

THE OPEN UNIVERSITY OF SRI LANKA
BACHELOR OF MANAGEMENT STUDIES DEGREE PROGRAMME
ASSIGNMENT TEST – 2016
LEVEL - 04
MCU2204 – LEGAL ENVIRONMENT IN BUSINESS
TIME DURATION- TWO (02) HOURS



DATE: 05.11.2016

TIME: 02.00 P.M – 04.00 P.M

Instructions: Answer any **Four (04)** Questions
All question carry equal marks.
Use of a Non-Programmable Calculator is allowed.

1. A) "Consideration means something which is of value in the eye of the law."
Patterson J. in *Thomas v Thomas* (1842) 2 QB 851

- I. Do you agree with the above statement? Give reasons for your answer. (05 Marks)
- II. Would your answer differ from above if the word '*Justa Causa*' is mentioned instead of '*Consideration*' in the given statement? Discuss. (05 Marks)

B) Write comprehensive notes of the followings.

- I. Termination of a contract.
- II. Remoteness of Damages.
- III. Illegal Contracts. (03x05 Marks)

(Total Marks 25)

2. A) In an advertisement published in a local newspaper Siri states that he intends to sell 4 used Samsung Galaxy Note 7 smart phones for a discount price of Rs 30,000/- each. The actual retail price of the item is RS 70,000/-. Any interested person is advised to contact or text Siri in person to his mobile number mentioned in the advertisement.

Do you think this is an offer or an invitation to treat? Support your answer with decided case law. (15 Marks)

B) Explain the following cases highlighting the important concept of contract which they contain.

- I. *Carlyll v Carbolic Smoke Ball Company Ltd.* (1892) 2 QB 484
- II. *Tinn v Hoffman* (1873) 29LT 271 (02x05 Marks)

(Total Marks 25)

3. A) Discuss the duties of the principle towards his agent. (10 Marks)
- B) Explain the methods by which an agency can be terminated. (10 Marks)
- C) Write short notes of any two of the followings.
- I. Mercantile Agent
 - II. Brokers
 - III. Auctioneers
- (02x02.5 Marks)
(Total Marks 25)
4. A) Compare and contrast the differences between a partnership and a company. (10 Marks)
- B) Nimna and Yashoda wish to open a retail shop as partnership business. However, both of them do not know anything about partnership business. Advise Nimna and Yashoda on the important aspects of partnership business including the nature of the partnership, the relation of partners to one another and duties of the partners. (15 Marks)
(Total Marks 25)
5. A). Define the features of a bill of exchange set forth by the Bill of Exchange Ordinance No.25 of 1927. (13 Marks)
- B). What are the difference types of crossings on a Cheque. Explain them. (06 Marks)
- C). Who is the holder in due course. (06 Marks)
(Total Marks 25)

-All rights reserved-