

THE OPEN UNIVERSITY OF SRI LANKA
 BACHELOR OF MANAGEMENT STUDIES DEGREE PROGRAMME
 LEVEL 4
 ASSIGNMENT TEST – 2017
 LEGAL ENVIRONMENT IN BUSINESS – MCU 2204
 DURATION: TWO (02) HOURS



DATE: 29/10/2017

TIME: 2:00 P.m - 4:00 P.m

Answer any **three (03)** questions. All questions carry equal marks.

01. i) Explain the principles laid down by the courts in the following cases.
- a) *Tinn v. Hoffman* (1873)29LT 271
 b) *Pharmaceutical Society of Great Britain v. Boots Cash Chemist Ltd.* (1952)2QB 795
- (05 Marks each)
- ii) Explain the following terms illustrating them with case law.
- a) Universal offer
 b) Cross offer
- (05 Marks each)
- iii) Briefly discuss the rules relating to “**acceptance**” of an offer.
- (13 Marks)
02. i) Explain the four (04) methods by which an agent is given authority to undertake the affairs of his principal.
- (10 Marks)
- ii) What are the duties of an agent towards his principal?
- (10 Marks)
- iii) Explain the various methods by which a contract of agency can be terminated.
- (13 Marks)
03. i)
- Rasika, Asha and Tharindu formed an ordinary partnership to run a coffee shop. Each of them invested Rs. 5,000,000/- in the business. They named their business as “RAT Coffee” and invited Ramya to join them. Ramya suggested that her liability should be limited to her original contribution of Rs.4,000,000/- for which other partners agreed. After six months it

was found out that Rasika was buying coffee from supplier at a lower rate and selling it to the partnership at a higher cost.

Discuss the **rights and duties** of partners on the above facts.

(17 Marks)

ii) What are the important clauses that should be included in a partnership agreement.

(16 Marks)

04. i) Explain the protection given to bankers when paying and collecting payments on cheques under the provisions of Bills of Exchange Ordinance of Sri Lanka.

(18 Marks)

ii) Briefly discuss the Section 03 of the Bills of Exchange Ordinance of Sri Lanka and its requirements which must be satisfied for a document to be recognized as a valid bill of exchange.

(10 Marks)

iii) Explain the term "Holder in due Course" with the relevant provisions of the Bills of Exchange Ordinance of Sri Lanka.

(05 Marks)

05. Write short notes on **any three** of the following

- i) Conditions and Warranties
- ii) Dissolution of Partnership
- iii) Special Crossing on a cheque
- iv) Unjust Enrichment

(11 Marks each)

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