



FACULTY OF BUSINESS SCIENCES AND MANAGEMENT

DEPARTMENT OF ACCOUNTING

BACHELOR OF COMMERCE HONOURS DEGREE IN ACCOUNTING

COMMERCIAL LAW 2 [BAC 1203]

NOVEMBER 2024

DURATION: 3 HOURS

INSTRUCTIONS

1. Answer **ALL** questions under **SECTION A (Compulsory)** and any **THREE** questions under **SECTION B**.
2. **Section A** carries 40 marks whilst each question in **Section B** carries 20 marks.
3. Begin each question on a new page.
4. Please indicate the study mode (Conventional/Block) on the cover of your answer script.

INFORMATION

1. Marks per question are as indicated.
2. Questions may be attempted in any order.

SECTION A

MULTIPLE CHOICE [40 marks]

For each of the following questions, just write the Letter that corresponds to the answer you consider to be correct. Each question carries 2 marks.

1.1 Which statement is true about a lease agreement?

- A. An oral lease agreement is as valid as a written lease.
- B. Only refer to one type of lease, which is residential lease.
- C. A legally binding contractual relationship between the lessor and the lessee to give to the lessee permanent use and enjoyment of property for no return.
- D. All of the above.

1.2 Which one is not the duty of the lessee?

- A. Payment of rent and utilities such as water, electricity and telephone bills.
- B. Taking out insurance policy on his/her personal property.
- C. Cleaning and maintenance of the interior office space leased.
- D. Quiet enjoyment of leased property.

1.3 Which circumstance would terminate a lease?

- A. Renewal of the lease on the same terms.
- B. Mutual agreement.
- C. Waiver of the right to cancel the lease agreement.
- D. None the above.

1.4 What is the right of the lessee?

- A. Pay rent.
- B. Service own telephone bills.
- C. Clean the internal part of the residential house.
- D. To cancel the lease where the leased property is not usable.

1.5 What is novation of a lease agreement?

- A. Assignment of the lease.
- B. Renewal of the same lease.

- C. Succession of lease agreements with the new one replacing the old one but involving the same parties engaging for different property.
- D. None of the above.

1.6 Which one best speak to the nature of the contract of sale?

- A. Hire Purchase.
- B. Sale of Goods.
- C. Contract for work and materials.
- D. All of the above.

1.7 How is ownership passed in contract of sale?

- A. Full payment of the purchase price.
- C. Before payment for the goods.
- D. Transfer of the right to title or delivery.
- D. None of the above.

1.8 What is meant by the Latin maxim *nemo dat quod non habet*?

- A. Price of goods sold.
- B. Liability for defective goods.
- C. No one can transfer better title than what he/she have.
- D. All of the above.

1.9 What form of liability is incurred by the manufacturer of goods for unsafe goods harmful to consumers as in **Donoghue v Stevenson [1932] AC 562**?

- A. Delictual liability.
- B. Criminal liability.
- C. Civil Penalty.
- D. None of the above.

1.10 How may a supplier of goods incur personal liability under contract of sale?

- A. Failure to supply the goods as agreed between the buyer and the seller.
- B. Handling goods carelessly whilst foreseeable that physical injury to consumers may result.
- C. Applying a false description to goods or supplying goods with a false trade description is applied.

D. All of the above.

1.11 What is the duty of the buyer under FOB contract?

- A. To load the goods on board a ship nominated for such purpose.
- B. To bear the expenses of goods up to the point of shipment.
- C. To give shipping instructions and bear expenses after shipment.
- D. All of the above.

1.12 What is the function of the bill of lading in international carriage of goods by sea?

- A. Serves as the document of title to goods shipped.
- B. That by transferring the bill of lading, the seller does not transfer the rights in the goods bought.
- C. To empower the Master of Ship to dispose of the goods shipped as he/she deems fit.
- D. None of the above.

1.13 What does CIF stand for under international carriage of goods by sea?

- A. Purchase price is inclusive cost, insurance and freight.
- B. Seller has no obligation to the buyer.
- C. The purchase price is exclusive of the cost, insurance and freight.
- D. All of the above.

1.14 What is a general power of attorney commercial law?

- A. Special authority.
- B. General authority vested in the agent to represent the principal in a broad range of business affairs.
- C. Ostensible authority.
- D. All of the above.

1.15 What is the right of a *negotiorum gestor*?

- A. Indemnity for necessary expenses incurred for the service of the principal.
- B. Remuneration.
- C. Right to a commission for services rendered.
- D. All of the above.

Question 2. (10 marks)

- (a) Evaluate the nature of a lease agreement in commercial law. **(10 marks)**

SECTION B. [60 marks]

Answer any 3 questions from this section.

Question 3. [20 marks]

To what extent is the lessor's duties reciprocal to the lessee's duties under contract?
(20 marks)

Question 4. [20 marks]

- (a) Make an analysis of any three forms of the contract of sale. **(15 marks)**
(b) Explain the scope of acceptance of goods under the contract of sale. **(5 marks)**

Question 5. [20 marks]

- (a) Distinguish between the duties of the seller and the buyer under international carriage of goods by sea. **(10 marks)**
(b) Compare and contrast the passing of risk under CIF and FOB contract in international carriage of goods by sea. **(10 marks)**

Question 6. [20 marks]

- (a) 'Without agency, commerce would become redundant.'
Justify this assertion on the employment of agency in commercial law. **(10 marks)**
(b) Discuss the transfer of ownership from the seller to the buyer under a contract for the sale of goods.
(10 marks)

END OF EXAMINATION PAPER