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THE OPEN UNIVERSITY OF SRI LANKA
FACULTY OF MANAGEMENT STUDIES

BACHELOR OF MANAGEMENT STUDIES HONOURS DEGREE PROGRAMME
BMS HONOURS IN ACCOUNTING AND FINANCE DEGREE PROGRAMME
BMS HONOURS IN HUMAN RESOURCE MANAGEMENT DEGREE PROGRAMME

OSU4404 – INTRODUCTION TO LAW AND CONTRACT LAW
FINAL EXAMINATION – 2025 / 2026

DURATION – THREE (03) HOURS

DATE: 05th JULY 2026 ***TIME: 09.30 am – 12.30 pm***

Instructions:

- **Total Number of Questions: SIX (6).**
- **You must answer a total of ANY FIVE (5) questions.**
- **Each question will be given a total of TWENTY (20) marks.**
- **You are responsible for legible & clear hand writing.**

Question No.01

Read the following case study and answer the questions below.

On Monday, Apex Electronics Ltd. published a sale advertisement in a local business newspaper stating: "Special Tech Week Offer! Brand new Apex Pro Laptops are available for LKR 150,000 each. Limited stock. First come, first served! "On Tuesday morning, Kamal, a freelance graphic designer, saw the advertisement and immediately sent an email to Apex Electronics stating: "I read your advertisement. I am highly interested and would like to buy one Apex Pro Laptop for LKR 130,000. Can I collect it tomorrow?" On Wednesday morning, the Manager of Apex Electronics, Mr. Perera, replied to Kamal via email stating: "We cannot sell the laptop for LKR 130,000. However, we can offer it to you for LKR 145,000 as a special corporate discount." On Wednesday afternoon, Kamal changed his mind and sent another email saying: "Alright, I agree with your price. I will buy the laptop for LKR 145,000. I am coming to pick it up." The email was received in the company's inbox but had not yet been read. Before Mr. Perera read Kamal's second email, Apex Electronics sold the last remaining laptop to another customer, Nimal, who walked into the showroom and paid the full price of LKR 150,000. When Kamal arrived at the store on Thursday, he was informed that no laptops were available. Kamal is now angry and threatens to sue Apex Electronics for breach of contract.

a) Analyze the legal nature of the newspaper advertisement published by Apex Electronics Ltd. Did it constitute a valid 'Offer' or an 'Invitation to Treat'? Explain with reference to legal principles. (05 Marks)

b) Advise Apex Electronics on the legal effect of Kamal's first email offering LKR 130,000. Did this email create a binding contract? (05 Marks)

c) Discuss the legal significance of Mr. Perera's reply offering the laptop for LKR 145,000 and Kamal's subsequent response. Did Kamal's final email constitute a valid 'Acceptance' that binds the company? (06 Marks)

d) Based on your analysis, conclude whether there is a valid and enforceable contract between Kamal and Apex Electronics Ltd. Is Apex Electronics liable for breach of contract? (04 Marks)

(Total 20 Marks)

Question No. 02

a) What is meant by "Sources of Law"? (04 Marks)

b) "Not all sources of law carry the same legal authority". Discuss this statement with reference to Primary and Secondary Sources of Law, explaining their respective roles and binding effect within the legal system. (06 Marks)

c) Analyze the role of Judicial Precedent (Case Law) as a source of law in Sri Lanka. Discuss its characteristics and how it acts as a binding guideline for future judges. (10 Marks)

(Total 20 Marks)

Question No.03

a) Explain the concept of the "Rule of Law" and its fundamental principles. How does adherence to the Rule of Law contribute to a fair and secure business environment? Illustrate your answer with relevant examples. (06 Marks

b) Explain the concept of "Separation of Powers" and its purpose within a constitutional system of government. (06 Marks)

c) Draw a simple diagram illustrating the hierarchy of courts in Sri Lanka, from the lowest court of first instance to the highest court. Briefly explain the role of each court. (08 Marks)

(Total 20 Marks)

Question No. 04

Pabawathi, a management graduate from the Open University of Sri Lanka, is preparing a lecture for her students on "Alternative Dispute Resolution (ADR) Mechanisms". Based on the OUSL curriculum, answer the following questions:

a) Define what is meant by ADR. Contrast it with traditional court procedure by highlighting the difference between an 'adversarial' process and a 'compromise-based 'process. (06 Marks)

b) According to your study material, identify and explain the three (03) main types of ADR mechanisms available in Sri Lanka. (06 Marks)

c) Discuss the specific Advantages and Disadvantages that Pabawathi should include in her lecture regarding the use of ADR mechanisms (08 Marks)

(Total 20 Marks)

Question No. 05

(a) Kamal entered into a written agreement with Piyal to sell a commercial delivery vehicle for Piyal's logistics business. One of the strict conditions in the agreement was that Kamal must change the exterior color of the vehicle and replace the engine with a brand-new one before delivering it and finalizing the sale. Piyal paid an advanced amount of money to Kamal at the time of signing.

However, Kamal delivered the vehicle without changing the color or the engine, thereby breaching the core condition of the agreement. Piyal refused to accept the vehicle. Piyal now wants to recover the advance money he paid, claim compensation for the other expenses incurred during the signing, and explore how the court can force Kamal to perform his promise or stop him from selling it to someone else.

I) Identify and explain the primary Common Law Remedy available to Piyal to recover his advance money and cover the financial losses caused by Kamal's breach of contract. (04 Marks)

II) Discuss two equitable remedies that Piyal may seek in addition to common law damages. Explain the circumstances under which these remedies may be granted by a court. (06 Marks)

(b) Name four (04) distinct ways in which a valid Offer can be legally terminated before it turns into a binding contract. (04 Marks)

(c) Once a contract is legally formed, it remains active until it is discharged. Identify and explain three (03) primary methods of discharge of a contract. (06 Marks)

(Total 20 Marks)

Question No.06

Write short notes on the following topics:

(a) Substantive Law vs. Procedural Law
(b) Plural Legal System in Sri Lanka
(c) Classification of law
(d) Difference between "Causa" (*Justa Cause*) and "Consideration"

(05 Marks for Each Topic)

(Total 20 Marks)

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