

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

**YEAR I SEMESTER II (Group B)
END SEMESTER EXAMINATION – JANUARY 2015**

LAW 10125 Commercial Law

Date : 31st January 2015
Time : 9.00 a.m. – 11.30 a.m.
Duration : Two and Half (02 ½) 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. Parliament does not make laws
(5 Marks)
 - b. An offer is a serious 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 is human experience
(5 Marks)
 - f. Hire purchase agreement is a contract of bailment
(5 Marks)
 - g. A strike is a weapon in the hands of workmen
(5 Marks)
 - h. Insurance is a contract of indemnity
(5 Marks)
- (Total 40 Marks)**

Question No. 02

- a. What are the facts of Merritt's case?
(4 Marks)
 - b. Why did the judgment in Merritt's case differ from the judgment in the Balfour's case
(4 Marks)
 - c. What are the essential elements of a valid contract?
(7 Marks)
- (Total 15 Marks)**

Question No. 03

a. How is an agency relationship created?

(5 Marks)

b. Why is it important in commercial activities

(4 Marks)

c. List the duties of an agent?

(6 Marks)

(Total 15 Marks)

Question No. 04

‘A’ entrusted his business to ‘B’ to run it and pay off debts of ‘C’ out of the profit of the business. After sometimes ‘C’ wanted to get himself declared as a partner in this business.

a. Can a court declare ‘C’ as a partner of this business?

(4 Marks)

b. Does mere sharing of profits create a partnership?

(6 Marks)

c. Identify the essential requirements of a partnership?

(5 Marks)

(Total 15 Marks)

Question No. 05

A six year old boy purchased a plastic catapult from a dealer. When tried to use it the catapult broke in his hand injured his eye

a. Can a court grant damages to the boy?

(4 Marks)

b. If the boy bought it from a friend what is the law applicable

(6 Marks)

c. State the implied conditions applicable in a contract of sale

(5 Marks)

(Total 15 Marks)

Question No. 06

a. What are negotiable instruments

(4 Marks)

b. Identify the requirements of a negotiable instrument

(5 Marks)

c. Name the advantages of using a negotiable instrument

(6 Marks)

(Total 15 Marks)

Question No. 07

a. State the types of companies recognized by the Companies Act?

(4 Marks)

b. How can a company be incorporated

(4 Marks)

c. What are the benefits arising out of incorporation

(6 Marks)

(Total 15 Marks)

Question No. 08

a. Define what is a collective agreement.

(5 Marks)

b. Who can make such a contract

(4 Marks)

c. Give the legal consequences of a collective agreement

(6 Marks)

(Total 15 Marks)