



SABARAGAMUWA UNIVERSITY OF SRI LANKA
FACULTY OF MANAGEMENT STUDIES

BSc DEGREE PROGRAMME IN BUSINESS MANAGEMENT
YEAR III SEMESTER I EXAMINATION – SEPTEMBER/OCTOBER 2017

COMPANY AND BANKING LAW - BM 3153@

Time allowed: THREE (03) Hours

Answer FIVE (05) questions selecting at least two (02) from each part.

PART I - COMPANY LAW

1. "A company is a legal entity, incorporated or formed by registration under the companies Act, No. 07 of 2007 but it can not be registered by a name which is identical or similar with name of any other company or any registered overseas company." Do you agree with this statement? Give reasons for your answer in the light of this statement with reference to the relevant legal provisions of the companies Act. No. 07 of 2007 and decided cases. (12 Marks)
2. What do you mean by "Prospectus"? Discuss the law relating to prospectus with special reference to the relevant legal provisions and decided cases. (12 Marks)
3. "In some respect, Directors of a company may be said to be quasi trustees and agents for the company."
Describe the duties of directors in the light of this statement with reference to the relevant legal provision of the Companies Act. No. 07 of 2007 and decided cases. (12 Marks)
4. Write short notes on any two (02) of the following.
 - a) Promoters:
 - b) Derry v Peek
 - c) Salomon v Salomon Company Limited

PART II - BANKING LAW

5. "According to the section 3(i) of the Bills of Exchange Ordinance, No. 25 of 1927, there are legal characteristics of a valid bill of exchange."
Explain the legal characteristics of a valid bill of exchange in the light of this statement with relevant illustrations. (12 Marks)

- 6 "A cheque can be crossed generally or specially with or without the additional words not negotiable."

Do you agree with this statement? Give reasons for your answer in the light of this statement with special reference to the types of crossings and effect of crossings. (12 Marks)

Discuss the following cases.

a) Green wood v Matine's Bank

b) London joint Stock Bank v Mc Million and Arthur

(06 Marks for each)

- 7 Write short notes on any two (02) of the following.

i Banker's duty of secrecy.

ii Methods of determination of Banker and customer relationship.

iii Conversion and Banker's Protection.

(06 Marks for each)