



**UNIVERSITY OF RUHUNA**  
**FACULTY OF MANAGEMENT AND FINANCE**

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Total Marks : 70

BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE

3000 LEVEL FIRST SEMESTER END EXAMINATION – AUG/SEP 2025

*Three Hours*

**ENT 31203 – LEGAL ASPECTS OF ENTREPRENEURSHIP**

Academic Year 2024/2025

**Instructions:**

- The question paper contains six (06) questions.
- Answer only five (05) questions, including question number one (01).

**Question One**

Carefully read the case of “Sunshine Crafts” and answer the questions given below.

In 2021, Mr. Dilshan Perera, a passionate artisan from Matara, started a small-scale manufacturing business named “Sunshine Crafts”, producing eco-friendly hand-crafted wooden toys. He registered the business under his name as a sole proprietorship and quickly gained local popularity for his unique, safe, and sustainable toy designs. As demand grew, Dilshan decided to expand operations in 2023. He partnered with his friend Mr. Ruwan Silva, who invested in machinery and raw materials. However, no formal partnership agreement was drafted. They continued operating under the same business name, Sunshine Crafts, without officially re-registering it as a partnership or updating legal documents. Sunshine Crafts hired seven workers, including: three women who worked full-time in finishing and packing, one 14-year-old boy, employed to assist in wood polishing, and the rest were adult male workers. None of the employees were given formal contracts, and EPF/ETF contributions were not made. Additionally, there were no records of employee attendance, salaries, or working hours. The factory was set up in a backyard facility using temporary sheet structures without following building safety codes or obtaining construction approvals. Electrical wiring was done informally, creating serious fire hazards. To reach a broader audience, the partners started marketing via social media and local newspapers using the slogan: “*Crafted with Love – Sunshine Toys.*” They also used a logo resembling a sun rising over a toy block. However, a larger toy manufacturer later claimed that this logo and slogan were like their registered trademark and issued a legal notice.

- I. What legal steps are required to register a business name when ownership changes from a sole proprietorship to a partnership?  
(02 Marks)
- II. Are the working conditions described in the case consistent with the Factories Ordinance No. 45 of 1942? Briefly explain with examples.  
(04 Marks)

- III. Does the law permit employing a 14-year-old in this manufacturing business? Justify your answer with relevant provisions of labor legislation in Sri Lanka. (02 Marks)
- IV. If Sunshine Crafts requires to employ their workers at night, what legal provisions must the organization comply with? (02 Marks)
- V. What are the statutory obligations of employers under the Employees' Provident Fund Act No. 15 of 1958 and Employees' Trust Fund Act No. 46 of 1980. (02 Marks)
- VI. What steps should a business take to legally protect its name, logo, and slogan? (02 Marks)
- VII. Explain the four basic rules that Sunshine Crafts must follow in advertising. (02 Marks)
- VIII. Assume the partners seek to dissolve the partnership through the court. Under what conditions can a partnership be dissolved by the court? (02 Marks)
- IX. If you are appointed as the legal advisor for Sunshine Crafts, what key legal advice would you propose under the prevailing legal provisions of Sri Lanka? (04 Marks)
- (Total 22 Marks)

### Question Two

- I. What is a trade union? (02 Marks)
- II. Briefly explain the provisions of the Trade Union Ordinance No.14 of 1935 regarding employees' right to strike. (04 Marks)
- III. "An employer of ABC Company is restricting employees' access to trade unions." Assess the legal validity of this statement. (06 Marks)
- (Total 12 Marks)

### Question Three

- I. Identify two benefits of having a domain name for a business. (02 Marks)
- II. Briefly explain the key factors to consider when introducing a trademark for a business. (04 Marks)
- III. Explain the legal framework governing advertising practices in Sri Lanka. (06 Marks)
- (Total 12 Marks)

**Question Four**

I. What is meant by product liability?

(02 Marks)

II. Briefly explain the offences related to product liability as outlined by the Consumer Affairs Authority Act No. 09 of 2003.

(04 Marks)

III. Assume you are planning to start a medium-scale food manufacturing business in your town.

Explain the legal requirements you must comply with under the Food Act No. 26 of 1980 of Sri Lanka when starting your business.

(06 Marks)

(Total 12 Marks)

**Question Five**

I. What is *parate execution*?

(02 Marks)

II. Briefly explain why insurance is important for a business.

(04 Marks)

III. Explain the relevant provisions under the Factories Ordinance No. 45 of 1942 of Sri Lanka relating to the following aspects:

- Cleanliness
- Sanitary facilities
- Employment of women and young persons

(06 Marks)

(Total 12 Marks)

**Question Six**

Sharada is planning to start a new company to manufacture ice cream. However, she lacks knowledge of the legal requirements involved in starting, managing, and closing a company. Suppose she appoints you as the legal advisor for her business.

Prepare a comprehensive legal advisory report to guide Sharada on the legal aspects she must consider at each stage of the business lifecycle;

- Starting the business
- Managing the business
- Closing (or ending) the business

(Total 12 Marks)

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