BUSINESS LAW

THIS EXAMINATION PAPER CONSISTS OF 4 SECTIONS:

SECTION A: CONSISTS OF:
(i) 10 MULTIPLE-CHOICE QUESTIONS (10 MARKS)
(ii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)
   ANSWER ALL THE QUESTIONS

SECTION B: CONSISTS OF 3 SHORT QUESTIONS
   ANSWER ALL THE QUESTIONS (12 MARKS)

SECTION C: CONSISTS OF 4 LONG ANSWER QUESTIONS
   ANSWER ALL THE QUESTIONS (48 MARKS)

SECTION D: CONSISTS OF 3 INTERPRETATIVE QUESTIONS
   ANSWER ANY ONE OF THE QUESTIONS (20 MARKS)

INSTRUCTIONS:

1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don't waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.
(i) MULTIPLE-CHOICE QUESTIONS

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. Misrepresentation means:
   (a) a statement of fact made by one party to another party.
   (b) a false statement of fact made by one party to another party.
   (c) a statement intended to deceive.
   (d) any misleading advertising.

2. Positive malperformance:
   (a) is a form of breach of contract that takes place when the debtor acts contrary to the terms of the contract.
   (b) is a form of breach of contract that takes place when the creditor acts contrary to the terms of the contract.
   (c) is a form of breach of contract that takes place when the contract is not in writing.
   (d) is when a positive defamation statement is made about a third party.

3. A latent defect is a defect that:
   (a) was in an object that was obvious.
   (b) was unknown to the owner.
   (c) was kept secret by the owner of an object while he was trying to convince a seller of the value of an object.
   (d) was kept secret by the owner of an object while he was obliged to disclose the defect.

4. Indemnity insurance is an undertaking by the:
   (a) insurer to compensate the insured for a loss he or she may suffer now.
   (b) insurer to indemnify the insured for any legal action.
   (c) reserve bank to compensate the client for a loss he or she may suffer in future.
   (d) insurer to compensate the insured for a loss he or she may suffer in future.
5. An independent contractor is a worker who:
   (a) provides services to a company and is an employee or agent of that company.
   (b) provides services to a company but is not an employee or agent of that company.
   (c) provides services to a company which is not liable for the payment of any tax.
   (d) is seasonally employed by a company.

6. A franchisee is a:
   (a) person or company who starts a franchise system.
   (b) company who operates a franchise.
   (c) person or company to whom a franchise is granted.
   (d) person who operates as a sole proprietor.

7. Power of attorney is a:
   (a) verbal agreement between one or two parties.
   (b) written document given by one person or party to another prohibiting the latter to act for the former.
   (c) document issued by ESKOM for the supply of electricity.
   (d) written document given by one person or party to another authorising the latter to act for the former.

8. Tacit agreement means:
   (a) gave silent consent.
   (b) gave written consent.
   (c) withdrew consent.
   (d) gave written instructions to an agent.

9. A private company:
   (a) ends with the words '(Proprietary) Limited'.
   (b) is always exempt from the payment of tax.
   (c) is identified by its name, which ends with the word 'Limited'.
   (d) is a secret company, where all details are kept private.

10. A public company:
    (a) ends with the words '(Proprietary) Limited'.
    (b) is always exempt from the payment of tax.
    (c) is identified by its name, which ends with the word 'Limited'.
    (d) is a company where the public are all shareholders.
(ii) **MATCHING-STATEMENT QUESTIONS**

Match the statements in Column B to the statements in Column A. Write down the answers only, for example 1. (a).

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. misrepresentation</td>
<td>(a) the person that relinquishes his or her right or rights</td>
</tr>
<tr>
<td>2. consensus</td>
<td>(b) requirements that must be adhered to</td>
</tr>
<tr>
<td>3. formalities</td>
<td>(c) to punish or discriminate against selectively or unfairly</td>
</tr>
<tr>
<td>4. cession</td>
<td>(d) a person, group, etc., who grants a lease</td>
</tr>
<tr>
<td>5. cedent</td>
<td>(e) an agreement whereby a person places movable property in the hands of another person as security for debt</td>
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<tr>
<td>6. lessor</td>
<td>(f) a person or company that grants a franchise</td>
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<tr>
<td>7. lessee</td>
<td>(g) general agreement</td>
</tr>
<tr>
<td>8. victimisation</td>
<td>(h) a person, group, etc., to whom a lease is granted</td>
</tr>
<tr>
<td>9. franchisor</td>
<td>(i) means a false statement of fact made by one party to another party</td>
</tr>
<tr>
<td>10. pledge</td>
<td>(j) the act of relinquishing one’s right</td>
</tr>
</tbody>
</table>

[10]

[20]
ANSWER ALL THE QUESTIONS

QUESTION 1
List the four conditions for customs to have the force of law. [4]

QUESTION 2
Give the requirements that must be met in order to create a valid contract. [5]

QUESTION 3
What conditions have to be met in order for consensus to be reached? [3]

[12]
SECTION C: LONG ANSWER QUESTIONS (48 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
Discuss the requirements that must be satisfied before an offer and an acceptance will give rise to the formation of a contract. [18]

QUESTION 2
A contract is contrary to common law if it is legally impossible, or because it is against good morals, or because it is against public policy.

Briefly discuss five examples of such contracts. [5 × 2 = 10]

QUESTION 3
Distinguish between indemnity insurance and non-indemnity insurance. [5]

QUESTION 4
Describe some of the ways in which a contract of employment may be terminated. [15] [48]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ONE OF THE QUESTIONS

QUESTION 1
Describe the following four kinds of agents:

- estate agents
- brokers
- auctioneers
- company representatives

OR

QUESTION 2
A partnership can be terminated (dissolved) by agreement, by operation of law, or by the unilateral act of one of the partners. Discuss.

OR

QUESTION 3
Discuss suretyship as a type of personal security under the following headings:

- Definition
- Conclusion of the contract of suretyship
- Termination of the contract of suretyship
- The liability of the surety
- The legal position of the surety and the principal debtor

Section A: 20 marks
Section B: 12 marks
Section C: 48 marks
Section D: 20 marks
TOTAL: 100 MARKS

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