

**FINAL**  
Examination Paper

(COVER PAGE)

Session : April 2016

Programme : Diploma in Business (DIB)  
Diploma in Finance (DIF)

Course : **LAW2100/2104: Foundation of Business Law**

Date of Examination : 23 July, 2016 (Saturday)

Time : 5:00pm – 7:00pm 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) : **Sharon Christina David**, Christopher Alex Johnson,  
Chong Pit Kee, and Meninder Kaur

Moderator : Dr Chan Wai Meng

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

DIPLOMA IN BUSINESS (DIB)  
DIPLOMA IN FINANCE (DIF)  
LAW2100/2104: FOUNDATIONS OF BUSINESS LAW  
FINAL EXAMINATION: APRIL 2016 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) Explain the *contra proferentum rule* and how the rule has been applied by the courts.

(10 marks)

- (b) Fiona decides to visit the local shopping mall. As she enters the car park she sees a notice which states "Parking Made Easy" accepts no responsibility for any loss or damage to property or persons however arising'. Fiona returns to the car park after completing her shopping and is paying at the machine when she slips on some oil, which had been left there by a Parking Made Easy employee. Fiona suffers a broken arm and her handbag is ruined by the oil spill.

Advise Fiona whether the **clause** put forward by Parking Made Easy is valid or not.

(15 marks)

**Question 2**

Explain whether there is a valid contract in the following situations:

- (a) Tai was appointed as a tuition teacher. Tai is 18 years old.

(5 marks)

- (b) Dennis was under the influence of alcohol and signed a document selling his house to Irene at RM200.

(5 marks)

- (c) Mrs Yong has been providing lunch catering service to Esther, a 16-year-old for the past two weeks. To date, Esther has not paid for the food yet.

(5 marks)

- (d) Discuss the situations in which the court may declare an agreement to be void under sub-sections (a), (b) and (e) of Section 24 of the Contracts Act 1950. (10 marks)

**Question 3**

- (a) Define consideration in the context of Malaysian contract law. (5 marks)
- (b) Explain the difference executory, executed and past consideration. (10 marks)
- (c) Last week, Adam agreed to sell his watch to Ben for the price of RM1,000. Ben paid Adam a deposit of RM100. The watch was supposed to be delivered to Ben when he paid the balance of the purchase price to Adam.

Yesterday, when Ben approached Adam with the balance of the purchase price and to take delivery of the watch, Adam told Ben that he had just realised that the value of the watch was RM5,000 and that the agreement to sell the watch for RM1,000 was not valid as the consideration was inadequate.

Advise Ben accordingly.

(10marks)

**Question 4**

- (a) Vicarious liability signifies liability which A (an employer) may incur for damage to C (a third party) by the negligence or other . Define vicarious liability and explain the **THREE (3)** requirements that must be satisfied in order for vicarious liability to arise. (15 marks)
- (b) Discuss any **THREE (3) examples** where an employee may be dismissed on grounds of misconduct. (10 marks)

**Question 5**

- (a) What are the **conditions and warranties** which are implied under **Sale of Goods Act 1957**?  
(15 marks)
- (b) Jeffrey buys firewood from a nearby store. His family uses the firewood to build a bonfire. Unfortunately, the firewood contained an impurity that caused it to explode when it began to burn. Jeffrey's family sustained minor injuries.

Advice Jeffrey.

(10 marks)

**Question 6**

Matthew is a sole proprietor supplying a variety of fresh sea-food to local eateries and hotels in his locality. Due to increasing demand for his daily catch, Matthew is keen to expand his business and wonders whether he should opt to form a partnership or a company. Outline and explain to Matthew the **advantages and disadvantages of each type of business**.

(25 marks)

~The End~

*law2100/2104(f)/april2016*