

USE A SEPARATE ANSWER BOOKLET. WRITE THE NAME OF SUBJECT AS “**BUSINESS LAW**”

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THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

INTERMEDIATE EXAMINATION - JANUARY 2014

BUSINESS LAW

of

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

26-01-2014
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) laws coming under the Legal System of Sri Lanka.
- (b) State two(02) punishments that can be imposed on an offender by a High Court.
- (c) State two(02) kinds of writs issued by the Court of Appeal.
- (d) State two(02) documents by which the principal and agent relationship is created.
- (e) State two(02) rights of a holder in due course of a bill.

(02 marks each, Total 10 marks)

02. Briefly explain the remedies the principal is entitled to in each of the following instances according to the Law of Agency:

- (a) **A** appointed **B** as his Lawyer to file legal action to recover a certain sum of money due from **C**. **B** filed a case in the wrong court. As a result, the case failed.
- (b) **A** appointed **B** as a broker to sell his block of land for Rs.5 million. **B** found **C**, a buyer, who offered Rs.5.5 million. **B** informed **C** that the price expected by **A** was Rs.5 million and received Rs.200,000/- from **C** after the transaction.

- (c) **A** bought a super luxury motor car, and appointed **B** as his insurance agent to insure his car. The agent failed to insure the car as agreed and in the meantime the car was damaged due to an accident.
- (d) **A** appointed **B** as his agent to purchase a boat. **B** himself purchased the boat and then sold it to **A** at a profit.

(02½ marks each, Total 10 marks)

03. Define the term "Misrepresentation" in relation to the Law of Contract and explain two(02) types of Misrepresentation. (10 marks)

04. "Frustration of a contract discharges the parties from the performance of their contractual obligations". Discuss in relation to the Law of Contract. (10 marks)

05. (a) Discuss the liability of an employer under the Payment of Gratuity Act No.12 of 1983. (04 marks)

(b) State three(03) instances in which an employee is entitled to obtain Employees' Provident Fund (EPF) contribution. (06 marks)

(Total 10 marks)

06. (a) Briefly explain the remedies of the buyer, for breach of a contract of sale of goods by the seller with reference to the Sale of Goods Ordinance. (06 marks)

(b) State two(02) types of crossings in a cheque with an example for each type.

(04 marks)

(Total 10 marks)