



UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

BACHELOR OF BUSINESS ADMINISTRATION DEGREE

2000 LEVEL SECOND SEMESTER END EXAMINATION - MARCH 2022

(ACADEMIC YEAR 2020/2021)

BBA 22013- BUSINESS LAW

DURATION: 3 HOURS

This Question Paper contains 08 questions.

Answer 5 (FIVE) questions only.

1. (a) With reference to contract law, define the following terms/ phrases.

- (i) An invitation to treat.
- (ii) Counteroffer.
- (iii) Misrepresentation.
- (iv) Postal Rule.

( $\frac{1}{2}$  X 04 = 02 Marks)

(b) Determine the correctness of the following statements. Give reasons for your answer.

- (i) All contracts are agreements, but all agreements are not contracts.
- (ii) There are no differences between duress and undue influence.
- (iii) Every person is competent to contract.
- (iv) All clauses in a contract that intend to exclude or limit the liability are valid.

(01  $\frac{1}{2}$  X 04 = 06 Marks)

(c) Ranga agreed to paint Zifan's supermarket for Rs. 250,000/=. According to the contract, Ranga must apply three coats of paint. After the completion of the work, Zifan discovered that Ranga has applied only two coats of paint.

Advise Zifan.

(02 Marks)

(d) Briefly explain the various ways in which a contract may be discharged.  
(02 Marks)

(e) What are the remedies available for breach of a contract?  
(02 Marks)

(Total Marks 14)

2. (a) Define the term "contract of sale of goods".  
(01 ½ Marks)

(b) Briefly explain implied conditions and warranties in a contract of sale of goods.  
(04 ½ Marks)

(c) Briefly discuss the legal consequences of the following situations. Your answer should be supported with relevant statutory provisions and decided cases, if any.

(i) Unik-Pharmacy® agreed to buy 3,000 boxes of facemasks packed in boxes of 100 facemasks from Dilshi Company. When the facemasks were delivered, it was found that most of the boxes contained only 75 facemasks, although the correct total quantity was delivered altogether.

(ii) Hiruni, an undergraduate student, purchased a mobile phone from a well-known mobile phone shop in the area to use for underwater video shooting. However, later it is found that the phone is not suitable for underwater video shooting.

(02 X 02 = 04 Marks)

(d) 'No one can transfer a better title than he possesses'.

Do you agree with the above statement? Give reasons for your answer.

(02 Marks)

(e) What are the remedies available to the seller when a buyer breaches the contract of sale of goods?

(02 Marks)

(Total Marks 14)

3. (a) Define the term 'a hire purchase agreement' and briefly describe the main features of a hire purchase agreement. (03 Marks)

(b) 'The hirer of a hire purchase agreement has no protection under Sri Lankan law'.

Do you agree with the above statement? Give reasons for your answer.

(04 Marks)

(c) Suppose you are the Purchasing Manager of the XYZ Company. Your company has entered into a hire purchase agreement with ABC Company for Industrial Equipment. However, now you are facing the following problems. What would be the solutions? Advise your company.

(i) Most of the installments have been paid. However, the ABC Company repossessed the goods due to the default of one installment.

(ii) The goods were second-hand goods and now it is realized the goods are not of merchantable quality.

(02 x 02 = 04 Marks)

(d) Describe four differences between a contract of sale of goods and a hire purchase agreement.

(03 Marks)

(Total Marks 14)

4. (a) Define the term 'a contract of agency'. (01 ½ Marks)

(b) Briefly explain the ways in which a contract of agency is created. (03 ½ Marks)

(c) Describe three requirements necessary for valid ratification in the law of agency. (01 ½ Marks)

(d) Describe three duties of an agent. (01 ½ Marks)

(e) With reference to the law of agency, briefly determine the legal consequences of the following independent situations. Your answer should be supported with relevant statutory provisions and decided cases, if any.

(i) Kavindu appointed Dian to sell his house. After the completion of the sale, Kavindu came to know that Dian has obtained Rs. 50,000/= from the buyer.

(01 ½ Marks)

(ii) Buddhika appointed Kaushalya to buy a laptop. However, Kaushalya purchased a desktop for Rs. 120,000/= in his name.

(01 ½ Marks)

(iii) Perera appointed Raja to collect coconut from the Matara area. Raja collected 2000 coconuts. Unfortunately, Raja has not been paid yet.

(01 ½ Marks)

(f) What are the ways in which a contract of agency can be terminated?

(01 ½ Marks)

(Total Marks 14)

5. (a) What does it mean by the term 'a contract of insurance'?

(02 Marks)

(b) Briefly explain the principles of insurance.

(04 Marks)

(c) A newly establish Insurance Company seeks your opinion on the legality of the following independent situations. Give reasons for your answer.

(i) Viraj, a warehouse owner, submits a proposal for the goods which are in his warehouse.

(ii) One of the doors of Bandara's car was damaged and the insurance company paid for a new door. Now the Insurance Company came to know that Bandara has sold the damaged door to a spare parts shop.

- (iii) The Insurance Company contracted with Donald for his life. However, now the Company came to know that although Donald is a severe alcoholic, he did not give this information to the Company.
- (iv) Roshani applied for a ten million rupees claim for the destruction of her factory building. However, the Insurance Company came to know that Rashani has three insurance policies with other insurance companies for the same factory building.

(02 x 04 = 08 Marks)

(Total Marks 14)

6. Suppose you are a Manager Trainee of a company. Your Managing Director wants to know about the following. You are required to briefly explain the following to him.

- (a) The laws applicable to partnership in Sri Lanka.
- (b) The methods in which a partnership can be dissolved.
- (c) Steps of incorporation of a company under Sri Lankan Law.
- (d) The main features of negotiable instruments.
- (e) Types of endorsements that might be made on a bill of exchange.
- (f) Special concern on Women workers by Sri Lankan labour legislation.
- (g) Industrial dispute resolving mechanisms in Sri Lanka.

(02 x 07 = 14 Marks)

(Total Marks 14)

7. Suppose you are an experienced Educational Technologist who is famous for designing and developing tools to make learning easier. Also, you have a sound knowledge of various subjects including Business Law that offers to Management undergraduates of the University of Ruhuna.

Now, the Faculty of Management and Finance of the University of Ruhuna assigned you to draw a flowchart/mind map/diagram on Business Law to be used as a learning material for their undergraduates. You are required to draw a flowchart/mind map/diagram including all the elements of business law.

Please be confined only to the topics discussed during the course.

Use only two facing pages of your answer book.

(Total Marks 14)

8. Write comprehensive notes on any 04 (four) of the following.

- (i) Differences between a partnership and a company.
- (ii) Differences between a bill of exchange and a cheque.
- (iii) Differences between an independent contractor and an employee.
- (iv) Differences between an agreement to sell and a contract of sale.
- (v) Void, voidable and unenforceable contract.
- (vi) Differences between conditions and warranties.
- (vii) Rules to ascertain the intention of the parties in relation to the passing of the ownership of goods in a contract of sale of goods.

(03.5 Marks each)

(Total Marks 14)

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