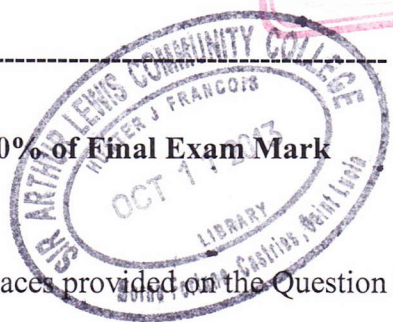
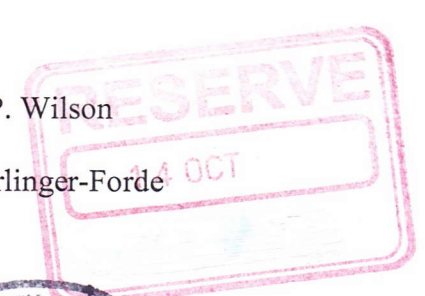


SIR ARTHUR LEWIS COMMUNITY COLLEGE
DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES

EXAMINATION : December 2009 Final Examination
TUTORS : E. Louisy, U. Joseph
PROGRAMME CODE(S) : 3BS-BUS-AD
PROGRAMME TITLES : Applied Arts – Business Administration
COURSE TITLE : Business Law
COURSE CODE : BUS 204
DATE : Tuesday 15th December, 2009
COMMENCEMENT TIME : 9:00 a.m.
DURATON : Three (3) hrs
INVIGILATOR(S) : N. Goolaman, K. Depradine, P. Wilson
L. Ollivierre, G. Severin, P. Erlinger-Forde
ROOM(S) : CEHI-1R-02
CEHI-OR-01

#212



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

- This paper consists of **two sections**:
Section I is Compulsory. Place your answers in the spaces provided on the Question Paper. Section I is worth a total of **40 marks**.
Section II contains Optional questions. All questions in this section carry equal marks. Do **ANY THREE (3)** questions. Begin each response on a fresh sheet of paper. Section II is worth a total of **60 marks**.
- Ascertain your **ID NUMBER** and **CLASS SECTION** is written in the top, right-hand corner of each sheet and number your responses correctly.
- Assemble your responses in ascending, numerical sequence before submitting to invigilator.
- REMEMBER:** *Each and every extended question* is to be supported with *relevant and appropriate cases (and/or Statutes) authority*. Marks will be awarded per question for proper use of relevant, supportive case material.
- Allow 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.
- ALL CELL PHONES** should be **TURNED OFF** and **placed** in a bag that should be kept **at the front of the classroom** throughout the duration of the examination.

DO NOT TURN THIS PAGE UNLESS YOU ARE INSTRUCTED TO DO SO!

SECTION I – COMPULSORY

All candidates are required to complete this section.

PLACE YOUR ANSWERS IN THE SPACES PROVIDED ON THIS QUESTION PAPER.

PART I. TERMS (One mark per item in this part.)

INSTRUCTIONS: Select the term that **best matches** a statement. Each term is the best match for only one statement. Use the **ANSWER COLUMN provided** to write the matching letter.

TERMS

- | | | |
|-------------------------|-------------------------|----------------------------|
| a. Anticipatory breach | d. Negligence | h. Statute of limitations |
| b. Compensatory damages | e. Nominal damages | i. Substantial performance |
| c. Liquidated damages | f. Punitive damages | j. Time is of the essence |
| | g. Specific performance | |

STATEMENTS

Answers

- _____ 1. Damages awarded to punish a party.
- _____ 2. Token damages that are awarded when a party proves a breach of contract, but the party cannot prove any actual loss.
- _____ 3. Contractually agreed-upon damages to be paid if a party breaches a contract.
- _____ 4. Prior to time performance is required, a party announces that performance will not be rendered.
- _____ 5. Damages awarded to compensate a party for actual losses suffered.
- _____ 6. Equitable remedy requiring performance of a contract.
- _____ 7. Doctrine authorizing a party to enforce a contract where the party has almost completely performed his or her contractual obligations.
- _____ 8. Failure to use the care and skill that is expected of and exercised by other professionals.
- _____ 9. Law that limits the time within which a suit may be brought to enforce a legal right.
- _____ 10. Timely performance is vital; timely performance is required to discharge a contractual duty.

PART II. APPLICATION OF CONCEPTS. (Two marks per item in this part.)

INSTRUCTIONS: Indicate your choice in the answer column provided.

Answers

- _____ 11. Ken contracted to set up ordinary accounting books for Paul's business. The contract requires the books to be satisfactory to Paul. Ken set up the books in accordance with generally accepted accounting principles, and a reasonable person would be satisfied with the books. However, Paul refuses to pay because he is not actually satisfied with the books. Under these facts:
- a. Ken cannot enforce the contract because Paul is not actually satisfied with the books.
 - b. Ken cannot enforce the contract because personal satisfaction contracts are illegal.
 - c. Ken can enforce the contract because a reasonable person would be satisfied.
 - d. Ken can enforce the contract because obligations to perform to another person's personal satisfaction are not enforced by courts.
- _____ 12. JR contracted to renovate an historic home for June for \$50,000. The renovations were completed as required, except JR unintentionally failed to refinish one oak door. It will cost \$250 to have the door refinished. Under these facts, JR can recover:
- a. \$0. JR failed to completely perform his duties. Thus, JR cannot enforce the contract.
 - b. \$49,750. JR substantially performed his duties. Thus, JR can enforce the contract, and June must pay for the contract price, less damages caused by JR's imperfect performance.
 - c. \$50,000. JR substantially performed his duties. Thus, JR can recover the full contract price.
 - d. Only such amount, if any, that June may decide to pay to JR.
- _____ 13. Which contract is not discharged by impossibility?
- a. Acme Co. contracted to sell a pesticide to farmer. The contract was legal when made. Prior to performance, the *Food & Drugs Administration (GOVT)* unforeseeably declared the pesticide illegal.
 - b. XYZ contracted to sell a standard Sony stereo to Bob. Prior to performance, XYZ's stereos were destroyed by fire. XYZ can obtain the required stereo elsewhere to deliver to Bob.
 - c. Larry, a music star, agreed to appear in TV ads for Manufacturer's new product. Before the ads could be made, Larry died.
 - d. Maria contracted to sew a custom-made dress for Claire. However, Claire now refuses to give her measurements to Maria.
- _____ 14. Beth agreed to service a \$10,000 computer for AAA Tax Service. Beth unintentionally breached the contract. As a result, the computer suffered \$250 damage. As could be anticipated, AAA also lost profits of \$500 because it could not complete certain tax returns without the computer. Under these facts, what damages, if any, can AAA recover from Beth?
- a. AAA cannot recover any damages; Beth did not agree to pay for losses caused by a breach.
 - b. AAA can only recover nominal damages of \$1.
 - c. AAA can only recover compensatory damages of \$750.
 - d. AAA can recover compensatory damages of \$750, and punitive damages of \$10,000.
- _____ 15. Juan can obtain specific performance of which contract?
- a. Seller contracted to sell Juan a ranch. Seller wrongfully refuses to convey title.
 - b. Juan bought a hybrid bull to be used for breeding. Seller wrongfully refuses to perform. The bull is unique and cannot be replaced. Damages cannot be measured.
 - c. Juan hired Tex to be a ranch foreman. Tex wrongfully refuses to perform.
 - d. a and b.

PART III. CONCEPTS (One mark per item in this part.)

INSTRUCTIONS: Indicate **T** for *True* and **F** for *False* in the Answer Column provided.

Answers

- _____ 16. A contract is discharged when all parties fully perform their contractual duties.
- _____ 17. If a land sale contract requires a seller to deliver title by June 1 and time is of the essence, then delivery of title on June 2 would be improper.
- _____ 18. One party's refusal to accept a valid tender of performance by the other contracting party discharges (terminates) the other party's obligation to perform.
- _____ 19. Refusal to accept a proper tender of payment by a party discharges the party's duty to pay.
- _____ 20. A tender of payment must generally be made in legal tender (*EC* currency). But, if payment by cheque is accepted by a creditor, the debt is not discharged until the cheque is paid by the bank.
- _____ 21. A party is not entitled to payment under a contract unless the party has perfectly performed all contractual obligations.
- _____ 22. If a contracting party receives a discharge in bankruptcy, the discharge bars (prohibits) a creditor from enforcing the contract against the party who was discharged.
- _____ 23. A party cannot sue to enforce a claim if the statute of limitations for the claim has run (expired).
- _____ 24. If a husband and wife are preparing to divorce and they enter into a contract to divide their property, then this property settlement contract is illegal and void.
- _____ 25. A part payment of principal or interest, or the debtor's acknowledgment of a debt may revive (renew) a debt that has been barred by the statute of limitations.
- _____ 26. A contract that interferes with the legal system or the outcome of a matter in court cannot violate public policy and cannot be invalid if the contract does not cause any actual harm to the public.
- _____ 27. A contract is discharged by impossibility whenever it is harder to perform the contract than was anticipated, or when performance is delayed by foreseeable events, such as strikes.
- _____ 28. A contract which has been procured by threatening physical injury or criminal prosecution of a person is void for duress.
- _____ 29. Contractual clauses for liquidated damages are illegal and unenforceable.
- _____ 30. A party can rescind a contract if the other party commits a major breach of contract.
- _____ 31. A party can get specific performance even if damages adequately compensate for a breach.
- _____ 32. One cannot rescind a contract merely because he or she did not read or understand the contract.
- _____ 33. A contract that requires a person to commit a tort against another is illegal and void.
- _____ 34. A voidable contract is binding, unless the injured party elects to set it aside.
- _____ 35. A person can accept an offer for a unilateral contract only by performing the requested act.

[40 MARKS TOTAL – SECTION I]

SECTION II – OPTIONAL QUESTIONS

Answer any **THREE (3)** questions. Each question carries 20 marks.

1. Contracts are considered valid because they have met certain requirements. Fully discuss any one of these requirements, and one factor which could terminate the contract.

2. Diane and Rick entered into a signed, written contract whereby Diane promised to sell a small hotel to Rick for \$200,000 and Rick promised to pay Diane \$200,000 for the small hotel. One week later, a dispute arose between the parties regarding the contract. At the time the dispute arose, Rick had paid the entire \$200,000 sale price, but Diane had not conveyed title to the small hotel to Rick. Under these facts:
 - (A) Was the contract in question a formal or simple contract?
 - (B) Was the contract in question a bilateral or unilateral contract?
 - (C) At the time the dispute arose, was the contract executed or executory?

3. A contract can be affected by factors which could cause it to be declared void or voidable. List some of those factors and discuss in detail any two of those factors, with supportive cases or statute, bringing out clearly the effect on the contract.

4. Fawn offered to sell a coat to Missy. Fawn mailed the offer to Missy via first-class mail. In this case:
 - (A) Can Missy accept the offer by remaining silent, or must she communicate an acceptance to Fawn?
 - (B) In general, how can Missy communicate an acceptance?
 - (C) If Missy sent an acceptance via first-class mail, when would it be effective?
 - (D) When will the offer lapse?

5. Discuss **any four (4)** of the following concepts, citing a case for each, to support your point(s):

(A) POSTAL RULE	(E) VICARIOUS LIABILITY
(B) PRIVY OF CONTRACT	(F) NON EST FACTUM
(C) INJUNCTION	(G) CONSENSUS AD IDEM
(D) COUNTER OFFER	(H) QUANTUM MERUIT

6. Nancy, age 16, bought two cats on credit for \$200 each. Nancy learned to love one cat (“Fluffy”), and to hate the other cat (“Fleas”). While a minor, Nancy made a number of contract payments. Nancy has just turned 18, and she is trying to decide what to do about Fluffy and Fleas. Under these facts:
 - (A) Did Nancy ratify the contract by making payments while she was a minor?
 - (B) Can Nancy disaffirm the portion of the contract relating to Fleas, and ratify the portion relating to Fluffy?
 - (C) If Nancy keeps both cats for another year while she breeds them, can she thereafter disaffirm the contract?

[60 MARKS TOTAL – SECTION II]

END OF EXAMINATION