



ICM

SEPTEMBER 2018

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. Explain the effect of mistake in contract. [20]
2.
 - a) Explain how a case in the civil court can become a part of law.
 - b) What is the difference between obiter dicta and rationes decidendi? [20]
3. In relation to agency, explain:
 - a) how an agency can be formed
 - b) the different kinds of agent and their scope of work
 - c) what was the point in the case of *Watteau v Fenwick* [20]
4.
 - a) Write an account of the following ways in which a contract can come to an end:
 - i Performance
 - ii Agreement
 - iii Breach
 - b) Read the following case and say what you think the result will be:

X Ltd, who were builders, agreed to build 90 houses for the local council at a price of £1million. Shortage of labour caused costs to rise and the project would cost £340,000 more than the original price. They sued the council for the money, claiming the original contract had been frustrated and the contract was, therefore, discharged. The council disagreed and would not pay.

 [20]
5. What are the requirements needed in order to make a good case in negligence? [20]
6. In relation to a contract of employment:
 - a) Explain the difference between a contract for service and a contract for services.
 - b) What are the common law duties of an employee? [20]
7. Write an account of the **tort of defamation**. [20]
8. Read the following case and answer the questions at the end:

John was the captain of a ship which was at anchor in a busy port. Some work was in progress on one of the jetties which involved painting and removing the old paint by using blow torches. John gave the instruction that no waste was to be thrown overboard. However, one of the crew ignored this instruction and threw some old paper into the water. The current moved the paper near the jetty where some of the work was going on. This was noticed by the workmen who asked their foreman what they should do. He told them to carry on working. Unfortunately some of the sparks from the blow torches set fire to the paper which damaged the jetty.

 - a) What area or areas of law are involved here?
 - b) Who is liable to pay for the damage to the jetty?
 - c) What kind of employment contracts are involved here?
 - d) Does remoteness of damage have any bearing on the case? [20]