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# BUSINESS LAW

June 2021

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## Time allowed

Three hours

## Instructions

- Write the question number next to each answer in your answer booklet.
- You are not required to rewrite the question in your answer booklet.
- Ensure that you pay particular attention to words in **bold**.

## Information

- Different questions may carry a different number of marks.
- Marks for each question are shown in [ ].

## Advice

- Read each question carefully before you start to answer it.
- Use the full time permitted and check all your answers.

## Materials

- Notes or books are not permitted.
- Non-programmable calculators are permitted.



ICM

**ANSWER ANY FIVE QUESTIONS FROM THE FOLLOWING EIGHT QUESTIONS**

1. (a) Describe the duties of the principal and the duties of the agent in the context of business law. [15 marks]  
(b) Describe the authority possessed by an agent. [5 marks]
2. Explain the provisions made in sections 12, 13 and 14 of the Sale of Goods Act 1979. [20 marks]
3. Discuss the effects of misrepresentation in a contract. Use examples to support your discussion. [20 marks]
4. Discuss the law of defamation in the context of business. Use examples to support your discussion. [20 marks]
5. (a) Explain the neighbourhood test and how it is used to establish that a duty of care is owed. [10 marks]  
(b) Certain factors affect whether standards have been breached if a defendant has neglected their duty of care, as a result of failing to meet the standards of care of a reasonable man.  
Discuss these factors and how they influence the standard of care of a reasonable man. [10 marks]
6. Locke Ltd was due to hold a general meeting on the 14<sup>th</sup> March. Prior to the general meeting, all four shareholders of Locke Ltd agreed to dismiss the company's auditor (Harry), due to his lazy attitude towards work. Therefore, one of the shareholders, who is also the Locke Ltd company director (Kate), wrote to Harry notifying him that his contract as the company's auditor was to be terminated. 20 days before they were due to remove Harry as the auditor, Kate wrote to the Registrar of Companies to inform them of the change. Despite receiving an invitation to the general meeting, Harry is dissatisfied with Locke Ltd's actions. Locke Ltd argue that they have acted legitimately.  
  
(a) Describe the powers and duties Harry held as an auditor. [10 marks]  
(b) Explain whether the removal of Harry as an auditor was lawful. Use examples to support your discussion. [10 marks]
7. A contract is a mutual agreement between parties which is legally enforceable. Explain the common law and equitable remedies for a breach of contract. [20 marks]
8. There are many forms of business ownership. Discuss partnerships in the context of business law, including reference to the following:
  - What is meant by a business partnership
  - The requirements to form a partnership
  - The circumstances in which a partnership can be dissolved[20 marks]

**END OF QUESTIONS**