

FINAL
Examination Paper

(COVER PAGE)

Session : January 2016

Programme : Diploma In Business (DIB)

Course : LAW2100/2104: Foundation Of Business Law

Date of Examination : March 9, 2016 (Wednesday)

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) : Mr. Christopher Alex Johnson, Dr. Vijayalakshmi Venugopal,
Ms. Meninder Kaur, Ms. Siti Baqiratul Zahraa

Moderator : Dr. Chan Wai Meng

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

DIPLOMA IN BUSINESS (DIB)
LAW2100/2104: FOUNDATIONS OF BUSINESS LAW
FINAL EXAMINATION: JANUARY 2016 SESSION

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

Question 1

- (a) Explain the distinctions between terms of a contract and representations. (10 marks)
- (b) Phua and Kang entered into a contract for Kang to carry-out renovation works at Phua's bungalow in Damansara. Phua wanted a fish pond to be constructed at the garden and new Jati wood cabinets to be installed in the kitchen of his bungalow. A written contract containing the relevant terms of the renovation works such as the job scope, the date of completion and the cost of renovation was entered into between Phua and Kang.

On the scheduled date of completion, Phua was dissatisfied and unable to accept that the construction work on the fish pond has not been carried-out, while Cengal wood was used for the kitchen cabinets instead of Jati wood as agreed. When Phua contacted Kang, Kang stated that he will no longer be able to carry-out the construction work due to an increase in the costs of construction materials.

Phua now seeks your advice. Explain to Phua:

- (i) The difference between a condition and warranty. (10 marks)
- (ii) The remedies available to him in respect of the breach of contractual terms by Kang to construct the fish pond. (5 marks)

Question 2

- (a) With reference to relevant cases, explain the nature and effects of an exclusion clause, and how can an exclusion clause be incorporated into a contract.

(15 marks)

- (b) Handal Sdn Bhd is the owner and operator of a car park complex in Kuala Lumpur. Prior to entering the car park complex, cars are required to stop at the automated gate to collect a parking ticket. A notice board inside the car park complex states that:

“Owners park at their own risk. Handal Sdn Bhd will not be liable for any damage to vehicles parked here”.

However, the wordings on the notice board have faded and are no longer visible.

Last week, Eddie parked his car at the car park complex and went shopping. An explosion occurred due to a leaked gas pipe within the car park complex, causing his car to be substantially damaged.

Advise Eddie whether he may claim against Handal Sdn Bhd.

(10 marks)

Question 3

- (a) Define a contract for the sale of goods under the Sale of Goods Act 1957.

(5 marks)

- (b) Recently, Andy bought a motorcar from Benny. The motorcar was subsequently seized by the police as it was a vehicle reported lost and stolen from the owner, Charlie. Andy is seeking to recover the purchase price paid for the motorcar. However, Benny is resisting Andy's claim, stating that he had no knowledge that the motorcar was a stolen vehicle.

Advise Andy.

(10 marks)

- (c) Last Sunday, Danny went to Besar Hypermarket to purchase a pair of shoes. Danny requested for a pair of comfortable size 10 leather shoes, and the sales promoter suggested a pair of shoes on display. Being convinced by the sale assistant, Danny paid for the shoes. At home, Danny wore the shoes, felt uncomfortable and discovered that the shoes was in fact size 9 and was not made of leather. The following day, Danny went back to Besar Hypermarket to get a refund for the money paid. However, Besar Hypermarket refused.

Advise Danny.

(10 marks)

Question 4

“A company is an artificial person. Once it is incorporated by complying with the prescribed procedure, it comes into being and is a separate legal entity from its members and officers.”

[Chan Wai Meng (2012). *Company Law in Malaysia*. Cengage Learning Asia: Malaysia, p 42]

- (a) Describe any **THREE (3)** effects of incorporation of a company under the Companies Act 1965. (15 marks)
- (b) Explain any **FOUR (4)** differences between a private company and a public listed company. (10 marks)

Question 5

Elaine has just completed her course in graphic designing and is seeking for employment. However, she is unsure about the relevant employment laws in Malaysia and seeks your advice. Explain to Elaine:

- (a) The differences between a contract of service and a contract for services in terms of benefits enjoyed by an employee under a contract of service. (10 marks)
- (b) The various tests applied by the courts to determine the existence of a contract of service in the context of employment law. (15 marks)

Question 6

Section 11 of the Contracts Act 1950 stipulates that: “Every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is of sound mind, and is not disqualified from contracting by any law to which he is subject.”

With reference to the relevant statutory provisions and case laws, explain the general rule as well as the exceptions to the general rule on the capacity to contract by minors in Malaysia. (25 marks)