

THE OPEN UNIVERSITY OF SRI LANKA

BACHELOR OF MANAGEMENT STUDIES – LEVEL 4

ASSIGNMENT TEST -2006

LEGAL ENVIRONMENT OF BUSINESS–MCU 2204

DURATION – TWO (02) HOURS



Date: 10th September 2006

Time: 10.00a.m. – 12.00p.m.

Answer FOUR (04) questions only.

Illegible handwriting will be penalized.

(1) Mahesh, one of the Managing Directors of a company, which is yet to be established in the near future, wishes to launch their first production as soon as the incorporation of the company. He seeks your advice regarding the following,

(a) To use the word 'Vanchee' in white letters in a red ellipse for their biscuits.

(b) To register a shape of a mango for their mango fruit drink.

(c) To transfer the trade mark (if it is registered) to a subsidiary company.

(2) 'The terms offer and an invitation to treat are sometimes confusing.'

Examine the validity of the above statement with reference to the statutory provisions and decided cases, if any.

(3) 'The relationship between the principal and the agent can come into force in different ways.'

Explain.

(4) Write a note on the following. Your answer should be supported with relevant statutory provisions and decided cases, if any.

(a) Holder in due course

(b) Endorsement of a bill

(c) Promissory note.

(d) Differences between a company and a partnership

(5) Determine the legal consequences of the following transactions. Your answer should be supported with relevant statutory provisions and decided cases, if any.

(a) Sudath owed Kamal Rs. 10,000 / = and when the payment was due Sudath requested Ramani to draw a cheque in favour of Kamal for that amount. However, before the cheque was encashed, Ramani countermanded the payment.

(b) Aruna offered his car to Suresh for Rs. 1,500,000 / = by a letter dated 22.08.2006. After posting the letter, he revoked his offer by another letter on 23.08.2006. However, after receiving Aruna's letter dated 22.08.2006 on 29.08.2006 he immediately posted his letter of acceptance. Now Aruna refuses to sell his car to Suresh.

(6) 'In general sense partnership is a relationship. Nevertheless, it does not necessarily mean that it has no legal support.'

Examine.

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