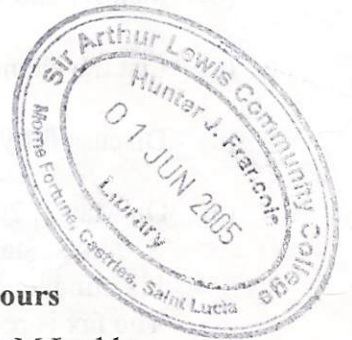


SIR ARTHUR LEWIS COMMUNITY COLLEGE  
DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES

EXAMINATION SESSION : May 2005 Final Examination  
TUTORS : Ms E M J Louisy, Ms U Joseph  
PROGRAMME CODES : 3BS-ABA-AD, 3BS-AOA-AD  
PROGRAMME TITLES : Business Administration, Office Administration  
COURSE CODE : BUS 204  
COURSE TITLE : Business Law  
CLASSES : YEAR TWOS  
DATE : Monday, May 9, 2005  
COMMENCEMENT TIME : 9:00 a.m.  
DURATION : Two & Three-Quarter (2 ¼) Hours  
INVIGILATORS : Ms U Joseph, Ms M L Catty, Mrs M Lashley,  
Mr F Ephraim, Ms E Louisy  
ROOMS : CEHI OH2 & TRT R3 respectively



#L6

**INSTRUCTIONS:** Extended Response – Weighted 100% of Final Exam Mark

1. This paper consists of eight (8) questions.
2. All questions carry equal value of 25 marks each.
3. Do ANY FOUR (4) questions.
4. Begin each response on a fresh sheet of paper.
5. Ascertain your name is written in the top, right-hand corner of each sheet and number your responses correctly.
6. Assemble your responses in ascending, numerical sequence before submitting to invigilator.
7. **REMEMBER:** *Each and every question* is to be supported with *relevant and appropriate case (and/or Statute) authority*.
8. Rule a **one-inch margin** on the **left-hand and right-hand side of each sheet of paper**. Use the left-hand margin for numbering your questions, and their parts. Leave the right-hand margin clear for the examiner's use.



**INSTRUCTIONS:** Do *any FOUR (4)* questions.

**Begin each response on a fresh sheet of paper.**

**Label all questions, and their parts, clearly.**

**All questions are to be supported with relevant case/statute authority.**

1. (a) Define 'contract'. (1 mark)
- (b) Identify and distinguish between the two types of contracts. (2 marks)
- (c) List the elements—'essentials' and 'vitiating factors'—of a 'simple' contract. (5 marks)
- (d) Discuss fully the essentials for a binding contract. (10 marks)
- (e) On May 1, 2004 Robert writes to Sam offering to sell Sam his diesel generator for \$10,000., stating that the offer will remain open for one week. On May 4, he changed his mind, and at 10:00 a.m. on that day, he sends a fax to Sam, withdrawing the offer. The fax is received in Sam's office immediately, but his secretary does not bring it to his attention until 11:00 a.m.
- Meanwhile, at 10:30 a.m. on that day, Sam telephones Robert and leaves message on his telephone answering machine "*accepting your offer to sell me your generator*".
- Robert returns to his office at 11:30 a.m. and hears the message.
- Robert needs your advice as to whether he is bound, by contract, to sell to Sam.

(8 marks)  
[Total 25 marks]

2. (a) Discuss the ways in which contracts could be terminated. (12 marks)
- (b) Discuss the remedies available to the injured party upon the termination of a contract, and give examples of situations in which such remedies could be granted. (13 marks)
- [Total 25 marks]
3. (a) Explain the difference between an "offer" and an "invitation to treat". (4 marks)
- (b) Differentiate between "offer" and counter offer" clarifying the legal outcome in each situation. (4 marks)
- (c) Apply the rules of offer and acceptance in the following situations:
- (i) A bid at an auction sale;
- (ii) Goods on display at a self-service store. (4 marks)
- (d) What are the general rules governing the communication of an offer and its acceptance? In your response, distinguish between the communication of an offer and the communication of an acceptance. (9 marks)
- (e) What is the effect of death upon:
- (i) a contract;
- (ii) the continuity of an offer? (4 marks)
- [Total 25 marks]

4. (a) Differentiate clearly between civil and criminal law. (4 marks)
- (b) Explain any FOUR (4) of the following terms:
- |                        |                            |           |
|------------------------|----------------------------|-----------|
| - tortious liability   | - <i>consensus ad idem</i> |           |
| - vicarious liability  | - <i>quantum meruit</i>    |           |
| - <i>caveat emptor</i> | - void vs. voidable        |           |
| - promissory estoppel  | - <i>non est factum</i>    | (8 marks) |
- (c) On April 4 John, a carpenter, drove his van to the garage where the garage owner gave it a cursory inspection. John said that the van was eight years old but a new engine had been fitted two years ago. In fact no new engine was fitted, but John believed that his statement was true because he had been told, when he had bought the van six months before, that a new engine had been fitted. John assured him that it had been. No deal was struck that day. On April 30 John returned to the garage and after five minutes' negotiation about the price, the dealer bought the van for \$10,500. Before making the contract the dealer told John that if a new engine had not been fitted he would only have paid \$5,200. Is John's statement about the new engine having been fitted likely to be a term or a representation? Explain fully, with supporting case/statutory authority, outlining also your advice on the likely legal outcome. (13 marks)  
[Total 25 marks]
5. (a) Discuss the various types of misrepresentation and the remedies available in each case. (9 marks)
- (b) Discuss three situations in which 'silence' is acknowledged by law as a misrepresentation. (3 marks)
- (c) A supermarket advertises in the press that, "In independent tests carried out by WhatVac Magazine, our own make of XR3 vacuum cleaner outperformed all the big name brands.' Alan was about to buy a Hover vacuum cleaner from a different retailer, but when his friend showed him the supermarket's advertisement, he changed his mind and bought an XR3. Alan made no mention of the advertisement when buying the XR3. The vacuum cleaner does not work at all well, and Alan has now discovered that the WhatVac Magazine tests rated the XR3 vacuum cleaners very poorly as the worst on the market. Has there been an actionable misrepresentation? If an actionable misrepresentation has been made, what remedies would be available to Alan? (13 marks)  
[Total 25 marks]
6. (a) Historically, in what circumstances would the common law hold a contract voidable for duress? (5 mark)
- (b) Explain fully, with examples, the meaning of each of the following:
- |                      |            |
|----------------------|------------|
| (i) Duress           |            |
| (ii) Undue Influence | (10 marks) |
- (c) In what circumstances will undue influence be presumed if the relationship is not one where it is automatically presumed? Explain fully. (10 marks)

7. (a) Distinguish between 'executory', 'executed' and 'past' consideration. (3 marks)
- (b) In the case analysis of **Carlill v The Carbolic Smoke Ball Co**, examining the consideration given by Mrs Carlill and by the Smoke Ball Co – at the time when Mrs Carlill puts in the claim for the reward, was the consideration of the parties executed or executory? (2 marks)
- (c) Are there any exceptions, and if so what, to the rule that 'past consideration is no consideration'? (3 marks)
- (d) A householder is just about to leave for work when he notices that a pipe in his house has burst. He rings an emergency plumber and arranges for the plumber to pick the keys up from his next-door neighbour and fix the pipe. The plumber repairs the pipe and leaves a bill. Can the householder refuse to pay the plumber on the grounds that the work was already done before any price was mentioned? (2 marks)
- (e) To what extent can the performance of an existing duty be treated as consideration? (5 marks)
- (f) George, a builder, owes \$36,000 to Builders Merchants Ltd. George explains that he has not been paid by a customer who has become bankrupt and that his means that he cannot pay his bill to Builders Merchants. The manager of Builders Merchants agrees to accept \$27,200 in complete satisfaction of the debt. Now the manager of Builders Merchants has heard that George has won \$1 million on the National Lottery. Advise Builders Merchants Ltd as to whether or not they will be able to sue for the \$8,800 of the original debt which they agreed to forego. (10 marks)

[Total 25 marks]

(12 marks)

8. (a) Explain the various kinds of mistakes which the law recognizes. (9 marks)
- (b) What is the meaning of the term "caveat emptor"? (4 marks)
- (b) Seller runs a business buying in goods on order, and then reselling them to third parties. He enters into an agreement with Buyer for the supply to Buyer of 50,000 tons of a metal known as Jack Halloy. The contract price is \$800,000 and delivery is to be on or before December 31, 2004.

Both Seller and Buyer believed that Jack Halloy is a form of steel, whereas it is, in fact, copper and, as such, quite useless to Buyer. Buyer discovers this before Seller has placed an order to acquire the metal, and communicates this to Seller. Seller has explained that he plans to order the metal, as he does not wish to forego his estimated profit of \$150,000.

Buyer has sought your advice. Please advise.

(12 marks)  
[Total 25 marks]

**END OF EXAMINATION**

