

THE OPEN UNIVERSITY OF SRI LANKA
BACHELOR OF MANAGEMENT STUDIES DEGREE (BMS) LEVEL 04
FINAL EXAMINATION 2008
LEGAL ENVIRONMENT IN BUSINESS - MCU 2204



DURATION : THREE (03) HOURS

DATE : 24.02.2008

TIME : 1.30 p.m – 4.30 p.m.

Answer any five (05) questions. All questions carry equal marks.

1. (a) Nimal read an advertisement about the sale of some electrical appliances and went to the showroom. He found that the sale was cancelled. He claimed damages on the basis that an offer was made by the advertisement and that he accepted the offer and proceeded to the showroom. Advise the owner of the showroom. (10 marks)
- (b) Mr. Perera offered Mr. Dias his car for Rs. 800,000 on 15th January 2008. Mr. Dias made a counter offer of Rs.650,000 on 28th January. Mr. Perera rejected the counter offer. On 31st January Mr. Dias wrote to Mr. Perera stating that he is now prepared to pay Rs. 800,000. Mr. Perera by that time had sold the car. Mr. Dias wants your advice to take legal action against Mr. Perera. Advise Mr. Dias. (10 marks)
2. (a) Mr. Jagath signed a contract with Mr. Sarath to hire out a vehicle owned by the latter. It was known that Mr. Jagath intended to use the vehicle to transport illegally cut timber loads. Mr. Jagath fell in to arrears with the hire payments and Mr. Sarath claims the money. Will Mr. Sarath succeed? Give reasons for your answer. (10 marks)
- (b) Mr. Supun entered into a contract to hire an auditorium to perform his musical show. Before the show was performed, the auditorium hired was destroyed by fire. Mr. Supun wants your advice to claim damages for the losses incurred as a result of not being able to conduct the musical show as planned? (10 marks)
3. Discuss the concept of “authority by ratification” in the context of agents and explain the conditions governing the granting of such authority. (20 marks)
4. (a) “ A forged or unauthorized signature in a bill of exchange has no effect”
Explain this statement briefly citing the names of decided cases (10 marks)
- (b) Discuss the ways in which a bill is discharged. (10 marks)

5. (a) Explain what is meant by 'Intellectual property'. (10 Marks)
- (b) What are the rights enjoyed by a registered owner of a trade mark? (10 marks)
6. "A proper balance of rights of majority and minor share holders is essential for the smooth functioning of a company". Explain this statement drawing support from the concepts of majority rule and minority protection. (20 marks)
7. Write short notes on any **four (04)** of the following topics. (05 marks each)
- (a) Unjustice enrichment
 - (b) Letter of credit
 - (c) Joint ventures
 - (d) Collective agreement
 - (e) Responsibilities of consumers
 - (f) Environmental law affecting a business