



No. of Pages - 03  
No of Questions - 10

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

**YEAR I SEMESTER II (Intake III- Group B)**  
**END SEMESTER EXAMINATION – OCTOBER 2015**

**LAW 10125 Commercial Law**

Date : 9th October 2015  
Time : 5.30 p.m. - 8.00 p.m.  
Duration : Two and a half (02 ½) hours

**Instructions to Candidates:**

- Paper consists of Two Sections (A and B).
- Answer **Five (05)** questions only by selecting **minimum of two (02)** questions from each Section
- The candidates are supposed to present their answers for the particular questions under the three section names.
- Answers should be written neatly and legibly.

## **Section A**

### **Question No. 01**

- i. What are the ingredients of a valid offer?
- ii. How does the offer differ from an invitation to treat?

**(Total 20 Marks)**

### **Question No. 02**

As promised earlier, Mr. Arpana in Colombo informed Mr. Alaba that he was selling his second hand lorry 'Bata Patta' for Rs.500,000/-. Mr. Alaba having received the offer had immediately telephoned Mr. Arpana accepting his offer. However Mr. Arpana had indicated to Mr. Alaba that he would like to have this confirmed in writing by 12 noon next day (Tuesday). Mr. Alaba who lived in Anuradhapura had immediately posted the letter of acceptance and it was received by Mr. Arpana at his residence at 9.30 a. m. on Tuesday.

However on Monday at 3.00 p.m. Mr. Arpana having agreed to sell his lorry to Mr. Lokaputhra for Rs. 520,000/- by letter informed Mr. Alaba that he was withdrawing his offer and this letter had been delivered to Mr. Alaba at 9.30 a.m. on Tuesday.

Does Mr. Alaba have a right to claim damages from Mr. Arpana for breach of contract?

**(Total 20 Marks)**

### **Question No. 03**

- i. What are the three types of mistakes recognised under our Contract Law?
- ii. Under what category of mistake does a contract made voidable?

**(Total 20 Marks)**

or

'Misrepresentation' in a Contract makes such contract voidable? Discuss.

**(Total 20 Marks)**

**Question No. 04**

In terms of Part II of the Sales of Goods Ordinance No. 11 of 1996 when does the ownership of goods pass to the buyer?

Why is it so important to ascertain this fact under a Sale of Goods Contract?

**(Total 20 Marks)**

**Question No. 05**

What do you understand by,

- a. Sale by description
- b. Sale by sample
- c. Sale by both description and sample

Discuss with relevant case law.

**(Total 20 Marks)**

**Section B**

**Question No. 01**

How is a Bill of Exchange defined under Section 3 of the Bills of Exchange Ordinance No. 25 of 1927 as amended and comment on the necessary information that should be found on such bill ?

How are bills made negotiable?

**(Total 20 Marks)**

**Question No. 02**

What are the formalities in establishing a partnership?

**(Total 20 Marks)**

### **Question No. 03**

A and B were in the process of establishing a restaurant and they wanted to establish a firm to run the proposed restaurant. Before the firm was established A had ordered goods from P and when the goods were not paid for P sued both A and B.

Can P succeed in court against A and B to recover the value of the goods so supplied. Discuss.

**(Total 20 Marks)**

### **Question No. 04**

- i. What are the recognized methods available for the creation of an Agency?
- ii. What do you understand by the term 'Agency by Estoppel'?

**(Total 20 Marks)**

### **Question No. 05**

Write short notes on any two of the following.

- a. Rights and duties of partners

(10 Marks)

- b. Contracts against Public Policy

(10 Marks)

- c. What do you mean by 'Partnership by Estoppel'?

(10 Marks)

- d. Duties of an Agent

(10 Marks)

**(Total 20 Marks)**