



SABARAGAMUWA UNIVERSITY OF SRI LANKA
FACULTY OF MANAGEMENT STUDIES

020

BSc DEGREE PROGRAMME IN BUSINESS MANAGEMENT
YEAR III SEMESTER II EXAMINATION – MARCH/APRIL 2017

COMMERCIAL LAW - BM 2253

BM/FM /MM 2253

Time allowed: **THREE (3) hours**

This examination paper is divided in to two sections

Section I- MCQ- 10 questions(allocated 2 marks for each question.)

Answer all the questions (10)

1. Select the most appropriate answer

- I. What is the legislation related to social security of an employee
 - a. Payment of Gratuity Act No. 12 of 1983
 - b. Employment of Female in Mine Ordinance
 - c. Maternity Benefit Ordinance
 - d. Factories Ordinance
- II. Law of Contract in Sri Lanka is governed by
 - a. English Law
 - b. Kandyan Law
 - c. Roman-Dutch Law
 - d. Swedish Law
- III. Which one of the following is not a duty of an employer
 - a. To pay wages
 - b. To take reasonable care for the health and safety
 - c. To provide daycare facility
 - d. To indemnify loss and damages incurred in employment
- IV. This is not an offence under Sri Lankan legislation on consumer protection
 - a. Refusal to sell
 - b. Denial of possession of any goods for purpose of trading
 - c. Decrease of wholesale price without approval of the authorities
 - d. Increase of wholesale price without approval of the authorities
- V. General Insurance will not cover
 - a. Fire and burglary
 - b. Professional indemnity
 - c. Carriage goods by sea
 - d. Accident and sickness

- VI. Agency byoccurs when a person misrepresents himself as another's agent when in fact he or she is not so and the purported principal accepted the unauthorized act
- a. Ratification
 - b. Ramification
 - c. Indemnification
 - d. Introduction

- VII. Which of the following is not a method of terminating an agency relationship by acts of the parties
- a. Mutual agreement
 - b. Bankruptcy of the principal
 - c. Laps of time
 - d. Achievement of agency purpose

- VIII. Offshore company is
- a. A company carrying out business outside Sri Lanka
 - b. Limited to 20 shareholders
 - c. No shares for employees of the company
 - d. Liability is unlimited

- IX. Select the wrong statement
- a. In a sole proprietorship financial risk extends to all your personal and family assets
 - b. Partnership should consist with minimum 2 to maximum 20 partners
 - c. Co-op Societies are registered under Register of Companies in special category.
 - d. Companies are governed by the Companies Act No 7 of 2007

- X. The court stated that the advertisement in Carlill v Carbolic Smoke Ball Co. was which of the following?
- a. An invitation to treat.
 - b. An offer.
 - c. A statement of intention.
 - d. Of no legal effect whatsoever.

Section II - (allocated 40 marks.)

Answer any Four (04) Questions only

1) a) Describe the differences between lease and hire-purchase contracts
(Marks 5)

b) Explain "Offer" and "Invitation to treat" in contract law
(Marks 5)

(Total Marks: 10)

2) a) Define a contract of Sale of Goods
(Marks 3)

b) Ishan, an owner of an international conference hall, orders 5,000 pieces of carved chair made out of teak from "Excellent Furniture". He tells the seller that the chairs are for an international conference hall. The chairs supplied by Excellent Furniture are not made out of teak and the carving depicts a kid's design which is not suitable for an international conference hall.

Explain the legal implications with reference to relevant statutory provisions and decided cases.

(Marks 7)

(Total Marks: 10)

3) a) Discuss five new features introduced by the Companies Act No. 7 of 2007 in comparison to the previous law
(Marks 5)

b) Compare a partnership with a limited liability company.
(Marks 5)

(Total Marks:10)

4) Write short notes on the following:
a) Articles of Association
b) Condition and warranties
c) Gratuity entitlements of employees
d) Duties of an Agent

(2.5 Marks each)

(Total Marks:10)

5) Discuss following main provisions stipulated in the Shop and Office Act No. 19 of 1954
a) Hours of work
b) Leave
c) Appointment
d) Records of employee

(2.5 Marks each)

(Total Marks:10)

6) Discuss the principles of general insurance.

(Total Marks:10)