Rs. 2500/=

(12 marks)

(05) (a) What are the main differences between a bill of exchange and a cheque.

(06 marks)

(b) Namal is the payee of a bearer bill. Namal misplaces the bill in his office. It is picked up by Perera. Perera 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 do you mean by a cheque crossed as "Not Negotiable" and a cheque crossed as "Account Payee only".

(06 marks)

(06) (a) What are the effects of incorporation of a company.

(06 marks)

(b) What are the documents to be produced to the Register of companies regarding registration of a company.

(06 marks)

(c) Explain with suitable examples the duties of directors under the Companies Act. No. 07 of 2007

(08 marks)

(07) (a) What is an "industrial dispute" Explain with decided cases.

(06 marks)

(b) What is the procedure laid down in the Wages Boards Ordinance No. 17 of 1941 in respect of formation of a wage board?

(08 marks)

(c) Explain the statutory requirements made under Wages Boards Ordinance regarding.

(i) Period of wage payment

(ii) Authorized deductions

(iii) Maintaining of records.

(06 marks)

(08) Write an account on the shop & Office Employees Act No. 19 of 1954 referring to the following aspects.

(a) Definition of a shop

(b) Working hours

(c) Public holidays

(d) Annual leave

(e) Casual Leave