

INTI
International College Subang

LAUREATE INTERNATIONAL UNIVERSITIES*

FINAL
Examination Paper

(COVER PAGE)

Session : April 2015

Programme : Diploma in Business (DIB)
Diploma in Business Administration (DBADI)

Course : LAW2100/2104/2101 : FOUNDATIONS OF BUSINESS LAW

Date of Examination : August 8, 2015

Time : 2:00pm – 4:00pm Reading Time : Nil

Duration : 2 Hours

Special Instructions :

This paper consists of **SIX (6)** questions. Answer any **FOUR (4)** questions in the answer booklet

provided. All questions carry equal marks.

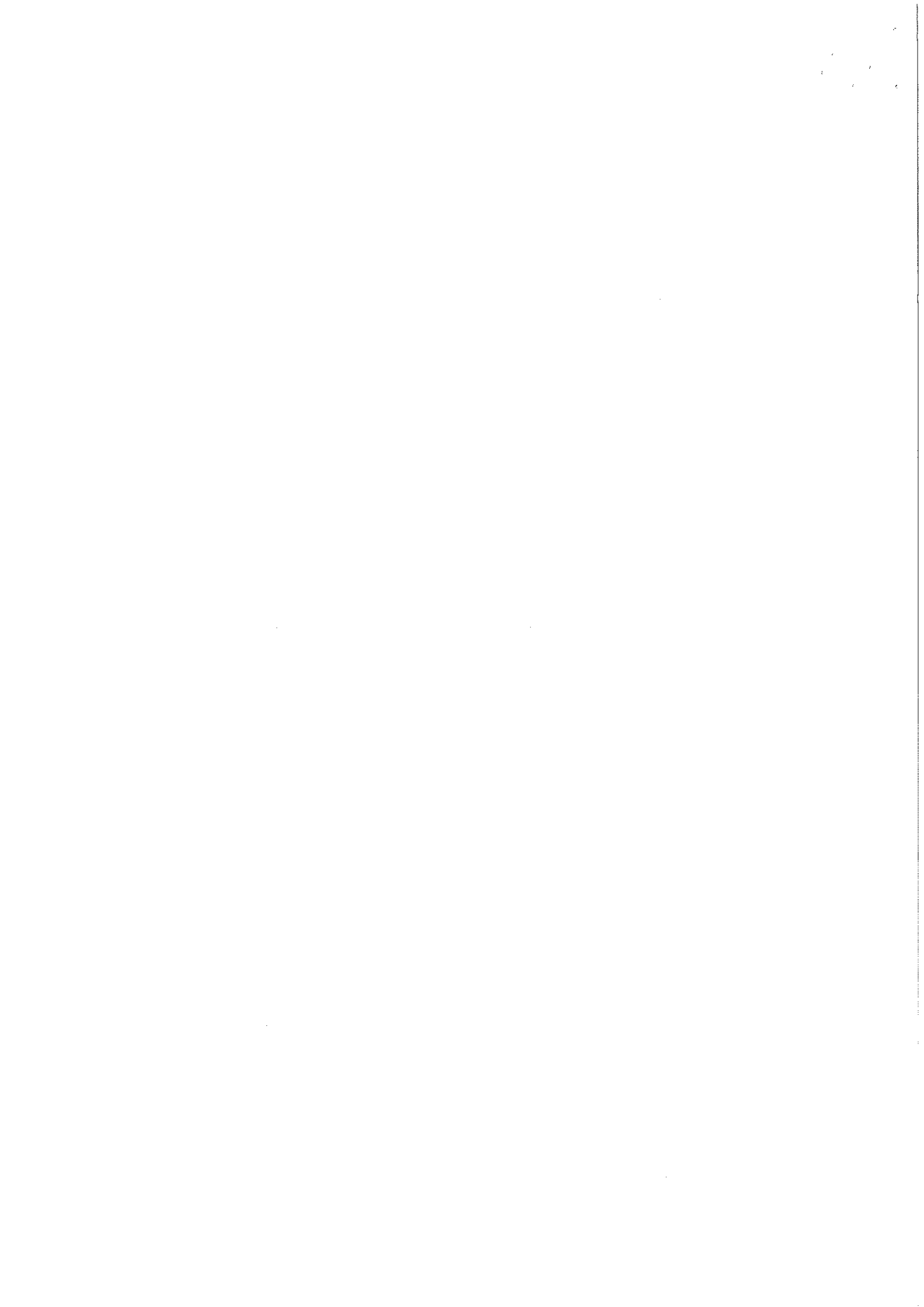
Materials permitted : Nil

Materials provided : Nil

Examiner(s) : Mr. Lee Yun On, Dr. Vijayalakshmi Venugopal,
Selva Vishnu Chelliah, Sharon Christina David,
Christopher Alex Johnson.

Moderator : Dr. Chan Wai Meng

This paper consists of 5 printed pages, including the cover page



INTI INTERNATIONAL COLLEGE SUBANG

DIPLOMA IN BUSINESS PROGRAMME (DIB)

LAW2104 / LAW2100: FOUNDATIONS OF BUSINESS LAW
FINAL EXAMINATION: APRIL 2015 SESSION

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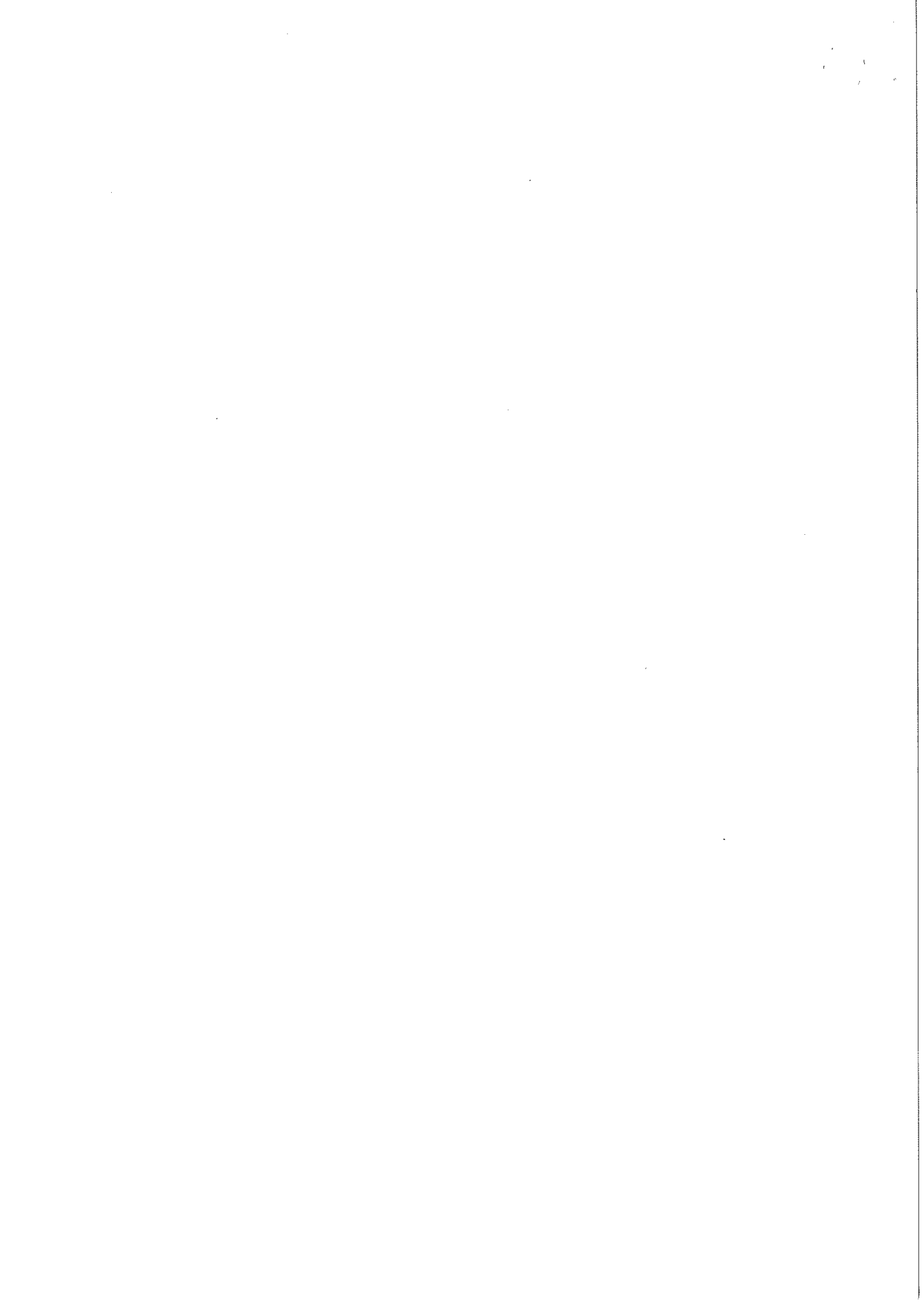
Question 1

- (a) An agreement was entered into between Ali and Botak for the sale and purchase of a car. Among the terms of the agreement were the following:-
- (i) That the seller will install a new pair of wipers before delivering the car.
 - (ii) That the car has not been involved in any accident which requires a major repair of the engine.

After receiving the car, Botak found that the old wipers had not been replaced. Later, when Botak took the car to be serviced by his regular mechanic, he was told that the car was involved in an accident and the radiator and the fan belt were badly damaged and replaced.

Botak seeks your advice as to his remedies for breach of the terms of the contract by Ali. (10 marks)

- (b) Discuss the following rules which were formulated by the courts to control the exemption of liability by way of an exclusion notice or an exemption clause:
- (i) The prior notice rule
 - (ii) The signature rule
 - (iii) The contra proferentum rule
- (15 marks)



Question 2

- (a) Explain the concept of “consideration” in Contract Law, citing relevant authorities for your answer.

(5 marks)

(b)

- (i) On returning from his night out fishing, Ali, a fisherman telephoned Betty, a seafood restaurateur, offering to sell to her his catch of prawns at RM15 per kilogram. Betty was expecting a call from Chandra, another fisherman with whom she had regular dealings. Betty, therefore, told Ali that she would give her answer within 30 minutes. However, 10 minutes after speaking to Betty, Ali sold his catch of prawns to Dong.

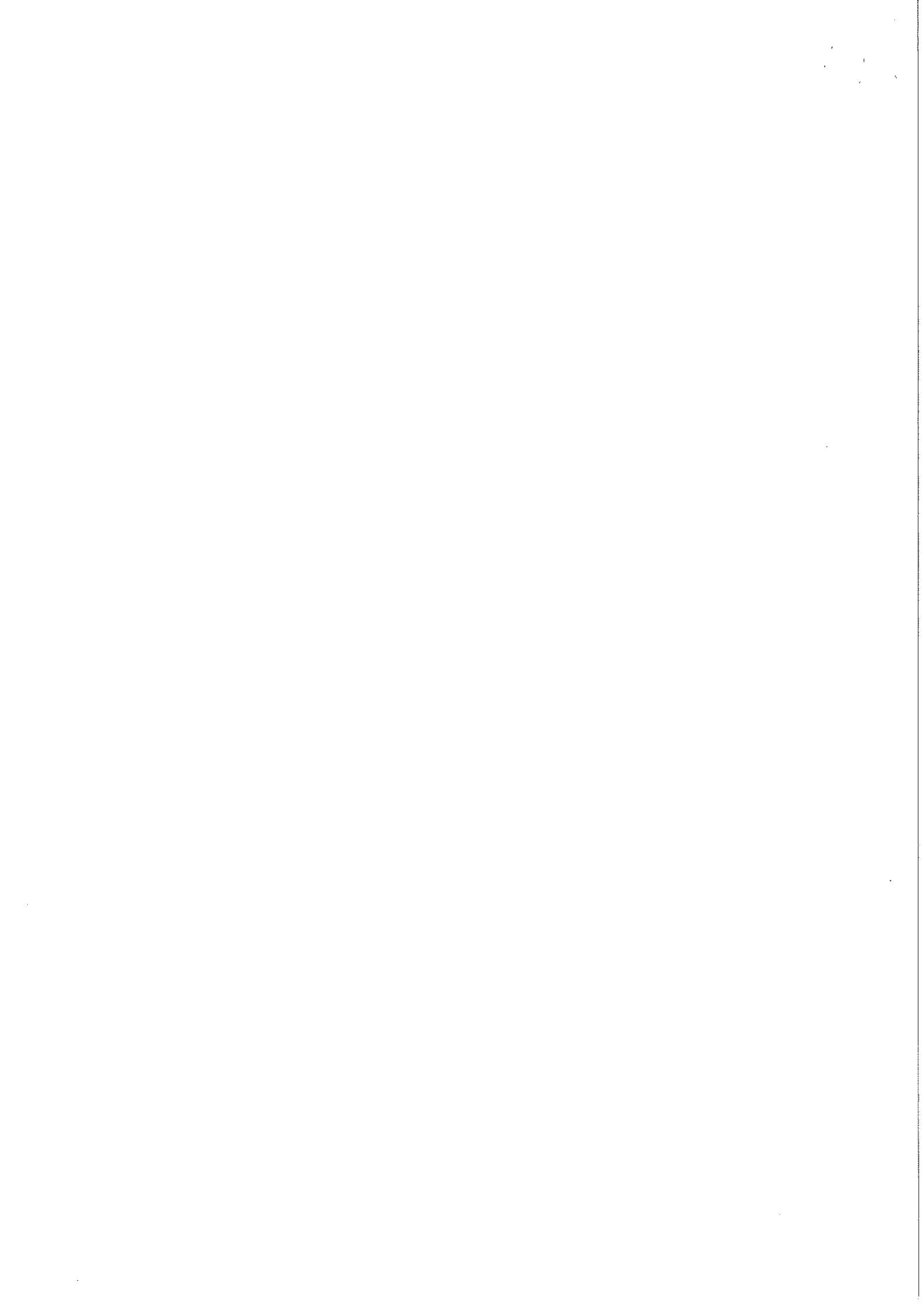
Discuss whether Ali would be liable to Betty for breach of promise to sell the prawns to her. Would your answer be different if Betty had promised Ali a meal at her restaurant on the same evening.

(10 marks)

- (ii) Esther was a frequent diner at Betty’s restaurant. On one particular occasion, Esther left her new I-Phone in the rest-room. Fanny saw the I-Phone and brought it to the payment counter for safe-keeping. When Esther approached the restaurant manager to report the loss of her I-Phone, she was pleasantly surprised that somebody had already made a lost-and-found report. A grateful Esther promised a RM20 reward to the good Samaritan. However, when Fanny approached Esther to claim the promised reward, she was told that doing good has its own reward and that she would rather give the RM20 to a beggar sitting at the stairway next to the restaurant.

Discuss Esther’s liability for breach of promise, if any.

(10 marks)



Question 3

- (a) Define a contract for the sale and purchase of goods in the Sale of Goods Act 1957.
(5 marks)

- (b) (i) Three months ago, *Johari* a farmer, bought a van from a stranger. Unknown to him, that stranger had stolen the van at the parking lot of a supermarket. Johari paid the asking price without asking for the vehicle registration card treating it as some kind of a day-to-day transaction at the supermarket. However, on finding that the van was an oil-guzzler, Johari subsequently sold the van to another farmer, **Kong**, who bought the van in good faith again without asking for the registration card. A day after the purchase was made, the police seized the van from Kong and returned it to the rightful owner.

Explain to Johari, his liability to Kong, if any, under the Sale of Goods Act 1957.
(10 marks)

- (ii) A newly opened supermarket, **Best Goods**, bought a consignment of locally produced instant magi noodles from a factory. **Aisha**, having tasted a sample of the noodles that was offered to her by a sales-girl, bought a packet of it. On returning home, she proceeded to prepare lunch for herself consisting of noodles and poached eggs. As she bit into a 2nd mouthful of the noodles, she cried out in pain as she had broken one of her front teeth. It so happened that there was a piece of a hard foreign object in the packet of noodles that she had used.

Explain to the Manager of Best Goods Supermarket the potential liability of the Supermarket to Aisha under the Sale of Goods Act 1957.
(10 marks)

Question 4

Ah Chong has saved up some money, having worked in Singapore for the last 10 years. He had just returned to his home town in Sabah and decided to start a supermarket, which would be the first of its kind in his home town. He has been told by his friends that he could lose all his savings if he operates the supermarket through a partnership because the doctrine of separate legal personality is only applicable to companies and not to partnership or sole trader-ship. Ah Chong has approached you to explain the following:

- (a) The meaning of the doctrine of separate legal personality illustrating it with an example, of how it operates if the company has bought a consignment of goods from a wholesaler and is now unable to pay for it.
(5 marks)
- (b) Explain any 4 specific situations from case law or the Companies Act where the doctrine of Separate Legal Personality does not apply.
(20 marks)

Question 5

- (a) Explain the elements that must be proved before an employer can be held to be vicariously liable for what his worker has done. (10 marks)
- (b) **Johnny** has been tasked with the responsibility of ensuring that the floor of the factory is safe for any entrant to it. When being sued for injuries suffered by an entrant, **George**, due to the fact that Johnny has neglected to remove a banana skin on the factory floor, the factory owner argued that Johnny was an independent contractor and as such, he as the employer was not liable to George for what transpired. Discuss the tests that may be used to ascertain whether a worker is an employee or an independent contractor. (15 marks)

Question 6

Delegated legislation has become increasingly important as a source of law in Malaysia. Explain the advantages and disadvantages of such legislation and how its use may be controlled by both Parliament and the courts.

(25 marks)

~ **The End** ~

Law2104/2100 (f) apr2015/LYO

