

**THE OPEN UNIVERSITY OF SRI LANKA
LL.B. DEGREE PROGRAMME - LEVEL III
FINAL EXAMINATION – 2006 / 2007
PRINCIPLES OF EQUITY – LWU 1202
DURATION - THREE HOURS**



Date: 7th March 2007

Time: 10.00 a.m. – 1.00 p.m.

Answer **FIVE** questions only.

Illegible handwriting will be penalised.

PART I - PRINCIPLES OF EQUITY

Answer only **ONE** question from this part.

1. Critically explain the following maxims in the light of development of equity in English law.

(a) 'Equity acts in personam'.

(b) 'Equity will not suffer a wrong to be without a remedy'

2. "Equity was basically a gloss or appendage to the common law"

Comment on the above statement with special emphasis on the origin and development of equity in English law.

PART II – LAW OF TRUST

Answer **FOUR** questions from this part.

3. Dilshan bequeathed a leather factory to Arun and Selvan and directed to sell the factory and invest the proceeds for the benefit of Dinesh. Arun and Selvan accordingly sold the factory and the money was received by Arun. Arun retained the money in his hands for six months. Arun bought a house in his name from the purchase.

Dinesh seeks your advice as to his rights and the liabilities of Arun and Selvan under the Trusts Ordinance. Advise Dinesh.

4. Anandan, a leading businessman, makes the following bequests in his last will. Discuss whether the bequests create valid charitable trusts

- (a) Rs. 02 Million to Sai Foundation to conduct meditation classes in the Central Province.
- (b) Rs. 01 Million to Maruthi cement company to purchase books for its public library.
- (c) Rs 500,000 to Lanka Workers Union to conduct workshop on workers rights for the members of the Union.
- (d) Rs 10 million to the Inter-University Undergraduates Association to provide scholarships to needy undergraduates.

5. (a) Critically explain the scope of section 90 of the Trusts Ordinance in the light of decided cases
- (b) Amala, Ravi and Bimala are partners of A&B partnership. Amala buys a land in her own name with funds belonging to the partnership and builds a house.

Ravi and Bimala wishes to institute legal action against Amala under the provision/provisions of the Trusts Ordinance. Advise them

6. Mayumi is an Attorney- at law and a human rights activist. She works as a legal consultant in a human rights organization since 1997. In appreciation of her services the organization grants a scholarship to study for PhD in a foreign University. Mayumi has an estate in Ratnapura and a house in Colombo 07. She transfers her properties to her fiancé Farook, with an understanding that the properties would be re transferred to her after she returns to Sri Lanka. Farook marries Mayumi's friend Sathya. After Mayumi returns to Sri Lanka she requests Farook to retransfer the properties. But Farook refuses to re transfer the properties.

Mayumi seeks your advice. Advise Mayumi.

7. (a) Explain what requirements should be satisfied to create a valid express Trust.
- (b) Discuss whether the following bequests in Silpa's last will create a valid trust

- (I) Rs 300,000/= from my savings account to Suresh, to be used to purchase books for my grand son who is a student at Kalubovila International School, and the balance of the savings account to be used by Suresh to purchase bicycles for my friends
- (II) Rs 700,000/= to my brother Ramesh to use for buying computers for my grandchildren

8. Write notes on the following.

- (a) Section 02 of the Trusts Ordinance
- (b) Disabilities of trustees under the Trusts Ordinance

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