



No. of Pages -03  
No of Questions -08

**SCHOOL OF ACCOUNTING AND BUSINESS**  
**BSc. (APPLIED ACCOUNTING) GENERAL / SPECIAL DEGREE**  
**PROGRAMME**

**YEAR I SEMESTER II (Group A)**  
**END SEMESTER EXAMINATION – DECEMBER 2014**

**LAW 10125 Commercial Law**

Date : 29<sup>th</sup> December 2014  
Time : 9.00 a.m. – 11.30 a.m.  
Duration : Two and Half (02 1/2) Hours

**Instructions to Candidates:**

- Answer any **FIVE** questions, including **Question No. 01** and any **FOUR** from others
- The total marks for the paper is 100.
- The marks for each question are shown in brackets.
- Credit will be given for methodical Organization and presentation of facts
- Answers should be written neatly and legibly.

### **Question No. 01**

Explain

- a. “Government is an instrument of the people”.  
(5 Marks)
  - b. An offer is a promise  
(5 Marks)
  - c. An agent is an instrument of the principal  
(5 Marks)
  - d. A partner has a dual character  
(5 Marks)
  - e. Law limits human conduct  
(5 Marks)
  - f. Hire purchase agreement is a contract of sale  
(5 Marks)
  - g. A strike is a weapon in the hand of workmen.  
(5 Marks)
  - h. Insurance is a contract of indemnity..  
(5 Marks)
- (Total 40 Marks)**

### **Question No. 02**

- a. State the facts of Balfour case?  
(4 Marks)
  - b. Why did the court give a different judgment in Merritt case?  
(4 Marks)
  - c. State the essential elements of a valid contract?  
(7 Marks)
- (Total 15 Marks)**

**Question No. 03**

- a. Describe how is an agency relationship created?  
(5 Marks)
- b. Why is it important in commercial activities  
(4 Marks)
- c. Identify what are the duties of an agent?  
(6 Marks)
- (Total 15 Marks)**

**Question No. 04**

“Partnership is the relation which subsists between persons carrying on a business in common with a view of profit”

- a. Identify the essential requirements of a partnership according to this definition?  
(5 Marks)
- b. Does mere sharing of profits made a partnership.  
(4 Marks)
- c. Identify the ways of dissolving a partnership  
(6 Marks)
- (Total 15 Marks)**

**Question No. 05**

“A” supplied milk to “B” for the consumption of his family. The milk contained typhoid germs and B’s wife died.

- a. Can a court grant damages to “B”?  
(4 Marks)
- b. If “B” bought milk from a friend what is the law applicable  
(6 Marks)
- c. Identify the implied conditions applicable in a contract of sale  
(5 Marks)
- (Total 15 Marks)**

**Question No. 06**

a. Define what is a cheque

(4 Marks)

b. Describe how can a cheque be converted into a crossed cheque

(5 Marks)

c. Outline what are the advantages of using a cheque

(6 Marks)

**(Total 15 Marks)**

**Question No. 07**

a. Why is a company considered as a legal person

(5 Marks)

b. Find out how a company be incorporated

(4 Marks)

c. Describe the benefits arising from incorporation

(6 Marks)

**(Total 15 Marks)**

**Question No. 08**

a. What are the types of employment in Sri Lanka?

(4 Marks)

b. How can an employer dismiss a workman

(4 Marks)

c. Discuss what facilities are there in the Industrial Disputes Act to provide relief to an aggrieved workman?

(7 Marks)

**(Total 15 Marks)**