

**FINAL**  
Examination Paper

(COVER PAGE)

Session : January 2017

Programme : Diploma in Business (DIB)

Course : LAW2100/2104: Foundation of Business Law

Date of Examination : 08 March, 2017 (Wednesday)

Time : 8:00am – 10:00am 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) : Christopher Alex Johnson, Ravindran A.R.C Nair  
and Sayidah Afma Binti Basil

Moderator : Dr Chan Wai Meng

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

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
LAW2100/2104: FOUNDATIONS OF BUSINESS LAW  
FINAL EXAMINATION: JANUARY 2017 SESSION

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

**Question 1**

“The aim of the law is, on one hand, to protect persons who have no capacity to contract and, on the other hand, to safeguard the interests of those who transact with them.”

With reference to the above statement, discuss the law on capacity to contract and **THREE (3)** exceptions to the general rule on the capacity to contract by minors in Malaysia.

(25 marks)

**Question 2**

Andy entered into a contract to have a boat constructed by Fast Boats Sdn Bhd for an upcoming boat-racing competition. The written terms of the contract expressly stated that the boat is to be constructed with fiberglass material within a period of two months to be in time for him to participate in the boat-racing competition. However, on the scheduled date of completion, it was discovered that cheap plastic material unsuitable for boat-racing was used, and construction of the boat was incomplete.

Explain to Andy the traditional classification of terms and the remedies available to Andy arising from the breach of terms by Fast Boats Sdn Bhd.

(25 marks)

### Question 3

- (a) Define an exclusion clause and describe how an exclusion clause can be incorporated into a contract.

(15 marks)

- (b) Last month, Ben decided to travel from Penang to Langkawi by ferry for his holidays. He bought a ticket from Speedy Boats Sdn Bhd at the sales counter and kept the ticket in his pocket. Ben boarded the ferry, he slipped and fell on a wet surface caused by a leaking water pipe in the ferry. In the process, Ben injured his knee and damaged his mobile phone.

Ben wanted to claim for compensation for the losses he incurred. However, Speedy Boats Sdn Bhd refuses to compensate Ben, relying on a notice found inside the ferry, stating that: 'All passengers travel at their own risk'.

Advise Ben whether he could claim against Speedy Boats Sdn Bhd.

(10 marks)

### Question 4

Last Sunday, Charlie was shopping at Carefree Hypermarket when he noticed an ongoing promotion for coffee machines. As Charlie was interested in purchasing one, the sales promoter suggested the 'Lavista' model coffee machine on display, with the description stating that the coffee machine is able to make hot coffee in 3 different styles – latte, cappuccino and espresso. Being convinced by the promoter, Charlie purchased the coffee machine.

At home, Charlie discovered that the coffee machine was unable to dispense hot coffee, despite installing and using the coffee machine in accordance with the instruction manual. Later, when Charlie attempted to prepare a cup of latte, the waterish substance dispensed tasted sour, he immediately became ill and required medical treatment thereafter.

With reference to the relevant provisions in the Sales of Goods Act 1957, advise Charlie accordingly.

(25 marks)

**Question 5**

- (a) Explain the concept of 'separate legal entity' and describe the powers of a company incorporated in Malaysia with reference to the relevant statutory provisions and case laws. (15 marks)
- (b) Describe any **FIVE (5)** differences between a private company and a public company in Malaysia. (10 marks)

**Question 6**

- (a) Describe the various approaches formulated by the Courts to distinguish between a contract of service and a contract for services. (15 marks)
- (b) Describe any **FOUR (4)** examples where an employee may be dismissed on grounds of misconduct. (10 marks)

**~ The End ~**

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