NOVEMBER 2013 EXAMINATION

DATE: 4 NOVEMBER 2013

TIME: 09H00 – 11H00

TOTAL: 100 MARKS

DURATION: 2 HOURS

PASS MARK: 40%

(LP-010)

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 (10 MARKS)

SECTION C: CONSISTS OF 6 LONG ANSWER QUESTIONS
ANSWER ALL THE QUESTIONS (50 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.
SECTION A

(20 MARKS)

ANSWER ALL THE QUESTIONS

(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. Custom is:
   (a) the established pattern of behaviour which has acquired the force of law through legislation.
   (b) what has been done over a long period of time with a culture background.
   (c) the established pattern of behaviour which has acquired the force of law through common usage.
   (d) something we do because that is the way our ancestors did it.

2. Common law:
   (a) may be defined as the body of law inherited from a particular former legal system.
   (b) may be defined as the body of law inherited from our ancestors.
   (c) is the established pattern of behaviour which has acquired the force of law through common usage.
   (d) is laws that are the same in all nine provinces.

3. The civil jurisdiction of the magistrates’ courts is limited to a maximum amount of:
   (a) R50 000.
   (b) R75 000.
   (c) R100 000.
   (d) R125 000.

4. 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 way to entice a person to make a purchase.
   (d) obtaining a contract by means of a suitable gift.

5. Major age is:
   (a) from 16 upwards, or if a minor is married or declared emancipated by law.
   (b) from 21 upwards, or if a minor is married or declared emancipated by law.
   (c) only if a minor is married or declared emancipated by law.
   (d) from 18 upwards, or if a minor is married or declared emancipated by law.
6. Natural persons under the age of eighteen years who are not married:
   (a) are called learners.
   (b) are called minors.
   (c) are called juniors.
   (d) are called majors.

7. Cession is:
   (a) the party that receives the right from the cedent.
   (b) the person that relinquishes his right or rights.
   (c) the act of relinquishing one’s right.
   (d) part of the law of personal rights.

8. Cedent is:
   (a) the party that receives the right from the cedent.
   (b) the person that relinquishes his right or rights.
   (c) the act of relinquishing one’s right.
   (d) part of the law of personal rights.

9. Cessionary is:
   (a) the party that receives the right from the cedent.
   (b) the person that relinquishes his right or rights.
   (c) the act of relinquishing one’s right.
   (d) part of the law of personal rights.

10. *Huur gaat voor koop* means:
    (a) you must rent before buying.
    (b) hire goes in front of sale.
    (c) hire takes precedence over sale.
    (d) to rent before you take occupation.  

(ii) MATCHING-STATEMENT QUESTIONS

Match the statements in Column B to the terms 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. law made by a competent authority</td>
<td>(a) can be seen as a type of insurance exchange</td>
</tr>
<tr>
<td>2. natural person</td>
<td>(b) an undertaking by the insurer to compensate the insured for a loss he or she may suffer in future</td>
</tr>
<tr>
<td>3. wagering contract</td>
<td>(c) silent consent</td>
</tr>
<tr>
<td>4. novation</td>
<td>(d) a human being</td>
</tr>
<tr>
<td>5. indemnity insurance</td>
<td>(e) an old obligation is replaced by a new obligation between the debtor and the creditor</td>
</tr>
<tr>
<td>6. non-indemnity insurance</td>
<td>(f) agreement whereby a person places movable property in the hands of another person as security for debt</td>
</tr>
<tr>
<td>7. Lloyds of London</td>
<td>(g) an undertaking by the insurer to pay a specified amount on the occurrence of a certain event</td>
</tr>
<tr>
<td>8. excess clause</td>
<td>(h) legislation</td>
</tr>
<tr>
<td>9. tacit agreement</td>
<td>(i) the insured may be liable for the first portion of any claim</td>
</tr>
<tr>
<td>10. pledge</td>
<td>(j) something risked or staked on an uncertain event</td>
</tr>
</tbody>
</table>
SECTION B: SHORT QUESTIONS (10 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
The Constitutional Court has the jurisdiction to decide any constitutional matter referred to in terms of the Constitution or by a Supreme Court. What subjects does this relate to? [3]

QUESTION 2
Explain what must transpire for consensus to be reached. [3]

QUESTION 3
Give four circumstances under which an offer might lapse. [4]

[10]
SECTION C: LONG ANSWER QUESTIONS (50 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
What requirements must be satisfied for a contract to be voidable as a result of misrepresentation? [5]

QUESTION 2
What requirements must be satisfied for a contract to be voidable on the grounds of duress? [4]

QUESTION 3
Mr Singh has approached you about the contractual capacity of his children, all of whom are under the age of 21 years.
Outline the advice you will give Mr Singh. [14]

QUESTION 4
Define a prodigal and briefly explain his or her legal status. [7]

QUESTION 5
When a contract is found to be illegal or immoral the contract will be examined in accordance with two rules.
Briefly explain these two rules, with examples. [10]

QUESTION 6
Explain to your tenant what is meant by the landlord's tacit hypothec. [10]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ANY ONE OF THE QUESTIONS

QUESTION 1
Discuss the statement '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.' Illustrate your answer with appropriate examples. [20]

OR

QUESTION 2
Explain warranties, average clauses and misrepresentations in insurance contracts. Include examples in your answer. (10) [20]

OR

QUESTION 3
Describe the general methods of termination of an insurance contract [20]

Section A: 20 marks
Section B: 10 marks
Section C: 50 marks
Section D: 20 marks
TOTAL: 100 MARKS