

## **WARNING**

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Family Name					
Given Name/s					
Student Number					
Teaching Period	Semester 2, 2018				

LAW105 – Introduction to Business Law	<b>DURATION</b>	
	Reading Time:	20 minutes
	Writing Time:	180 minutes
<b>INSTRUCTIONS TO CANDIDATES</b>		
<p><b>Total marks for this exam: 50 marks.</b>  <b>Section A</b> contains 2 problem-based questions worth a <b>total of 30 marks.</b>  <b>Section B</b> contains 3 questions. <b>Answer 2</b> out of the 3 questions worth a <b>total of 20 marks.</b></p> <p>Identify and discuss all relevant issues and refer to legislation and/or case law (where relevant) to justify answers to questions in both sections.</p>		
<b>EXAM CONDITIONS</b>		
<p><u>You may begin writing from the commencement of the examination session.</u> The reading time indicated above is provided as a guide only.</p>		
This is an OPEN BOOK examination		
Any calculator is permitted		
Any handwritten material is permitted		
Any hard copy, English dictionary is permitted (annotated allowed)		
<b>ADDITIONAL AUTHORISED MATERIALS</b>	<b>EXAMINATION MATERIALS TO BE SUPPLIED</b>	
Any printed material with the exception of CDU Library books	1 x 20 Page Book 2 x Scrap Paper	

**THIS EXAMINATION IS PRINTED  
DOUBLE-SIDED.**

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LEFT BLANK.**

## Section A

### Problem-based Questions

Total marks for this section: 30 marks

Students **must answer BOTH** questions in this part.

Marks for each question are indicated.

Suggested time allocation for Section A: 110 min

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#### Question 1

Li is in the final year of his Business Management degree. He orders a pizza from the Lame Duck the night before his Business Law exam. The pizza contains rotten pineapple, which was carelessly put on the pizza by Ali, Johnny's new chef. The next day Li suffers food poisoning but attempts the Business Law exam anyway. He fails the exam and has to repeat the course over summer. The symptoms of food poisoning experienced by Li worsen over the following week. Li visits the hospital. Doctors tell Li that the food poisoning has worsened a pre-existing acid imbalance in Li's stomach and triggered a stomach ulcer. The stomach ulcer is going to require extensive and expensive medical treatment.

**What damages, if any, can Li recover from the Lame Duck restaurant?**

**(15 marks)**

#### Question 2

Sunil is Warren's next-door neighbour. He is illiterate, suffers from severe depression and relies upon Warren for advice and support. Sunil wants to sell some of his land and Warren agrees to buy it. Sunil accepts the first price Warren offers as he trusts him. He did not seek independent legal or financial advice. Sunil signed the contract for the sale on the spot. Sunil's brother has now called Warren to express his concern about the contract price and the deal as a whole, but Warren wants to enforce the contract.

**Can Sunil withdraw from this contract and if so on what basis?**

**(15 marks)**

**Section B commences on the next page**

## Section B

Total marks for this section: 20 marks

Students **must answer 2 only** out of the 3 questions in this part.

Each question is worth 10 marks

Suggested time allocation for Section B: 70 minutes

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### Question 3

You are working as an accountant. One day Johnny calls you to make an appointment for a meeting. At the meeting Johnny is very excited to share great news. Johnny and his new best friend Fatiha have decided to open a new restaurant offering halal food. They do not know whether they should trade as: (1) a sole trader where Johnny will be sole trader and hire Fatiha as a manager because she has less experience in running a restaurant; (2) partners; or (3) establish a Pty Ltd company.

**Johnny asks your advice. Which type of entity would be the most beneficial for Johnny? Briefly explain to Johnny the nature of all three options, including their advantages and disadvantages.**

**(10 marks)**

### Question 4

Johnny has decided to add a new range of pasta dishes to his menu. He has placed a large sign on the restaurant window promoting his new pasta dishes as 'the best pasta in town, made with all fresh ingredients!'. Angel, the owner of 'Angel's' Italian restaurant next door - which specialises in pasta dishes - is annoyed by the sign and accuses Johnny of misleading his customers as she knows Johnny uses tinned olives in his pasta dishes. Johnny responds that even if the olives are from a tin, they are still fresh from the tin.

**Angel has now threatened legal action under section 18 of the Australian Consumer Law**

**(a) Is she entitled to bring such an action?**

**(b) If so, what are her prospects of success?**

**(10 marks)**

### Question 5

Gaia is backpacking overseas but unfortunately runs out of money. She telephones her flatmate, Emily, to ask her to raise some extra money on her behalf by selling Gaia's computer system. Gaia tells Emily that she can sell the computer components separately or together, but that she must get *at least \$500* for the lot. Emily is then to deposit the full sum of money into Gaia's savings account.

Two weeks later, Gaia is surprised to discover that only \$250 has been deposited into her account.

When Gaia asks Emily about this, Emily explains:

- Emily sold the CPU to one person, the monitor to another person, and the printer and scanner to a third person;
- she thought she got quite good prices for the CPU and the monitor, but she only got \$50 for the other components; that this is not her fault because she got her friend Annie to sell them for her;
- she could not sell the keyboard because someone at a party spilt wine all over it and now it doesn't work properly;
- someone else at the same party seems to have stolen the mouse.

**Has Emily breached any duty (or duties) owed by an agent and if so could she be liable for the balance of the missing money?**

**(10 marks)**

**End of the exam paper**