



**Part ( C )**

**Number of questions:** Three (03)

**Mark allocation:** 40

Use the provided book to answer the essay questions.

1. Gayan offered to sell his house to Saroja for Rs.5 million. Saroja said she will buy the house for Rs.5 million but payment will be made in 5 installments of Rs.1 million each. Gayan refused to receive payments in installments. Then, Saroja agreed to pay the full amount of Rs.5 million at once. But, Gayan refused to sell his house to Saroja. Discuss whether there is a valid contract between Gayan and Saroja. (15 mark)
  
2.
  - a. Explain the caveat emptor rule and the indoor management rule. (10 mark)
  - b. List five (05) methods which can be used to discharge a contract. (5 mark)
  
3. A company is considered as a separate legal entity. Explain the concept of separate legal entity with reference to a company. (10 mark)