



MARCH 2016

BUSINESS LAW

**Instructions to candidates:**

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
  - b) Answer any FIVE questions
  - c) All questions carry equal marks. Marks for each question are shown in [ ]
1. Consideration is 'some right, interest, profit or benefit accruing to one party, or some forbearance, detriment, loss or responsibility given, suffered or undertaken by the other'. Using this definition look at the following examples of problems and say if there is a valid consideration and therefore a good contract, and if there is not then explain why.
- a) John bought a horse from Harry for £100. After the contract was formed Harry told John that the horse was very placid and good tempered. In fact the horse was bad tempered and vicious. John wishes to sue Harry for breach of implied warranty.
  - b) This problem happened two hundred years ago where a man had killed another man and was in prison under sentence of death. He asked his friend to try to find the King and get a King's Pardon. His friend travelled all over the country until he eventually found the King and got a pardon which he then took to the prison where his friend was released. The man then promised to pay his friend £100 for his trouble. He later changed his mind and refused to pay. He was sued by his friend for breach of contract. Does he have to pay?
  - c) X made a contract with Y for X to supply and lay a large roll of carpet at the premises of Y. The carpet was delivered to Y's premises but was stolen before it could be laid. X is suing Y for the price of the carpet on the grounds that it had been delivered as agreed. What will be the result? [20]
2. Explain and illustrate the different types of **illegal contract**. [20]
3. Write an account of the **tort of defamation**. [20]
4. Write an account of the contents of Sections 12, 13 and 14 of the Sale of Goods Act 1979. [20]
5.
  - a) What is a **partnership**?
  - b) What are the different kinds of partner?
  - c) What liabilities do they have?
  - d) Can you form a charitable organisation as a partnership? [20]
6.
  - a) In what ways may a contract be discharged?
  - b) Discuss the following case and decide what the result would be:  
A Town Council made a contract with a development company to have a block of flats built on some land they owned. The agreed price was £2 million. Owing to unforeseen circumstances the price of labour and materials went up during the year. As a result it cost the development company £20,000 more than the agreed price. They are claiming the full costs of £2 million plus the £20,000 on the grounds that the contract was frustrated. [20]
7.
  - a) What is meant by a **contract of employment**?
  - b) How can you differentiate between an employee and an independent contractor?
  - c) What are the employer's duties?
  - d) What are the employee's duties? [20]
8.
  - a) Give an account of the **tort of negligence**.
  - b) Explain the liability that exists regarding the issuing of negligent misstatements. [20]