

EXAMINATION NO. \_\_\_\_\_



**2014 EXAMINATIONS**

**ACCOUNTING TECHNICIAN PROGRAMME**

**PAPER TC8: BUSINESS LAW**

**FRIDAY 5 DECEMBER 2014**

**TIME ALLOWED : 3 HOURS  
9.00 AM - 12.00 NOON**

**INSTRUCTIONS**

1. You are allowed **15 minutes** reading time **before the examination begins** during which you should read the question paper and, if you wish, make annotations on the question paper. However, you will **not** be allowed, **under any circumstances**, to open the answer book and start writing or use your calculator during this reading time.
2. Number of questions on paper - 7.
3. The paper is divided into Sections **A** and **B**.
4. **FIVE** questions **ONLY** to be answered; at least **TWO** questions from each section.
5. Each question carries 20 marks.
6. Your answers must be supported, where appropriate, by relevant decided cases and statutory provisions.
7. Begin each answer on a fresh page.
8. **DO NOT OPEN THIS PAPER UNTIL YOU ARE INSTRUCTED BY THE INVIGILATOR**

This question paper contains 3 pages

This question paper must **not** be removed from the examination hall.

## **SECTION A**

1. Explain the following sources of law in Malawi:

- |                          |  |                |
|--------------------------|--|----------------|
| (i)                      | The Republican Constitution of Malawi (1994) | <b>3 Marks</b> |
| (ii)                     | Legislation                                  | <b>3 Marks</b> |
| (iii)                    | Custom                                       | <b>3 Marks</b> |
| (iv)                     | Common law                                   | <b>3 Marks</b> |
| (v)                      | Equity                                       | <b>3 Marks</b> |
| (vi)                     | International Law                            | <b>3 Marks</b> |
| (vii)                    | Academic writing                             | <b>2 Marks</b> |
| <b>(TOTAL: 20 MARKS)</b> |  |                |

2. In relation to the Bills of Exchange Act:

- |                          |   |                |
|--------------------------|---|----------------|
| (a)                      | (i) Define the term “cheque”.   | <b>3 Marks</b> |
|                          | (ii) Explain the legal effect of crossings that may appear on a cheque. | <b>4 Marks</b> |
| (b)                      | Explain the term ‘holder in due course.’                                | <b>5 Marks</b> |
| (c)                      | Who is an ‘accommodation party’?  | <b>5 Marks</b> |
| (d)                      | What is the measure of damages against parties to a dishonored bill?    | <b>3 Marks</b> |
| <b>(TOTAL: 20 MARKS)</b> |   |                |

3. (a) As a general rule, where goods are sold by a person who is not the owner, and who does not sell them under the authority or with the consent of the owner, the buyer acquires no better title to the goods than the seller had. This is called the *nemo dat quod non habet* rule.

**Required:**

Without outlining the rule, state the principal exceptions and qualifications to this rule, under the Sale of Goods Act. **8 Marks**

**Continued/.....**

- (b) The Sale of Goods Act provides for various classes of goods.

**Required:**

Comment on the following classes of goods:

- |       |  |                           |
|-------|--|---------------------------|
| (i)   | Existing goods   | <b>2 Marks</b>            |
| (ii)  | Future goods   | <b>2 Marks</b>            |
| (iii) | Specific goods   | <b>2 Marks</b>            |
| (iv)  | Ascertained goods  | <b>2 Marks</b>            |
| (v)   | Unascertained goods  | <b>2 Marks</b>            |
| (c)   | How does the doctrine of frustration apply in sale of goods contracts?   | <b>2 Marks</b>            |
|       |  | <b>(TOTAL : 20 MARKS)</b> |
| 4.    | (a) Provide a hypothetical example of each of the following:   |                           |
|       | (i) Past consideration.  | <b>2 Marks</b>            |
|       | (ii) Inadequate consideration  | <b>2 Marks</b>            |
|       | (b) Explain the 'Postal Rule' with regard to acceptance of an offer.   | <b>5 Marks</b>            |
|       | (c) Define consideration and summarize the rules which govern this element of a valid contract.                  | <b>6 Marks</b>            |
|       | (d) In what circumstances, if at all, can a debt be legally discharged by the payment of a smaller sum of money? | <b>5 Marks</b>            |
|       |  | <b>(TOTAL : 20 MARKS)</b> |

**Continued/.....**

**SECTION B**

5. (a) In relation to employment law, explain what is meant by:
- (i) Summary dismissal and grounds thereof; **6 Marks**
- (ii) Constructive dismissal. **5 Marks**
- (b) Mention any **three** remedies that the Employment Act provides for in the event that an employee has been unfairly dismissed. **9 Marks**
- (TOTAL : 20 MARKS)**
- 
6. In relation to the law of tort:
- (a) Distinguish a tort from a contract. **5 Marks**
- (b) Distinguish a tort from a crime. **5 Marks**
- (c) Outline the facts and holding in *Donoghue v Stevenson* [1932]. **5 Marks**
- (d) What is a nuisance? **5 Marks**
- (TOTAL: 20 MARKS)**
- 
7. (a) How is an agency relationship created? **4 Marks**
- (b) How can an agency relationship be terminated? **4 Marks**
- (c) What are the rights of a purchaser in a hire purchase agreement? **4 Marks**
- (d) What are the duties of an agent towards his principal? **4 Marks**
- (e) When is an agent deemed to have apparent authority? **4 Marks**
- (TOTAL : 20 MARKS)**

**E N D**