**SECTION A**

**Objective Test Questions (OTQs)**

Ten (10) compulsory questions  
(Total 20 marks)

**Question 01**

*Select the most correct answer for question No. 1.1 to 1.7. Write the number of the selected answer in your answer booklet with the number assigned to the question.*

1.1 Of the following, which court has the original jurisdiction in Criminal Law?

(1) Supreme Court.  
(2) Court of Appeal.  
(3) District Court.  
(4) Magistrate’s Court.

1.2 Consider the following statements relating to the Constitution of 1978 of Sri Lanka:

(a) It deals with the issues relating to the official national language.  
(b) It stipulates the punishments for murders.  
(c) It deals with powers and duties of constitutional council.

Of the above, the correct statement/s is/are:

(1) *(a) only.*  
(2) *(b) only.*  
(3) *(a) and (b) only.*  
(4) *(a) and (c) only.*
1.3 All lands situated in the northern province are governed by:
(1) Roman Dutch Law.  (2) English Law.
(3) Thesawalamai Law.  (4) Muslim Law.

1.4 Consider the following statements relating to different branches of law:
(a) The personal / family law relates to matters such as births, marriages, divorces, adoption, etc.
(b) The bankruptcy or insolvency law deals with persons or businesses that are judicially declared as unable to pay debts.
(c) The property law deals with registration of title to land and movables, mortgages, leases, etc.

Of the above, the correct statement/s is/are:
(1) (a) and (b) only.  (2) (b) and (c) only.
(3) (a) and (c) only.  (4) All of the above.

1.5 Which one of the following is the correct remedy for a breach of a warranty in a contract?
(1) Claim of damages.  (2) An order of specific performance.
(3) An order of injunction.  (4) Termination of the contract.

1.6 According to the Sale of Goods Ordinance, a contract of sale can be made:
(a) In writing.
(b) By words of mouth.
(c) Partly in writing and partly by words of mouth.
(d) Conduct of the parties.

Of the above, the correct statement/s is/are:
(1) (a) and (b) only.  (2) (b) and (c) only.
(3) (a), (b) and (c) only.  (4) All of the above.

1.7 Which one of the following is not a method of payment used in International Trade?
(1) Bills of Exchange.  (2) Cheques.
(3) Collection agreements.  (4) Payment in advance.
Write short answers for question Nos. 1.8 to 1.10 in your answer booklet with the number assigned to the question.

1.8 State two (02) benefits of insurance.

1.9 State two (02) offences under Computer Crimes Act No. 24 of 2007.

1.10 Briefly explain what is meant by objectivity as a fundamental principle of professional ethics.

End of Section A

(02 marks each, Total 20 marks)

SECTION B

Five (05) compulsory questions

(Total 25 marks)

Question 02

Maya’s new novel won the award for the best Sinhala novel in Sri Lanka for the year 2018. Several renowned book publishers have expressed their interest in undertaking the publication of this novel. She is willing to negotiate with them. However, as she is new to the industry, she wants to know about the rights that she has in respect of the novel.

You are required to:

Explain the economic right and moral right as per Intellectual Property Act No. 36 of 2003 that Maya has.

(05 marks)

Question 03

Amara wanted to get an insurance cover for his car from ABC Insurance Ltd. When filling the insurance application, Amara mistakenly mentioned that he parks the car inside a garage, whereas he actually parks his car in the street adjoining his house. One day, the car was damaged, while parked in the street. Amara wishes to claim damages from ABC Insurance Ltd.

You are required to:

Explain whether Amara could recover the damages from ABC Insurance Ltd.

(05 marks)

Question 04

Shantha is a young businessman who recently started a shoe manufacturing company. He has managed to secure a business deal to export shoes to “Chin Chin”, a Thailand based business venture. They have agreed to perform the transaction through a CIF (Cost, Insurance and Freight) contract. As this is the first international transaction, Shantha wants to know the duties of a CIF seller under a CIF contract.

You are required to:

Explain his main duties as a CIF seller.

(05 marks)
**Question 05**

Raja and Kamani started a partnership business to produce baby clothing. They both worked hand in hand to develop their business. However, Kamani found that though Raja has purchased clothing materials at a discounted price from a whole seller, he has sold it to the partnership business at the market price. Raja earned a secret profit out of this transaction and he did not share it with Kamani.

You are required to:

Explain Kamani’s legal rights and Raja’s duties in this regard. (05 marks)

**Question 06**

Piumi and Namal are children of late Perera who was a well-known business personality of the country. Currently Namal is performing as a Director of Perera (Pvt) Ltd., a private limited company owned by Perera and he wants to appoint Piumi and Sri Lal as Directors of Perera (Pvt) Ltd. Piumi is 16 years old. However, Thilak, an existing Director objects to Namal’s decision stating that Sri Lal has been convicted of an offence of cheque fraud and insider dealing about 3 years ago.

You are required to:

Discuss the suitability of Piumi and Sri Lal as Directors of Perera (Pvt) Ltd. (05 marks)

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**End of Section B**

**SECTION C**

Three (03) compulsory questions (Total 30 marks)

**Question 07**

Rajitha carried on a business of a food restaurant in Nugegoda. It was acquired by Alina (Pvt) Ltd. and Rajitha was appointed as General Manager of Alina (Pvt) Ltd. Rajitha was given instructions not to make any credit purchases. However, Rajitha continued to buy a range of beverages from Lion Ltd. on credit terms, as he did earlier prior to change in ownership of the business. Alina (Pvt) Ltd. refuses to pay for the credit purchases made by Rajitha.

You are required to:

Discuss whether Alina (Pvt) Ltd. can refuse to do the payment to Lion Ltd. (10 marks)
Thara was an academic staff member attached to a State university in Sri Lanka. Her appointment letter stated that she is entitled to Employee’s Trust Fund (ETF) as an employee of the university. However, at the end of 5 years of service, she decided to resign from the university to leave the country for her higher education. She needs to withdraw her ETF before she leaves the country.

Thara’s husband Shiva works for a footwear company for more than 10 years. He joined the company on 01st March 2008 for a salary of Rs.35,000/- per month. Now he draws a salary of Rs.200,000/- per month. He also has submitted the letter of resignation with effect from 01st July 2019 to migrate with Thara.

You are required to:

(a) Explain Thara, on her rights to withdraw ETF. (05 marks)

(b) Calculate Shiva’s gratuity entitlement at the time of resignation. (05 marks)

(Total 10 marks)

Question 09

Kumara issued a cheque to Devika which stated “A/C payee only”. Devika produced this at the bank and asked to cash it at the counter. Cashier refused to cash it and advised Devika to deposit it to her account. Devika was unhappy with cashier’s statement, but she deposited the cheque to her bank account. Meanwhile, Kumara issued a stop payment order to the bank for any cheque issued under his account. Next day, when Devika got to know that her cheque was not realized, she went to the Bank Manager and inquired about Kumara’s account balance and other details.

You are required to:

(a) Explain the validity of the cashier’s statement with reference to negotiable instruments. (04 marks)

(b) Explain the duties of a banker referring to the above scenario. (06 marks)

(Total 10 marks)

End of Section C
SECTION D
A compulsory question
(Total 25 marks)

Question 10

(A) Saman, an auctioneer based in Colombo advertised for the sale of furniture and other office equipment through an auction. Gajan a broker, came from Jaffna to purchase the furniture from the auction. However, later Saman changed his mind and withdrew furniture from the auction without prior notice. Gajan wants to sue Saman on the breach of contract. Nimal, another broker came from Kurunegala to purchase office equipments from the auction. He bid Rs.100,000/- for a photocopy machine and another broker, Sithum bid Rs.110,000/- for the same machine. Sithum was able to purchase the photocopy machine at the auction and announced that he will sell it for a higher price. Thus, Nimal requested Sithum to resell the machine to him for Rs.115,000/- but Sithum asked Nimal to pay Rs.120,000/- if he wants to buy the photocopy machine.

You are required to:

Discuss the following:

(a) Whether there is a valid contract between Saman and Gajan. (07 marks)
(b) Whether there is a valid contract between Nimal and Sithum. (08 marks)

(B) Sameera is a local manufacturer of bicycles in Kurunegala. His speciality is to manufacture sports bicycles. It carries the description ‘made with iron and original gold plated rim which is suitable for any weather condition. Seat is adjustable to any height and handle with oval shape which enhance the speed control quality.’ Nuwan lives in Nuwaraeliya and ordered a bicycle based on the description for his upcoming bicycle race in Nuwaraeliya. After two days from the order, Nuwan received his bicycle. Nuwan found that the handle is not suitable for cycling in a mountain area and seat is not adjustable to the required height.

You are required to:

(a) Explain the rights and remedies available for Nuwan. (06 marks)
(b) Explain the following terms in relation to law of sale of goods:
   (i) Existing goods. (04 marks)
   (ii) Future goods. (Total 25 marks)
### ACTION VERB CHECK LIST

<table>
<thead>
<tr>
<th>Knowledge Process</th>
<th>Verb List</th>
<th>Verb Definitions</th>
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<td><strong>Level 01</strong></td>
<td><strong>Comprehension</strong></td>
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<td></td>
<td>Recall &amp; explain</td>
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<td></td>
<td>important information</td>
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<tr>
<td>Define</td>
<td>Describe exactly the nature, scope, or meaning.</td>
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<tr>
<td>Draw</td>
<td>Produce (a picture or diagram).</td>
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<tr>
<td>Identify</td>
<td>Recognize, establish or select after consideration.</td>
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<tr>
<td>List</td>
<td>Write the connected items one below the other.</td>
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<tr>
<td>Relate</td>
<td>To establish logical or causal connections.</td>
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<tr>
<td>State</td>
<td>Express something definitely or clearly.</td>
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<tr>
<td>Calculate/Compute</td>
<td>Make a mathematical computation</td>
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<tr>
<td>Discuss</td>
<td>Examine in detail by argument showing different aspects, for the purpose of arriving at a conclusion.</td>
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<tr>
<td>Explain</td>
<td>Make a clear description in detail revealing relevant facts.</td>
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<tr>
<td>Interpret</td>
<td>Present in an understandable terms.</td>
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<tr>
<td>Recognize</td>
<td>To show validity or otherwise, using knowledge or contextual experience.</td>
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<tr>
<td>Record</td>
<td>Enter relevant entries in detail.</td>
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<td>Summarize</td>
<td>Give a brief statement of the main points (in facts or figures).</td>
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<td><strong>Application</strong></td>
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<td>Use knowledge in a setting</td>
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<td>which it was learned /</td>
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<td>Solve closed-ended</td>
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<td>problems</td>
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<tr>
<td>Apply</td>
<td>Put to practical use.</td>
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<tr>
<td>Assess</td>
<td>Determine the value, nature, ability, or quality.</td>
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<tr>
<td>Demonstrate</td>
<td>Prove, especially with examples.</td>
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<tr>
<td>Graph</td>
<td>Represent by means of a graph.</td>
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<tr>
<td>Prepare</td>
<td>Make ready for a particular purpose.</td>
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<tr>
<td>Prioritize</td>
<td>Arrange or do in order of importance.</td>
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<tr>
<td>Reconcile</td>
<td>Make consistent with another.</td>
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<tr>
<td>Solve</td>
<td>To find a solution through calculations and/or explanation.</td>
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<td><strong>Level 03</strong></td>
<td><strong>Analysis</strong></td>
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<tr>
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<td>Draw relations among</td>
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<td>ideas and compare and</td>
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<td>contrast / Solve open-</td>
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<td>ended problems.</td>
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<tr>
<td>Analyze</td>
<td>Examine in detail in order to determine the solution or outcome.</td>
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<tr>
<td>Compare</td>
<td>Examine for the purpose of discovering similarities.</td>
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<tr>
<td>Contrast</td>
<td>Examine in order to show unlikeness or differences.</td>
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<tr>
<td>Differentiate</td>
<td>Constitute a difference that distinguishes something.</td>
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<tr>
<td>Outline</td>
<td>Make a summary of significant features.</td>
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