



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

BACHELOR OF COMMERCE HONOURS DEGREE IN MARKETING BUSINESS LAW

HMKT 107

PART 1 SEMESTER 2

Total Marks [100]

DATE: DECEMBER 2023

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

Question 1

Sarath, a sole proprietor displays a "Diana Model Hand Bag" in his shop window, with the price marked on it as \$25,000. Priyanka visited the shop and told Sarath that she was willing to buy it for \$20,000. Sarath replied that he could give it only for \$22,000, but Priyanka insisted that she was willing to pay only \$20,000 and left the shop. However, Priyanka realized that it was worth \$22,000 and returned to the shop to buy the hand bag for \$22,000. Sarath refused to sell it. In the meantime, Seetha visited the shop and expressed her willingness to purchase it for the price marked on it. Sarath refused to sell the hand bag to both Priyanka and Seetha.

Advise Sarath whether there is a contractual obligation binding him with Priyanka and Seetha on this incident. [25]

Question 2

Examine the essential elements of a valid contract of sale. [25]

Question 3

'The object of the contract must be physically and legally possible to be performed'. Discuss [25]

Question 4

Discuss in relation to the law of employment the obligations of the employer and the duties of the employee. [25]

Question 5

a). Aaron is homeless and looking for shelter. He is offered shelter by Borough Council in one of their hostels. Aaron resides at the shelter for several years, and he is able to reside in the same room in that time. Following a change in management, staff at the hostel tell Aaron he needs to move room and that they will be inspecting his room on a regular basis. Aaron protests, saying he has a right to live in that specific room.

Required:

Advise Aaron. [5]

b). Delia and Eric enter into an agreement with Francis for occupation of a house owned by him. They would occupy the basement. Delia and Eric are asked to sign a document called a licence agreement, in which they are named the licensees and are asked to pay a license fee for occupation. Francis says he will need to go into the basement for his band practice, but offers to serve breakfast each day. After Delia and Eric sign the agreement, they later realise that Francis actually practices

with his band elsewhere. Now, Francis has told them they have a week to leave. Francis never served them breakfast.

Required:

Advise Delia and Eric.[5]

c). GoHomes Ltd are looking to sell a lease over Blackacre. They find an interested party, Ivan. He is somewhat eccentric, and wants to impose a special condition on the lease: he asks that the term of the lease should last "until such time as England win the World Cup." GoHomes are keen to sell the lease but are unsure of this clause.

Required:

Advise Gohomes. [4]

d). Juliet lives near the top of a high-rise block of flats. Her landlord is Kent County Council. She has recently discovered that the lift has stopped working. Kent say it is not their problem: they took ownership of the building some time ago and the fault with the lift is owing to the structure of the building. An expert report shows this to be the case.

Required:

Advise Juliet. [6]

e). Briefly explain what you understand by law of employment. [5]

Question 6

i) Explain the main ways by which a contract can be discharged. [13]

ii) Explain the following with reference to the contents of a contract:

(a) Terms.[3]

(b) Conditions.[3]

(c) Warranties.[3]

(d) Innominate terms.[3]

END OF PAPER