



THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

INTERMEDIATE EXAMINATION - JANUARY 2012

BUSINESS LAW

of

(56) BUSINESS LAW & MANAGEMENT (BL&M)

29-01-2012
Afternoon
[2.00 – 3.30]

Time: 01 hour 30 minutes

No. of Pages: 02
No. of Questions: 06

• **Instructions to candidates:**

- (1) This is the **Business Law** part of the subject - Business Law & Management.
- (2) **Answer any five (05) questions.**
- (3) Answers should be in one language in the **medium** applied for, in the **booklets** provided.
- (4) To be considered for a pass in BL&M, a candidate should obtain a minimum of 40% or 50%, as the case may be, in each of the parts Business Law as well as Management.
- (5) 50 Marks.

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- 01.** (a) State two(02) categories of officers who are not entitled to form a trade union.
- (b) State two(02) requirements which make misrepresentation actionable.
- (c) State two(02) matters in respect of which the Commercial High Court can exercise its jurisdiction.
- (d) State two(02) requirements that has to be satisfied to recognize a custom as a law.
- (e) State two(02) factors that has to be satisfied to apply the doctrine of judicial precedents.

(02 marks each, Total 10 marks)

- 02.** **X** is an employee of **ABC Company**. The company has terminated the services of **X** on false charges of misconduct. The company has also defaulted the payment of EPF contributions to the fund.

Advice **X** on the legal remedies and relief available to him in the following matters:

- (a) The termination of services on false charges of misconduct. (05 marks)
- (b) Non-payment of EPF contribution by the company. (05 marks)

(Total 10 marks)

03. (a) What are the essential elements of a binding contract under the Law of Contract? (06 marks)

(b) What are the main ways in which a contract can be discharged? (04 marks)
(Total 10 marks)

04. "The law of Agency imposes certain duties both on the Agent and the Principal".
Discuss the duties of Agent and Principal separately. (10 marks)

05. (a) **A** signed a cheque in blank and crossed "*Not Negotiable*". Thereafter **A** handed it over to his clerk to fill the amount and the name of the payee to pay the monthly office rental. The clerk filled up the cheque and gave it to **B** in settlement of a loan obtained by the clerk. When **A** comes to know of this, he stopped payment of the cheque.

Discuss the liability of **A** on the cheque. (06 marks)

(b) Explain the obligations of a bank when the cheque is crossed "*Account Payee Only*". (04 marks)

(Total 10 marks)

06. "Under the sale of Goods Ordinance, the right of lien is a remedy available to the unpaid seller where the buyer has breached the contract".

(i) Explain under which circumstances the unpaid seller is entitled to exercise the right of lien. (05 marks)

(ii) Explain under which circumstances the unpaid seller is not entitled to exercise this right. (05 marks)

(Total 10 marks)