



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) – 2016

January/ February - 2022

**BMGT E 1045 – Business Law**

No of Questions : Eight (08)

Time: 03 hours

Answer five (05) questions only

**Question No. 01**

a) What are the differences between human rights and fundamental rights?

(06 marks)

b) Name four fundamental rights that have been declared by the 1978 Constitution of Sri Lanka

(04 marks)

c) A group of fishermen belonging to a particular caste in Matara argue that the people who belong to their caste have the exclusive right to catch fish in Modera Wella Matara beach.

Explain with examples what main facts should be proved before the court to accept this custom as a legal rule?

(10 marks)

**(Total 20 marks)**

**Question No. 02**

a) State and explain briefly five essential elements of a valid contract

(10 marks)

b) Danushka offered to sell his house to Priyantha for Rs. 10 million, and the offer was to be left open until 10 am on 31<sup>st</sup> of January 2021. On the 30<sup>th</sup> 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 31<sup>st</sup> of January 2021. Priyantha wants to take legal action against Danushka for breach of contract. Advise Priyantha by referring to decided cases.

(10 marks)

**(Total 20 marks)**

**Question No. 03**

a) Jayalath prepares medication for the Covid 19 and advertises in the newspaper and social media that he is ready to pay Rs.100,000 to any person who contracted Covid after using the medicine three times per day for two weeks continuously. He further says that he has deposited Rs. 500,000 in the BOC bank towards this purpose. Gaya saw the advertisement and purchased and used it as described by the manufacturer for two weeks. She got Covid 19, and she asked for the reward in the end. Then Jayalath refused to pay her Rs 100,000 and stated that there was no contract between Gaya and him and they had published the advertisement only for sales promotion purposes. Can Gaya claim the reward?

Explain with reference to the decided cases.

(10 marks)

b) Free consent of all the parties to a contract is one of the essential elements of a valid contract. Free consent of the parties is said to be damaged for several reasons. State and briefly explain those reasons.

(10 marks)

**(Total 20 marks)**

**Question No. 4**

a) 'Nemo dat quod non habet' means 'no one can give what they do not have. There are certain exceptions to this general rule. Explain five exceptions to this rule with examples.

(10 marks)

b) Russell, a boat dealer, contracted to sell a 19-foot boat to Robert for Rs. 150,000. The agreement stipulated that Robert was to make a down payment of Rs. 25,000 with the balance due when he took possession of the boat. According to the contract, Russell retained possession of the boat to install a new engine. While the boat was still in Russell's possession, it was destroyed by fire. Russell's insurance company refused to honour Russell's claim for the damages of the boat, saying that Russell did not own it at the time of the accident. Did Russell have title to the boat at the time of the accident? Describe your answer referring to Sale of Goods law.

(10 marks)

**(Total 20 marks)**

**Question No. 5**

a) Amila and Bimal were carrying on a business of cinema theatre in partnership. The partnership deed provided that a partner can borrow money only with the other partner's consent or in the usual course of business. Amila borrowed Rs 1 million from Chandana, a money lender without the consent of Bimal and misappropriated the same into his use. Chandana filed a suit against Bimal for the recovery of the money. Can Chandana recover money from Bimal.

(08 marks)

b) A partner can be expelled from a partnership in certain exceptional cases by following a prescribed procedure. What are the conditions that should be fulfilled to expelled a partner?

(06 marks)

c) What are the circumstances in which a partnership will be dissolved with the intervention of the courts?

(06 marks)

**(Total 20 marks)**

**Question No. 06**

a) What are the essential features of a negotiable instrument.

(05 marks)

b) The drawee of a cheque is always a banker. When the bank has sufficient funds for the drawer, it must make the cheque payment when required to do so.

Give five circumstances in which the banker is justified in refusing payment.

(05 marks)

c) Saman and Roshan are good friends. Both of them wanted to purchase an insurance cover for their family members. Saman applied for insurance cover for himself and his wife Pavani. Saman did not mention about the fact that his wife has a chronic heart condition from childhood in his application. Roshan is a bachelor, thus he applied for insurance covers for his car and life insurance for his elder sister Priya. Insurance company rejected Roshan's application for his sister's cover. Discuss the reason behind rejection of Roshan's application for his sister while they approved Saman's request to cover his wife.

(10 marks)

**(Total 20 marks)**

**Question No. 07**

a) As the agent for Jaffna Trading Company, Siva bought a large stock of fruits in Colombo to be dispatched to Jaffna Trading Company located in Jaffna. Due to heavy rain and floods, which continued for a long period in Jaffna, Siva couldn't send the stocks of fruits to Jaffna Trading Company or communicate with it. Siva sold the fruits in Colombo, at a lower price and sent money to Jaffna Trading Company after some time. Now Jaffna Trading Company wishes to take legal action against Siva for damages.

Explain with decided cases whether Siva would be liable to pay damages.

(10 marks)

b) State and explain five duties of an agent with reference to decided cases.

(10 marks)

**(Total 20 marks)**

**Question No. 08**

a) Rajarata Cement Co. Ltd. operates a factory in Anuradapura. It employs 500 workers. In addition, ten cleaners also work at the factory, but their employment status is not clear. They have worked for this plant for the last three years, and they were originally sent to the factory by ABC Cleaning Services Ltd. Assuming that you are a legal adviser to the United Industrial Workers Union, you are expected to advise the union whether cleaners at the factory are employees or independent contractors.

What are the additional information required for you to give effective advice?

(10 marks)

b) State and explain briefly the methods adopted by the Industrial Disputes Act to settle industrial disputes.

(10 marks)

**(Total 20 marks)**

