

	UNIVERSITY OF RUHUNA FACULTY OF MANAGEMENT AND FINANCE	No. of Pages : 06 No. of Questions: 08 Total Marks : 70
	BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE 2000 LEVEL SECOND SEMESTER END EXAMINATION FEBRUARY / MARCH - 2023	<div style="border: 1px solid black; border-radius: 50%; padding: 10px; display: inline-block;"> <i>Three Hours</i> </div>
BBA22013 / BBA2202- BUSINESS LAW		ACADEMIC YEAR 2021/2022
Instructions: The question paper contains eight (08) questions. Answer <u>only five (5)</u> questions. No marks will be given for answers written in a medium other than English.		

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

- (i) A contract.
- (ii) Misrepresentation.
- (iii) The frustration of a contract.
- (iv) Capacity to contract.

(01 X 04 = 04 Marks)

(b) In relation to the law of contract, briefly explain the following.

- (i) The rules relating to an offer.
- (ii) The rules relating to acceptance of an offer.

(01 X 02 = 02 Marks)

(c) Suppose you are the Manager of the Fancy Multi-Traders in the town. Briefly explain the legal consequences in each of the following independent situations.

Your answer should be supported with relevant statutory provisions and decided cases if any.

- (i) The Fancy Multi-Traders published a notice for an auction to be held on 20th February 2023 for their used furniture. Kavindu, the owner of a second-hand furniture shop, was interested in purchasing certain furniture items that were listed in the notice. However, when he arrived at the auction, he found out that those items were withdrawn one day before the auction was scheduled to take place.

Now, Kavindu wants to file a case to recover the money that he spent to come to the auction.

- (ii) Nadeeshan purchased 25 FM radios from Fancy Multi-Traders. Both parties thought the FM Radios were stored in the warehouse. However, unknown to them, the radios were stolen from the warehouse at the time of the contract.

Nadeeshan now wants to recover the money he paid.

(01.5 X 02 = 03 Marks)

- (d) Suppose, you have been invited to participate in a poster competition that focuses on the topic of "Contract Law in Sri Lanka from the viewpoint of management students." The main objective of the competition is to use posters as visual aids to make the learning of contract law more engaging and memorable for students.

You are required to make a poster about contract law in Sri Lanka using any type of illustration such as diagrams, flowcharts, mind maps, etc. The poster should include all the important parts of contract law (not case law).

Stick only to the contract law discussed during the course.

Use only one page of your answer book to draw the poster.

(05 Marks)

(Total Marks 14)

2. (i) Define the term "a contract of a sale of goods". List the essential elements of a contract of sale of goods.

(03 Mark)

- (ii) Briefly describe the differences between a "sale" and "an agreement to sell" according to the Sale of Goods Law in Sri Lanka.

(02 Marks)

- (iii) Suppose that Kumar sold goods to Udara. Then Udara sold them to Sarma. However, later it came to know that those goods were stolen goods and Kumar had purchased them from a thief.

Now Sarma, as the end-buyer, seeks your advice. Advise him.

(01.5 Marks)

- (iv) Ashan runs a business that manufactures products made from recycled paper. On January 13th, 2023, he purchased two metric tons of used newspapers from Buddhika and agreed to pay for them when he picked them up on January 15th. However, the newspapers were destroyed in a fire on the night of January 14th, which was not due to Buddhika's fault.

Now, Ashan seeks your advice. Advise him.

(01.5 Marks)

- (v) Briefly describe the legal principle mean by "*nemo dat quod non habet*" and the exceptions available for it under the Sale of Goods Ordinance No. 11 of 1896.

(04 Marks)

- (vi) List the rights available to an unpaid seller under the Sale of Goods Ordinance No. 11 of 1896 when the buyer breaches the contract of sale.

(02 Marks)

(Total Marks 14)

3. (i) Define "a Hire Purchase agreement" in terms of Consumer Credit Act No. 29 of 1982 and briefly discuss how it differs from a contract of sale of goods.

(03 Marks)

- (ii) "A hirer of a Hire Purchase agreement cannot terminate the agreement or transfer his rights to another."

Do you think this statement is true? Give reasons for your answer.

(02 Marks)

- (iii) Briefly explain the rights and duties of the owner and the hirer under a Hire Purchase agreement.

(04 Marks)

- (iv) Sankalpa entered into a Hire Purchase agreement with ABC Ltd for the purchase of a car. The agreement stated that the car would cost 7 million Rupees, to be paid in 36 monthly instalments. Sankalpa made all of his payments on time until the 24th month when he lost his job. He informed ABC Ltd of his situation. However, ABC Ltd wants to repossess the car.

Advise ABC Ltd.

(05 Marks)

(Total Marks 14)

4. (i) The Managing Director of a new business wants to know how an agency relationship can be established.

Briefly explain to him.

(03 Marks)

- (ii) Raveena, who owns a food supply business, contracted with Abiramy, the owner of 'Always Breakdown Transports' to transport a consignment of fish from Matara to Kandy. Accordingly, the refrigerated truck which carrying the fish began the journey to Kandy. However, on the way, it was found that the refrigerator giving trouble and the main road to Kandy was closed for repairs. Therefore, Abiramy instructed the driver of the truck to sell the fish to avoid decomposing.

Advise Raveena.

(03 Marks)

- (iii) Briefly explain the requirements for a valid ratification in agency law.

(03 Marks)

- (iv) Briefly describe the duties and responsibilities of an Agent towards his Principal under agency law.

(03 Marks)

- (v) List the methods by which an agency relationship can be terminated.

(02 Marks)

(Total Marks 14)

5. (i) Give reasons for the importance of insurance for any business organization.

(03 Marks)

- (ii) Briefly explain the basic principles of insurance.

(04 Marks)

- (iii) Suppose that Abdulla took a fire insurance policy on his warehouse with Fraud & Fraud Insurance Company. The warehouse caught fire and burned down. When Abdulla claimed, the Fraud & Fraud Insurance Company denied the claim, stating that the fire was caused by an electrical short.

Advise Abdulla.

(03 Marks)

- (iv) Suppose that Bandara took out a life insurance policy with Fraud & Fraud Insurance Company and failed to disclose a pre-existing medical condition when applying for the policy. A few months later, Bandara died. The Fraud & Fraud Insurance Company denied the claim made by Bandara's wife, alleging that the policy is void due to Bandara's non-disclosure.

Advise Bandara's wife.

(04 Marks)

(Total Marks 14)

6. Amali and Bimal became the owners of a business after the death of their father. After running the business for a few months, now they want to convert the business into a partnership or a company.

Since they know nothing about the business laws in Sri Lanka, they seek your assistance to clarify briefly the following issues.

- (i) The laws relating to partnership in Sri Lanka. (03 Marks)

- (ii) The steps of incorporation of a company in Sri Lanka. (02 Marks)

- (iii) The key differences between a partnership and a company. (03 Marks)

- (iv) Suppose Bimal borrowed money on the firm's credit and spent it to buy personal goods. (02 Marks)

- (v) Suppose it was published in the media, that Bimal was punished for attacking a woman. (02 Marks)

- (vi) The various ways in which the dissolution of a partnership can be done and how this differs from that of winding up a company. (02 Marks)
(Total Marks 14)

7. (i) List the key characteristics of negotiable instruments. (04 Marks)
- (ii) Define the term "a Bill of Exchange" in terms of Bill of Exchange Ordinance No. 25 of 1927. (03 Marks)
- (iii) Briefly describe the differences between a bill of exchange and a cheque. (04 Marks)
- (iv) Perera owed Sachethana the sum of Rs. 100,000/=. When asked to repay the debt, Perera requested a friend, Silva, to issue a check payable to Sachethana. However, later on, Silva stopped payment of the check.
- Advise Sachethana. (03 Marks)
- (Total Marks 14)

8. Write brief notes on any 04 (four) of the following. Your answer should be supported with relevant statutory provisions and decided cases if any.
- (i) Tests that are being used to distinguish an employee from an independent contractor. List the legal mechanisms available in Sri Lanka for resolving industrial disputes.
- (ii) Implied terms of a contract of a hire purchase agreement.
- (iii) Vitiating factors of a contract.
- (iv) Implied conditions and warranties of a contract of sale of goods and a hire purchase agreement.
- (v) Application of business laws in Sri Lanka.
- (03.5 Marks Each)
(Total Marks 14)

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