



FINAL
Examination Paper

(COVER PAGE)

Session : AUGUST 2017

Programme : Diploma in Business (DIB)

Course : LAW2100/2104: Foundation of Business Law

Date of Examination : 14 December, 2017 (Thursday)

Time : 8:00 am – 10:00 am Reading Time : Nil

Duration : 2 Hours

Special Instructions :

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

All questions carry equal marks.

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : Chelvavinoothiiny, Tan Seng Teck, Gary Solibun, Meninder Kaur

Moderator : Dr Chan Wai Meng

This paper consists of 4 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
LAW 2100/2104: FOUNDATIONS OF BUSINESS LAW
FINAL EXAMINATION: AUGUST 2017 SESSION

Instruction: This paper consists of **SIX (6)** questions. Answer any **FOUR (4)** questions in the answer booklet provided. All questions carry equal marks.

Question 1

- a) Intention to create legal relations is one of the requirements for an enforceable contract. However, it is not easy to determine the element of intention by using the same yardstick. With reference to decided cases, discuss the said element of intention to create legal relation business/commercial agreement. (10 marks)
- b) Matilda has a strained relationship with her husband, Raymond. Most of the time, she would stay with her parents. It had become her habit to purchase lottery tickets with the hope to get a prize one day. Matilda would normally buy the lottery tickets with the money taken from her husband, telling him that the prize, if won, would be shared between them. Recently, she struck one of the main prizes and won RM 1 million. Raymond found out and claimed half of the prize money. Brenda refused to pay on the ground that it was a casual promise without any intention to bind herself legally. Discuss. (15 marks)

Question 2

- a) In *Mohori Bibee v. Dharmodas Ghose* [1903], the Privy Council held that an infant cannot make a valid contract. Explain any **THREE** exceptions to the above courts' decision. (15 marks)
- b) Daud agrees to sell to Leena his house at whatever price she decides. Is this agreement enforceable? (5 marks)
- c) Tim was asked to sign a contract when he was heavily drunk. Can Tim avoid the contract? (5 marks)

Question 3

- a) Explain executed consideration, executory consideration and past consideration with relevant examples. (10 marks)
- b) Nick agreed to sell his DSLR camera for RM 2,500 to Ethan. Ethan paid Nick RM 500 as deposit and agreed to pay the balance upon delivery. On the day of delivery, Nick told Ethan that he just realised that the camera was worth RM 4,000 and therefore the earlier agreement between them was not valid.

Advise Ethan accordingly.

(15 marks)

Question 4

- a) Rocky wants to start up a rock band with some friends and visits his local music shop to buy some instruments. He made some enquiries about the instruments. The shop assistant assured Rocky that the instruments are in good condition and that there was no need for Rocky to test them. Relying on the shop assistant's assurance, Rocky bought a guitar and a set of drums. When Rocky reached home, he decided to invite his friends for a rehearsal. At the first stroke of the guitar one of the strings broke and the guitar could no longer be used. In addition to that, one of the drumsticks also broke.

Advice Rocky.

(15 marks)

- b) Discuss the maxim *nemo dat quod non habet* and state the exceptions. (10 marks)

Question 5

- a) With relevance to the relevant provision in the Companies Act 2016 and any **TWO** decided cases discuss the principle that was reached in the landmark case of *Salomon v. Salomon* [1897].

(10 marks)

- b) Discuss the advantages and disadvantages that can be found in forming sole proprietorship.

(15 marks)

Question 6

- a) Discuss the tests used to determine whether a contract of service exists.

(15 marks)

- b) Discuss any **THREE** examples where an employee could be terminated due to misconduct.

(10 marks)

~The End~