

3. NEGOTIABLE INSTRUMENTS – Revision Questions

01. (a) A signed a cheque in blank and crossed “Not Negotiable”. Thereafter A handed it over to his clerk to fill the amount and the name of the payee to pay the monthly office rental. The clerk filled up the cheque and gave it to B in settlement of a loan obtained by the clerk. When A comes to know of this, he stopped payment of the cheque.

Discuss the liability of A on the cheque.

- (b) Explain the obligations of a bank when the cheque is crossed “Account Payee Only”.

02. Write short notes on the following:

- (a) Crossing of Cheques.
- (b) State two (02) types of crossings in a cheque with an example for each type.

03. (a) What are the characteristics of a Bill of Exchange?

- (b) State what is the difference between “Blank Endorsement” and “Special Endorsement”.

04. (a) State four(04) types of Negotiable Instruments.

- (b) Explain the characteristics of Negotiable Instruments.