

UNIVERSITY OF SWAZILAND
DEPARTMENT OF ACCOUNTING
AC 204 (SUPPLEMENTARY) EXAM PAPER

Programme of Study	:	Diploma in Commerce II F/T, B.Ed. II & IDE.
Title of Paper	:	Commercial Law II
Course Code	:	AC 204
Time Allowed	:	3 Hours

INSTRUCTIONS:

1. The total number of Questions on this paper is six (6).
2. Answer any Four (4) Questions.
3. Each question carries 25 Marks.
4. In answering any question, note that the quality of the content, use of authority, clarity of expression and legibility of handwriting are absolutely essential.
5. Begin each question on a new page.

**THIS PAPER MAY NOT BE OPENED UNTIL PERMISSION HAS BEEN
GRANTED BY INVIGILATOR(S).**

QUESTION 1

- a) Give a comprehensive definition of a contract of Insurance. [12 Marks]
- b) With reference to case law, explain the doctrine of disclosure as it applies in the law of Insurance. [13 Marks]

[TOTAL: 25 Marks]

QUESTION 2

- a. With aid of the case of *Bank of Baroda v Punjab*, 1942 Discuss the essential differences between a bill of exchange other than a cheque and a cheque. [15 Marks]
- b. With the aid of the case of *Standard Bank v Sham Magazine Centre* 1979 (1) SA 484, discuss the various ways in which a drawer may render a bill completely and absolutely non-transferrable.

[10 Marks]

[TOTAL: 25 MARKS]

QUESTION 3

With reference to case law, discuss the concept of "legal personality" of a company.

[25 MARKS]

QUESTION 4

- (a) Define “negotiable instrument” and name three types. [5 Marks]
- (b) Differentiate between “general” and “qualified acceptance”, and give three examples of what constitutes “qualified acceptance.”. [10 Marks]
- (c) Define the term “acceptance” as used in the law of negotiable instruments. [4 Marks]
- (d) Define “a cheque” [2 Marks]
- (e) Differentiate between common shares and debentures. [4 Marks]

[TOTAL: 25 MARKS]**QUESTION 5**

Siyababa Security Services (Pty) (Ltd) and Kuyafiwa Sandwich Makers (Pty) (Ltd), an immensely popular sandwich and confectionery eatery located at the Kwaluseni Campus, UNISWA, entered into a contract for services in terms of which Siyababa undertook to pick up the cash box of Kuyafiwa containing cheques, encash the cheques at Kuyafiwa’s bank, FNB Matsapha, and then redeliver the cash box now containing cash to Kuyafiwa. On one occasion a substantial amount of money was discovered to be missing. One of the contentions raised by Siyababa, when sued by Kuyafiwa, was that the fact that Siyababa had undertaken to indemnify Kuyafiwa against loss of its money “virtually created an insurance contract” between the parties, so that certain undertakings by Kuyafiwa would amount to promissory warranties; it was thus argued that the liability of Siyababa was dependent upon the strict performance of these warranties by Kuyafiwa.

Discuss the legal implications of this novel argument in light of the factual matrix and applicable law.

[25 MARKS]

QUESTION 6

- a. List and briefly define any 5 qualities of money. [5 Marks]
- b. What are the functions of money? [5 Marks]
- c. To protect the insurer, the law imposes an especially onerous duty of disclosure upon the insured. Discuss. [15 Marks]

[TOTAL: 25 MARKS]**END OF EXAM**