

# Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

THIRD YEAR SECOND SEMESTER EXAMINATION – AUGUST/SEPTEMBER 2014

EMG 325-2 Legal Environment in Business



## Instructions to candidates:

No. of pages : Two (02)  
No. of questions : Six (06) Essays  
Time : Two (02) Hours  
Marks allocated : 100 Marks

Index No:

Answer only four (04) questions including question number 01.

01. "A" goes to the self-service department store of "B" where articles are exhibited with a price tag. "A" picks up an article and goes to the cash counter to pay for it. Cashier refuses to sell. "A" wants to sue "B" for breach of contract.

- i) Does "A" have any right to sue against "B"? Explain your answer with a supportive case. (10 Marks)
- ii) Assume that the above mentioned parties have agreed to formulate the contract. Discuss the basic requirements to formulate the valid contract between them. (10 Marks)
- iii) Explain the term "capacity to contract"? Briefly discuss its various aspects. (10 Marks)
- iv) Discuss the four (04) ways in which any contract can be breached. (10 Marks)

(Total Marks 40)

02.

- i) Explain the duties and rights of an 'Agent' and a 'Principal'. (10 Marks)
- ii) Explain the four (04) ways of formulating an agency relationship with relevant examples. (10 Marks)

(Total Marks 20)

03.

- i) Explain the essentials to formulate a Partnership. (10 Marks)
- ii) Compare the different types of partners identified under the Law of Partnership. (10 Marks)

(Total Marks 20)

04.

- i) "A negotiable instrument is subjected to certain presumptions". Do you agree with this statement? Discuss. (10 Marks)
- ii) Explain the basic features of 'Bill of Exchange'. (10 Marks)

**(Total Marks 20)**

05.

- i) What is meant by "Caveat Emptor Rule" (04 Marks)
- ii) Explain the different types of goods discussed under the Sale of Goods Ordinance, No 11 of 1896. (04 Marks)
- iii) Discuss the six implied conditions stated under the Sales of Goods Ordinance, No 11 of 1896. (12 Marks)

**(Total Marks 20)**

06.

- i) State the formalities to be completed for the formation of a company and discuss the reasons for issuing certificate of incorporation. (08 Marks)
- ii) Write short notes on any three (03) of the following topics.
- a. Prospectus
  - b. Offshore companies
  - c. Articles of Association
  - d. Revocation of membership
  - e. Appointment of Auditors
  - f. Voluntary winding up

(04 x 03=12 Marks)

**(Total Marks 20)**