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

YEAR I SEMESTER II (Intake IV – Group A)
END SEMESTER EXAMINATION – JANUARY 2016

LAW 10125 Commercial Law

Date : 18th January 2016
Time : 9.00 a.m. – 11.30 a.m.
Duration : Two and a half (02 ½) hours

Instructions to Candidates:

- This paper consists of three parts. (A, B and C)
- Part A – Answer **ALL** questions in the separate sheet provided.
Part B – Answer **ALL** questions.
Part C – Answer **ALL** questions.
- The total marks for the paper is 100.
- The marks for each question are shown in brackets.
- Answers should be written neatly and legibly.

Part A

Question No. 01

Answer **All** Questions

1. NOT a Characteristic of a Negotiable Instrument
 - a. The title to it passes on delivery if it is a bearer instrument and on delivery and endorsement if it is an order Instrument
 - b. The holder for the time being can sue in his own name
 - c. Notice of assignment should be given to the person liable thereon
 - d. A bona fide holder for value takes free from any defect in the title of his predecessors
2. An Alternative Dispute Resolution Method is
 - a. Litigation
 - b. Court Martial
 - c. Arbitration
 - d. Labour Tribunal
3. NOT a method of Agency created by Operation of Law
 - a. Necessity
 - b. Ratification
 - c. Estoppel
 - d. Negotiation
4. As a general rule, the maximum number of persons permitted in a partnership is 20.
This limitation is NOT applicable for
 - a. Manufacturing partnerships
 - b. Professional partnerships
 - c. Distribution partnerships
 - d. Agency

5. The three elements in a contract of insurance are:
 - a. Uncertainty, Insurable Interest and Premium
 - b. Certainty, Insurable Interest and Premium
 - c. Uncertainty, Insurance fund and Premium
 - d. Risk, Certainty and Premium
6. The Two Types of Agreements are
 - a. Express and Implied
 - b. Domestic and Commercial
 - c. Conditions and Warranties
 - d. Express Term and Exclusion Clause
7. NOT a reality of a Contract
 - a. Mistake
 - b. Misrepresentation
 - c. Duress
 - d. Conciliation
8. Intellectual Property Act No 36 of 2003 covers
 - a. Copyright
 - b. Contract
 - c. Cheque
 - d. Bill of Exchange
9. A retired partner;
 - a. will never be liable for any debts of the firm
 - b. has the right to transfer debts to the remaining partners
 - c. will be liable for debts incurred before retirement
 - d. will be liable for debts incurred before and after retirement

10. An offer can be terminated

- a. Withdrawal
- b. Communication
- c. Promise
- d. Silence

(Total 20 Marks)

Part B

Answer **All** Questions

Question No. 02

- a. A and B decide to stage a comedy festival. A is to provide the comedians and be responsible for paying them. B is to provide the musicians, refreshments and souvenirs and be responsible for paying for them. Gross returns are to be shared 50/50. Is there a partnership between A and B?

Give reasons for your answer.

(5 Marks)

- b. What are the Rights and Duties of Partners?

(5 Marks)

(Total 10 Marks)

Question No. 03

- a. List out the FOUR (4) ways in which an agency may be terminated.

(4 Marks)

- b. Sunil is appointed by Ravi as his agent to buy cars. Sunil purchases a car for Ravi and he paid a 5% commission by the seller of the car as an incentive which Sunil kept for himself. The price of the car, however, is fair and not affected by the 5% commission.

Explain the principles of agency and the respective positions of Sunil and Ravi in the situation outlined above.

(6 Marks)

(Total 10 marks)

Question No. 04

- a. What are the requirements for a contract to be a contract for sale of goods under the Sale of Goods Ordinance?

(2 Marks)

- b. C entered into a contract with D to paint and supply him a portrait of D's wife for Rs. 1 million. In the contract one for sale of goods under the Sale of Goods Ordinance or a contract for work and material?

Discuss citing case law.

(3 Marks)

- c. What are the implied conditions in a Sale of Goods Contract?

(5 Marks)

(Total 10 Marks)

Question No. 05

- a. What are the Types of Endorsements in a bill of exchange under the Bill of Exchange Ordinance?

(5 Marks)

- b. Define a bill of exchange and a Cheque.

(5 Marks)

(Total 10 marks)

Question No. 06

- a. What are the main Insurance Principles?

(5 Marks)

- b. What is the difference between life Insurance and Motor Traffic Insurance?

(5 Marks)

(Total 10 Marks)

Question No. 07

- a. What do you mean by Misrepresentation?

(2 Marks)

- b. What are the types of Misrepresentations?

(3 Marks)

- c. How to terminate a contract under Mistake

(2 Marks)

- d. What do you mean by Frustration of a Contract?

(3 Marks)

(Total 10 Marks)

Part C

Answer **All** Questions

Question No. 08

Medicina Limited Published an advertisement in the newspapers advertising a new herbal medicinal preparation. The advertisement stated that any person over the age of 18 years who took the medicine as prescribed will not suffer from any headaches for more than 2 hours. The advertisement also stated that if any person, who having taken the medicine as prescribed, suffered from a headache for more than two hours will be paid Rs. 10,000/=.

Mrs. Perera, 20 years old, took the medicine as prescribed but still suffered from a headache for more than 2 hours. She claimed the Rs. 10,000/= from Medicina Ltd. However, Medicina Ltd refused to pay the award of Rs. 10,000/=.

a. Is there a Contract between Mrs. Perera and Medicina Ltd.?

(10 Marks)

b. Can Medicina Ltd refused to pay Rs. 10,000/=?

(10 Marks)

(Total 20 Marks)