



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) – 2015

September - 2020

BMGT E 1045 - Business Law

No. of Questions: Eight (08)

Time: 03 hours

Answer five (05) questions only.

Question No 01

a. Describe with examples, five essential elements of a valid contract.

(10 marks)

b. Ajith made an offer to sell his land to Nimal for Rs.10 million. Nimal replied accepting the offer and enclosed a cheque for Rs. 0.5 million with a promise to pay the balance by five monthly installments of Rs. 01 million each subsequently. Ajith refused to sell the land to Nimal. Explain whether a contract was concluded between Ajith and Nimal.

(10 marks)

(Total 20 marks)

Question No 02

a. "By introducing exemption clauses, the seller may expect to exclude entirely or limit his liability for failure to perform a contract as promised". Briefly discuss the provisions to be followed by a seller when he/she includes these exemption clauses in a contract.

(10 marks)

- b. Ann wanted to buy a motor car from David. Ann was told by David that the car was manufactured in the year 2015 and he was the first owner of the car. After purchasing the car Ann came to know that the car was manufactured in 2010 and David was the fourth owner of that vehicle. Now Ann wants to take legal action against David and to cancel the contract. Advise Ann with reference to decided cases.

(10 marks)

(Total 20 marks)

Question No 03

- a. Kasun gifted a valuable dress to Maheli for her birthday. After wearing this new dress Maheli got a skin disease. Kasun bought this dress from Star Fashions and the purchasing manager of the company had bought a number of dresses including the one bought by Kasun from Ranliya Garment after checking samples. The doctors found that this skin disease was infected due to a hidden defection placed in the textile used for sewing the dress. Advise Kasun, Maheli, Star Fashions and Ranliya Garments regarding their rights and liabilities.

(10 marks)

- b. Describe five rules provided in the Sale of Goods Ordinance pertaining to transfer of the ownership of goods from seller to the buyer.

(10 marks)

(Total 20 marks)

Question No 04.

- a. What are the advantages and disadvantages of a partnership business?
- b. Describe the characteristics of a partnership with special reference to the Partnership Act of 1890.
- c. Under which circumstances a partnership may be brought to an end without court intervention?

(06 marks)

(08 marks)

(06 marks)

(Total 20 marks)

Question No 05

a. What is agency by ratification? State the pre-conditions that must be fulfilled in order to establish a valid ratification.

(10 marks)

b. Describe five duties of an agent with suitable examples.

(10 marks)

(Total 20 marks)

Question No 06

a. What are the main characteristics of a negotiable instrument?

(06 marks)

b. What is the main difference between a cheque crossed as “Not Negotiable and a cheque crossed as Account Payee Only”

(06 marks)

c. Rohan, an employee of Appuhamy, a sole proprietor of a well-known business stole a cheque leaf of Appuhamy’s cheque book, wrote the amount as Rs.100,000/- forged his signature and gave it to Liberty Motors and purchased a bike. When the cheque was presented for payment by Liberty Motors the bank refused to pay for the cheque. State whether Liberty Motors is a holder in due course.

(08 marks)

(Total 20 marks)

Question No 07

Write an account on the Shop and Office Employees Act No 19 of 1954 referring to the following aspects.

- a. Working hours
- b. Public holidays
- c. Annual leave
- d. Casual leave
- e. Letter of appointment
- f. Maternity benefits

(20 marks)

Question No 08

- a. What are the objectives of a trade union according to the Trade Unions Ordinance No 14 of 1935? (04 marks)
- b. Who are the employees not entitled to form trade unions? (04 marks)
- c. Describe the procedure for registration of trade unions. (06 marks)
- d. What are the rights and liabilities of a registered trade union? (06 marks)
- (Total 20 marks)**