

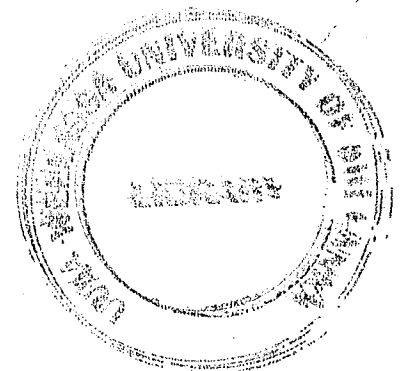
Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

THIRD YEAR SECOND SEMESTER EXAMINATION – DECEMBER/JANUARY 2017

EMG 325-2 Legal Environment in Business



Part - B Essay Questions

Answer only three (03) questions including question number 01 in Part B

Marks Allocated: 70 Marks

01. In September 2016, Exe Ltd ("Exe") telephoned Seller Ltd ("Seller") and ordered 500 computer speaker systems at a price of Rs.150,000. It was agreed that the goods would be delivered within five days and that payment should be made within 28 days of the receipt of the goods. Following the telephone conversation, Seller sent Exe a document described as a "sales contract" which set out Seller's terms and conditions. The sales contract contained a tear-off "acknowledgement" section which Exe was asked to sign and return to Seller. One week later, Exe signed the acknowledgement and returned it to Seller together with a letter which stated that the contract was to be governed by Exe's terms and conditions, a copy of which was enclosed.

The speaker systems were delivered and Exe paid the Rs.150,000 by the due date. Exe has now received a demand from Seller for Rs.3,000 "transport costs", and has been referred to one of Seller's terms which provides, in small print: "If the purchaser does not arrange for the collection of the goods purchased, the seller will arrange for them to be transported subject to reimbursement by the purchaser who is fully liable for the cost". Exe is refusing to pay, and has referred Seller to its own terms and conditions which include the statement: "Any price which Exe Ltd agrees to pay shall be deemed to include all transport costs".

You are required to;

- i. explain the six (06) essentials for contract to be valid under the Law of Contract.

(09 marks)

ii. assume that you are the Secretary of Seller Ltd. and write a memorandum to your Sales Director, explaining whether the company is entitled to recover the Rs.3,000 transport costs from Exe Ltd.

(10 Marks)

i. explain the possible ways in which an offer can be terminated by an offeror or offeree.

(10 Marks)

(Total Marks 30)

Discuss the circumstances in which an "Agency by necessity" can be formulated with relevant examples.

(10 Marks)

"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."

(Law of Agency)

explain the requirements to create agency by ratification.

(10 Marks)

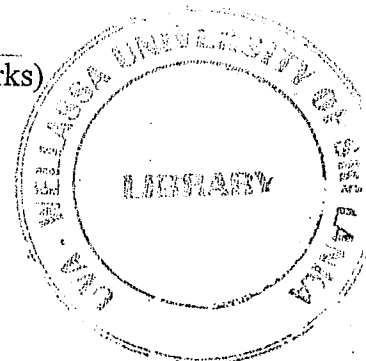
(Total Marks 20)

What is meant by "Endorsement" under the Bills of Exchange Ordinance?

(02 Marks)

Discuss the essentials for valid endorsement of a negotiable instrument.

(08 Marks)



- iii. Explain the remedies available for a buyer under the Sale of Goods Ordinance when the seller has breached the contract.

(10 Marks)

(Total Marks 20)

04.

- i. Mr. Nihal has been running a business for a number of years as a self-employed retailer of office furniture. He has now decided to convert his business as the registered company in Sri Lanka.

Discuss the initial steps that should be taken by Mr. Nihal in order to register his company.

(10 Marks)

- ii. Explain the different ways of winding-up the company according to the company law of 2007.

(10 Marks)

(Total Marks 20)