

Chartered Secretaries Qualifying Scheme – Level 1

Applied Business Law

Sample paper

Time allowed: 3 hours and 15 minutes
(including reading time)

Do not open this examination paper until the presiding officer or an invigilator tells you to.

You must not take this paper out of the examination room.

The examination paper contains **six** questions. Each question carries 25 marks. You must attempt **four questions only**.

Questions

(Answer **four** questions from this paper)

1. Peter wishes to buy a new laptop computer. Advise him in the following circumstances:
 - On Monday 1 December, he writes a letter to David, who is an independent retailer selling computers. The letter asks David if he stocks the Aver 330 model laptop and, if so, whether David can deliver it by 20 December.
 - David replies that he does stock the Aver 330 model and includes an invoice with the reply and a letter stating that because of the Christmas holidays he will not be able to deliver the laptop until 12 January.
 - Peter then telephones David at 5.30 on 5 December but the telephone is not answered.
 - He immediately sends an email to David stating that he would like to purchase the Aver 330 model and that delivery on 12 January is acceptable but, if it could be delivered at an earlier date, it would be very much appreciated.
 - The email is read by Susan, David's secretary, at 9.00 am the following day. She prints off the email and puts it in her in-tray to give to David when he arrives at the office.
 - Peter, meanwhile, discovers that he can purchase the Aver 330 model at a cheaper price from another supplier.
 - He telephones David on 6 December to tell David that he (Peter) no longer wants to purchase the laptop. David, who has just been given the printed email by Susan says, that as far as he is concerned, there is a contract between him and Peter and that he will be delivering the laptop on 12 January as agreed.

Required

Advise Peter.

(25 marks)

2. Greg owns an engineering business making precision parts for hi-fi equipment. In January, he was successful in bidding for a contract with Panhellenic, a major manufacturer of hi-fi equipment. In order to fulfil the contract, Greg entered into an agreement with Proton, a Malaysian company, to manufacture and supply certain precision parts by 30 April. The agreement was priced in pounds sterling and provided that English law would govern it.

In February, Proton contacted Greg and told him that because of increased costs due to a change in market circumstances, it was no longer economical for them to continue with the contract at the current price. Greg protested that if Proton did not fulfil the contract, this would mean that he could not perform his contract with Panhellenic. The upshot was that Proton then offered to supply the parts by the end of April and Greg reluctantly agreed to the increased price.

Greg paid Proton (including an additional £5,000 which resulted from the increased costs) and the parts were delivered on time. Greg completed the contact with Panhellenic.

Required

- (a) Explain the requirement of consideration for contractual obligations in English law. *(10 marks)*
- (b) Advise Greg whether he can recover the extra £5,000 he has had to pay Proton, stating reasons for your answer. *(5 marks)*
- (c) Would your advice be different if Greg took delivery of the parts, but had not paid the extra £5,000 and is now refusing to do so? Give reasons for your answer. *(5 marks)*
- (d) What would be the position if, in February, Proton promised, at Greg's request, to deliver the parts by 1 April? *(5 marks)*

(Total: 25 marks)

3. Robert is driving his employer's van at 40 miles per hour through a town with a 30 mile per hour speed limit. Whilst changing the radio station, he is distracted and does not see a child run out in front of his van. Robert swerves to avoid hitting the child but unfortunately drives into a café window, severely injuring Kathy, who was enjoying afternoon tea. Toby, Kathy's son, knew that she was taking tea in the café and witnessed the accident from across the street. He has suffered severe nightmares and is diagnosed with nervous shock which has led to him missing several weeks from work.

Required

Advise Robert.

(25 marks)

4. Amy and Ben have recently moved into a new house together and have purchased a number of items with which they are not satisfied.
- (a) Explain to Amy and Ben why the law implies terms into certain contracts for the sale of goods. (7 marks)
- (b) Advise Amy and Ben on their legal position in the following situations. They purchased:
- (i) A duck down duvet from a department store but have now discovered that Ben is allergic to the duvet. (6 marks)
- (ii) A desk from a second hand dealer, which was being sold cheaply because, as the seller pointed out at the time of the sale, one of the drawers was broken. They have now discovered that the desk has woodworm. (6 marks)
- (iii) A dishwasher bought from their next door neighbour. This breaks down the first time it is used. (3 marks)
- (iv) An electric frying pan from their local electric shop, which burns out when Amy uses it to heat up hair removal wax. (3 marks)
- (Total: 25 marks)*
5. (a) You are approached by James Jolly, the Human Resources director of a large plc in Brentfield, who seeks clarification on various matters relating to the company's obligations under the Disability Discrimination Act 1995. You are required to prepare a detailed report for James:
- Outlining the provisions of the Disability Discrimination Act 1995 in relation to discrimination.
 - Detailing the company's obligations when an employee requests 'reasonable adjustments' be made to their working conditions on the grounds of disability.
- (13 marks)*
- (b) Ryan, an employee of the company, has left the company without giving notice because of persistent bullying by certain colleagues. He had complained to his line manager frequently but the problem persisted.
- You are required to advise on the legal issues involved. (12 marks)
- (Note: candidates are not required to consider issues relating to vicarious liability.) *(Total: 25 marks)*

6. (a) Owl Books plc ('Owl Books') discovers that two of its employees, Oscar and Ernest, have regularly been supplying their friends with books and applying a 40% discount to each sale. The employer dismisses Oscar, who has only been working for Owl Books for 14 months, but issues a warning to Ernest, who has a three-year period of service.

Briefly analyse whether Owl Books can argue that Oscar was fairly dismissed and the likelihood of success in that argument.

(10 marks)

- (b) Owl Books is also suffering financial losses due to the recession. It has decided to put on hold some of its promotional activities in order to reduce its costs. In particular, it has cancelled the World Book Day events, which their employee, Harriet, has been organising since she joined the company over three months ago. Harriet has a good working relationship with her manager, John, due to her dedication and hard work in the role. At a meeting last week, John informed Harriet of the event cancellation and handed her a formal letter confirming that her contract of employment was to be terminated with three months' notice. Harriet is angry since she accepted the fixed two-year contract with Owl Books instead of pursuing a more lucrative career as an event planner for singer Sheree Cole. Harriet is now considering re-applying for that job.

- (i) Advise Harriet on the main claim available to her, and whether she is likely to establish that Owl Books has liability for that claim.

(10 marks)

- (ii) Harriet asks John to provide her with a reference for the job as an event planner but he refuses to provide one. Advise Harriet whether John is obliged to give her a reference.

(5 marks)

(Total: 25 marks)

The scenarios included here are entirely fictional. Any resemblance of the information in the scenarios to real persons or organisations, actual or perceived, is purely coincidental.

