

THE OPEN UNIVERSITY OF SRI LANKA
BACHELOR OF MANAGEMENT STUDIES - LEVEL 4
ASSIGNMENT TEST - 2007
LEGAL ENVIRONMENT IN BUSINESS - MCU 2204
DURATION - TWO HOURS



Date: 18 August 2007

Time: 2.00 p.m - 4.00 p.m

Answer **FOUR** questions only.

Illegible handwriting will be penalised.

1. 'Agreement' is the basic element of a contract. Nevertheless, agreement alone does not constitute a valid contract'.

Do you agree with the above statement? Give reasons for your answer.

2. Biyanka, owner of the "BK Guest house" which is situated at Kataragama, entrusted Amal to look after the guesthouse for two weeks. Three days later, the right side of the roof of the guesthouse was severely damaged due to a tornado. Since Biyanka was away from Kataragama when this incident took place, Amal got the service of Banda, a building constructor, to repair the roof. Now Biyanka refuses to pay the cost of repair to Amal.

Advise Amal.

3. "The basic objective of a partnership is to make profit. However, a person who receives a portion of profit does not itself make him a partner in the business"

Do you agree with this statement? Give reasons for your answer.

4. "Although all Bills of Exchange are negotiable instruments, all negotiable instruments are not bills of exchange".

Discuss.

5. Write a brief note on any **two** of the following

- (a) Counter offer
- (b) Communication of acceptance
- (c) Termination of contracts
- (d) Void, Voidable and Unenforceable contract