



EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

DEPARTMENT OF COMMERCE

FINAL YEAR SECOND SEMESTER EXAMINATION IN BACHELOR OF
COMMERCE

SPECIALIZATION IN ENTERPRISE DEVELOPMENT -2009/2010 (AUG. 2011)
(PROPER)

MGT 4123 – Instruments of Trade

Answer all questions.

Time: 03 Hours

1. (i) What is a “**Negotiable Instrument**”? And what are the different kinds of negotiable instrument currently in use?
(05 Marks)
- (ii) Define the term “**Promissory Notes**”? And what are the main contents of a promissory note?
(05 Marks)
- (iii) What are the main and special types of cheques? And what are the common reasons for dishonoring cheques by banks?
(05 Marks)
- (iv) Briefly explain the term “**Invoice**”? And explain the functions of an invoice?
(05 Marks)
(Total 20 Marks)
2. (i) What is a “**Debit Note**” and a “**Credit Note**”? What are the differences between a Debit note and a Credit note?
(05 Marks)
- (ii) What is a “**Bill of Exchange**”? Who are the drawer and drawee in a bill of exchange?
(05 Marks)
- (iii) What do you understand by the term “**Acceptance**” in the case of a bill of exchange?
(05 Marks)
- (iv) What do you understand by (a) “**Discounting**” and (b) “**Dishonoring**” a bill”?
(05 Marks)
(Total 20 Marks)

03. (i) List the trade instruments used in Foreign and Domestic Trades?

(05 Marks)

(ii) What is a “**Letter of Credit**”? State the rights and obligations of the different parties involved in a letter of credit?

(05 Marks)

(iii) What are the essential features of a letter of credit? And what do you mean by “**Back to Back Credit**”?

(05 Marks)

(iv) Explain the advantages of a letter of credit to an exporter?

(05 Marks)

(Total 20 Marks)

04. (i) What is “**Bill of lading**”? And what are the purposes of preparing a bill of lading?

(05 Marks)

(ii) What is “**Marine Insurance**”? Explain the types of marine insurance policies available in Sri Lanka?

(05 Marks)

(iii) Define the terms “**Sales Invoice**” and “**Commercial Invoice**”? State the differences between the sales invoice and the commercial invoice?

(05 Marks)

(iv) What do you understand by “**Ware house warrants**”? Explain its advantages to an importer?

(05 Marks)

(Total 20 Marks)

05. Write short notes on the followings.

(i). Price Inquiry and Price Quotation

(ii). Import License Certificate and Export License Certificate.

(iii). Draft and Cheque.

(iv). Straight and Order Bill of Ladings

(v). Ship Report or Manifest.

(Total 05x04 =20 Marks)