

Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Entrepreneurship and Management

THIRD YEAR SECOND SEMESTER EXAMINATION – JUNE/JULY 2017

EMG 325-2 Legal Environment in Business



Instructions to candidates:

No. of pages : Three (03)
No. of questions : Six (06) Essays
Time : Two (02) Hours
Marks allocated : 100 Marks



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

01.

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

(06 marks)

ii. Discuss the key functions of law.

(09 Marks)

iii. Rohan lost his certificates folder which contained originals of his degree certificate, membership certificate of CIMA, birth certificate and other important certificates while travelling by bus after an interview. As those certificates are highly important to him, he published an advertisement in a weekend newspaper that he would give a reward of Rs.20,000/- to anyone who would return the certificates folder. Mala who was unaware of the advertisement regarding the reward, found the certificates folder and returned it to the Rohan's postal address which was stated on the back of the cover. After returning the certificates folder, she got to know about the reward and claimed it from Rohan. But he refused to give the reward to Mala.

Discuss whether Mala is legally entitled to claim the reward from Rohan.

(10 marks)

(Total Marks 25)

02.

i. Anand, a dealer in computers and computer accessories bought a used computer from Kumar for Rs.60,000/- after paying the full amount in cash. After obtaining the computer from Kumar, Anand did few minor repairs to it and displayed it in his showroom.

Rovin, a customer of Anand, while searching for an accessory of a computer, saw this computer and wanted to buy it. Then Anand sold it for Rs.80,000/- to Rovin. Three months later, this computer was recovered by the police as it was revealed that it had been stolen by Kumar. With the intervention of the police the computer was returned to the original owner. Anand returned Rs.80,000/- to Rovin and sued against Kumar for Rs.60,000/- which he had paid.

Discuss whether Saman is entitled to recover Rs.60,000/- from Kumar. (10 Marks)

ii. An offer could be terminated by the offeror or offeree in number of ways.

Discuss the different ways of termination of an offer with relevant examples.

(15 Marks)

(Total Marks 25)

03.

i. Discuss the rights and duties of an Agent. (10 Marks)

ii. "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. (15 Marks)

(Total Marks 25)

04.

- i. Nissanka and Kapila are friends and decided to commence a partnership business of buying and selling furniture named "NK Partnership".

Discuss the essentials to formulate a partnership business. (10 Marks)

- ii. Compare the different types of partners identified under the "Law of Partnership". (10 Marks)

- iii. Explain five (05) instances where a partnership could be dissolved with the intervention of the court. (05 Marks)

(Total Marks 25)

05.

- i. Explain the term "Transfer by Negotiation". (05 Marks)

- ii. Differentiate "General Crossing" from "Special or Restrictive Crossing" of Cheques. (10 Marks)

- iii. Discuss the features of " Bills of Exchange". (10 Marks)

(Total Marks 25)

06.

- i. "Articles of Association" is an important document that has to be filed with the Registrar of Companies.

Explain the key elements that should be included in the "Articles of Association". (10 Marks)

- ii. Discuss the different ways of winding-up the company according to the company law of 2007. (15 Marks)

(Total Marks 25)

