

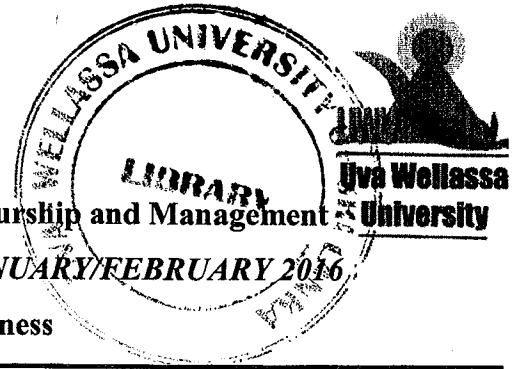
Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

THIRD YEAR SECOND SEMESTER EXAMINATION – JANUARY/FEBRUARY 2016

EMG 325-2 Legal Environment in Business



Instructions to candidates:

No. of pages	: Three (03)
No. of questions	: Five (05) Essays
Time	: Two (02) Hours
Marks allocated	: 100 Marks

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

01.

- i. A reward had been offered by the police for information leading to the arrest and conviction of a murderer. Anil, who was not aware of the offer of a reward, gave information to the police as a result of which the murderer was arrested. Anil was then informed about the reward.

Briefly explain whether Anil is entitled to the reward.

(08 marks)

- ii. Briefly explain the six (06) essential elements of the valid contract under the Law of Contract.

(09 marks)

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

Does Mala have any right to sue against Meena? Explain your answer with a supportive case.

(08 Marks)

(Total Marks 25)

02.

- i. Discuss the rights and duties of Agent and Principal. (08 Marks)
- ii. "P" appointed "A" as a broker to sell his car. The car was destroyed by fire when it was in a garage. "A" demands his commission from "P" as he has found a buyer. Briefly explain with reasons whether "A" is entitled for his commission. (08 Marks)
- iii. "As a general rule, when an agent acts without the express authority previously given by the principal, the principal agent relationship will not come into existence. However, if the principal ratifies subsequently, the agency by ratification arises."
Explain the essentials/requirements to create agency by ratification. (09 Marks)

(Total Marks 25)

03.

- i. Briefly explain the "Nemo dat quod non habet" rule with relevant example. (05 Marks)
- ii. Explain the remedies available for an unpaid seller under the Sale of Goods Ordinance when buyer has breached the contract. (10 Marks)
- iii. Shehan bought a shirt from a famous Readymade Garments Store in the Town. This shirt contained a chemical which caused him to suffer from a skin infection (dermatitis).
Discuss whether Shehan is entitled to claim damages against the Readymade Garments Store with the supportive cases. (10 Marks)

(Total Marks 25)

04.

- i. Briefly explain the importances of crossing cheques. (08 Marks)
- ii. Explain the term "Endorsement" and the essentials for valid endorsement. (08 Marks)
- iii. Discuss the features of "Promissory Notes". (09 Marks)

(Total Marks 25)

05.

- i. Explain the different types of partners can be identified in partnership businesses.

(05 Marks)

- ii. Write the short notes on any four (04) of following topics based on the No 7, 2007 Company Act.

- a. Articles of Association
- b. Winding up of companies
- c. General meetings of companies
- d. Revocation of membership
- e. Prospectus
- f. Registration of companies

(20 Marks)

(Total Marks 25)

