

Question No. 2 (20 Marks)

(a) Define the following terms:

- (i) A void contract and a voidable contract.
- (ii) An illegal contract.

(08 Marks)

(b) Mahinda, a minor, borrowed Rs.10,000/- from Lal, a money lender, by fraudulently misrepresenting that he was 20 years of age.

On default by Mahinda, can Lal successfully sue for the return of the amount? Explain your answer.

Would your answer be different if Lal has advanced the money to Mahinda for him to meet his educational expenses? Explain your answer.

(12 Marks)

(Total 20 Marks)

Question No. 3 (20 Marks)

(a) Briefly explain the meaning of the term “unpaid seller” and his rights against the buyer and the goods.

(10 Marks)

(b) William bought a car from Fernando, a car dealer. He used the car for two months. He has now been informed by the police that the car was stolen six months ago. Ranil, the rightful owner of the car wishes to get his car back from William.

Explain William’s rights.

(10 Marks)

(Total 20 Marks)

Question No. 4 (20 Marks)

(a) Examine the rights of a company in altering its Articles of Association.

(06 Marks)

(b) State briefly the rights that share ownership in a company gives to a shareholder.

(14 Marks)

(Total 20 Marks)

Question No. 5 (20 Marks)

(a) State the persons who are disqualified from being appointed or holding office as a director of a company.

(08 Marks)

(b) What do you mean by “disqualification of directors” under the provisions of Companies Act No.7 of 2007?

(12 Marks)

(Total 20 Marks)

Question No. 6 (20 Marks)

- (a) Kumara is appointed by Nihal as his agent to sell his house. Kumara sold the house to Vipula. Unknown to Nihal, Kumara obtained a commission from Vipula.

Consider Nihal's rights and the liabilities of Kumara, if any. **(10 Marks)**

- (b) Consider the concept of ratification under the law of agency with reference to the conditions that must be satisfied for a ratification to be effective. **(10 Marks)**

(Total 20 Marks)

Question No. 7 (20 Marks)

Wesco plc. was incorporated in 2009. Explain the legal position under the following circumstances giving reasons for your answer with reference to the provisions of the Companies Act No. 7 of 2007.

- (a) Wesco plc. purported to appoint several directors by a single resolution at the general meeting. **(08 Marks)**

- (b) Fernando was appointed as a director of the company. Fernando had acted as a director for 3 years when he reached the age of 70. **(12 Marks)**

(Total 20 Marks)

End of Question Paper
