

UNIVERSITY OF SWAZILAND
DEPARTMENT OF ACCOUNTING
AC 204 MAIN 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

Considering the following facts, discuss what is meant by the concept of “insurable interest” and its character in cases of indemnity insurance, using applicable case law:

“On the 4th of January 2010 M takes up an insurance policy with the Swaziland Royal Insurance Corporation, insuring his house against fire. He pays the premiums upfront for the whole year. Six months later M sells the house for cash against transfer to B. 3 months later, the house was raised to the ground by fire. M has been paid at this time and ownership of the house has been transferred to the buyer, he has no further pecuniary interest to the house.”

[25 Marks]

QUESTION 2

One sunny Friday afternoon, while clearing your well-manicured yard, your neighbour waves good-bye to you informing you that she was going away on vacation leave to Cape town for the weekend. On Saturday evening, thieves break down her door to gain entry and steal a considerable amount of jewelry and other valuables. Seeing this damage, you take it upon yourself to hastily install a state-of-the-art security system to thwart professional burglars.

On her return, your neighbour friend is grateful for your intervention but flatly refuses to re-imburse you for the amount you expended on the security system. As her neighbour, are you entitled to compensation? Discuss the basis for claiming compensation, and render a comprehensive discussion of the other types agency under our law.

[25 MARKS]

QUESTION 3

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

[25 MARKS]

QUESTION 4

- a. Name and define the three essential parties to a negotiable instrument. [9 Marks]
- b. What is a signature by procuration in the law of negotiable instruments? [6 Marks]
- c. Discuss the legal effect of:
 - i. Crossing a cheque **specifically**, [3 Marks]
 - ii. Crossing a cheque **generally** and adding the words "**not negotiable**", [4 Marks]
 - iii. Crossing a cheque **generally** and adding the words "**account payee only**" [3 Marks]

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

Referring to relevant case law, critically discuss the position of our Company Law on the protection of minority shareholders.

[25 MARKS]**QUESTION 6**

- (a) Define a contract of Insurance [4 Marks]
- (b) Define "general" and "special" crossing of cheques. [4 Marks]
- (c) Define the term "acceptance" as used in the law of negotiable instruments. [4 Marks]
- (d) Define "subrogation" [3 Marks]
- (e) Define "a cheque" [2 Marks]
- (f) Differentiate between common shares and debentures. [4 Marks]
- (g) Define "a prospectus." [2 Marks]
- (h) Define "*Jus ad rem*" [2 Marks]

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