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| **Examination question paper:**  | **July 2025** |

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| **Module code:****Component number:** | **AC4056****001** |
| **Module title:** | **Business Law and Ethics** |
| **Module leader:** | **Seidu Bawumia** |

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| **Date:** | **July 2025** |
| **Duration:** | **2 Hours** |

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| **Exam type:** | Seen, Closed |
| **Materials supplied:** | **None** |
| **Materials permitted:** | **None** |
| **Warning:** | **Candidates are warned that possession of unauthorised materials in an examination is a serious assessment offence.** |

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| **Instructions to candidates:** | **This examination is worth 100% of the assessment for the AC4056 module.****This examination is divided into:** **Section A (30%)** **Section B (30%)** **Section C (40%)** **Please pay attention to the allocation of marks for each question.** **You are required to support your answers in Sections A and B with relevant legal authorities.** **Section C contains MCQs. You are required to tick or underline the right answers on the question paper itself.****You are expected to answer all the questions. This question paper and your answer booklet will be collected at the end of the exam** |
|  | **Do not turn page over until instructed** |

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| **Student ID:** |

**The following legal problem is related to Section A. Please read carefully.**

**Abdul, a recent graduate from London Metropolitan University,** has won a brand new *Hi-Tech Driverless* car in a National Graduates Competition. There are only four of these cars in the whole of UK. After weeks of driving around with his friends and then doing serious thinking, Abdul decides to sell the car and concentrate on finding his first job. On 31st July 2024, Abdul, places an advertisement in the ***Holloway Metro******Newspaper*** as follows:

*“Brand new Hi-Tech Driverless Car for sale. Excellent condition. Worth £63,000. Selling for only £20,000. Will sell to the first person to notify me by* ***28th August 2024****. Telephone 023456-123-456. Email* *abdul123@abc.com**. Address 19A, Busy High Street, London N7.”*

Shortly afterwards, Abdul receives thousands of responses from interested buyers.

On **10th August 2024**, **Mr Starmer**, a carpenter in East London, telephones Abdul and asks whether he would accept £12,000 for the car. Abdul does not reply.

On **13th August 2024**, **Mr Scholz**, a taxi driver in Central London, has heard that the technology of these new cars is such that he would be able to drive the car himself or travel driverless if he wants. Scholz telephones Abdul and asks if the car has got a good, reliable engine.

**Mr Macron** who sells fan heaters all over London, needs the car for delivery to some of his elderly customers. Macron borrows money from his uncle to add to his own savings and then he posts a letter and a cheque for £20,000 on **21st August 2024** by first class recorded delivery post, agreeing to buy the car. However, owing to negligence of the Post Office, the letter is delivered to Abdul on **5th September 2024.**

On **26th August 2024**, a leading car dealer, called *Great London Motors Ltd*, announce on television that they are doing a promotion sale on several brand new *Hi-Tech Cars,* with some of them driverless. *GLM* are selling the cars for only £9,999.

Following this announcement, the potential customers except Mr Macron, no longer wish to buy from Abdul. Instead, they rush to buy from GLM.

Unfortunately, for **Mr Starmer**, he spends too much time repairing his bicycle, and, by the time he arrives at *GLM*, the cars have all been sold. Mr Starmer then borrows extra money from his uncle and goes back to Abdul on **7th September 2024**. Starmer now wants to pay the full £20,000 for the car but Abdul is refusing to sell to him.

While Starmer is trying to persuade Abdul, they see Macron arrive. Macron says that he has the legal right to take the car because he posted a cheque which Abdul should have received by now. Abdul is refusing to sell to both Starmer and Macron. It has transpired that on **28th August 2024** Abdul received a telephone call from **Mr Ishiba’s** auntie**, Madam Toyota.** Toyota wants to buy the car for Ishiba so that he can get a job as a delivery driver for a computer store in London. Toyota is willing to pay the full £20,000 for Abdul’s car.

**NOW ANSWER THE FOLLOWING QUESTIONS**

**SECTION A (30 Marks)**

You are a trainee solicitor and you have been asked by your supervisor to advise Abdul about the legal implications of his advertisement and whether he has contractual obligations with any of these potential customers. **Please support your answers with relevant legal authorities.**

1. Abdul’s advertisement: valid offer or invitation to treat? **(10 marks)**
2. The legal implications of the actions of Mr Starmer and Mr Scholz on the 10th and 13th August respectively. **(10 Marks)**
3. Discuss the postal rule in relation to Mr Macron **(10 Marks**)

**SECTION B (30 Marks) Please support your answers with legal authorities.**

**Question One.**

In October 2024, Mr Lula borrowed money from his uncle and bought a nearly new car from a dealer called *Specialist Autos Ltd*  in London. Mr Lula wanted to use this car as a taxi. However, it turned out that *Specialist Autos* bought the car from Mr Bombastic, who had stolen it from Mrs Specknitarian. The car was later confiscated by the Police and returned to Mrs Specknitarian.

Mr Lula has heard that lawyers from Londonmet work so hard that they do not have time for television. He has also heard that some of the students keep their books under their pillows so that they can read at any time. So Mr Lula has come to you because you are from Londonmet therefore you must be very intelligent. He wants to know whether he can claim a refund from *Specialist Autos*.

**Advise Mr Lula.** **(10 marks)**

**Question Two.**

Last week Monday, Mr Biden, a window cleaner in Central London, saw a beautiful, 36-inch television in a store during his lunch break. The store manager described many modern features that the television has. In addition, Mr Biden has always wanted a modern 36-inch television for his wife’s birthday because his wife has been complaining about their 20-year old 14-inch television. Under the sale contract the store was supposed to deliver the television to Mr Biden’s flat at Holloway, in London, on Saturday when he was off from work.

Mr Biden then took Thursday and Friday off so that he and Mrs Biden would clean their two-bedroom flat in preparation for the arrival of the television. The couple spent more than 17 hours on cleaning and rearranging the furniture in their flat because they wanted to find a perfect position for the television. They also invited their friends to come and watch television on Saturday.

On Saturday, Mr and Mrs Biden woke up at 3.00am in order to continue cleaning and rearranging the furniture. Their friends arrived around 2.00pm with plenty of drinks and kebab.

When the delivery van arrived at 3.00pm, Mr Biden realized that the television delivered was completely different from what was described to him by the store manager. It was a 15-inch television. This television had none of the modern features which were described to him in the store. Mr and Mrs Biden are now upset.

On the other hand, the store manager rejects a request for refund from Mr Biden. Biden has heard that you are an excellent lawyer from Londonmet. He has also heard that students at Londonmet have excellent attendance records for lectures and seminars. So Biden has come to seek advice from your law firm.

**Advise Mr Biden. (10 marks)**

**Question Three**

**Mr Beckham** just finished high school and is now trying to enter university. He has been advised that he might need a new computer for university. Beckham sets off looking for a job as he has no money to buy a computer. After writing 8,000 applications and almost giving up, Beckham is relieved to get a new job. Beckham informs his uncle that he is extremely happy because the job requires him to work only 16 hours per day for six days a week.

After ten years of hard work, Beckham manages to save £600. Beckham immediately donates £100 to Madam Nikita, the Prime Minister of Phantasmagoria, to help with recent earthquake victims in her country. Beckham then uses the remaining £500 to buy a new, 19-inch laptop computer from a *PC* store on Oxford Street, London, on **6th September 2024.**

However, unknown to Beckham, his auntie has already bought him a new computer. So Beckham decides to return the computer he bought from Oxford Street but the store manager says there is nothing wrong with the computer and, in any case, the computer is now second-hand, so no refund. Beckham is angry because he has only used the computer for a few weeks. He is even willing to accept a bit less than £500 but the store **manager says no way.**

Beckham then decides to sell the computer. He advertises in the ***Holloway Metro Newspaper***that he would sell the computer to the first person who sends him cash or a cheque for £150 by **30th October 2024.**

**Madam Victoria,** who is a student from another city in UK, is sent the advert by her London-based friend. Victoria sends a cheque for £150, which Beckham receives on **30th October 2024.**

Bekham then phones Victoria and asks her to take the train or bus to London and pick up the computer the next day. However, Victoria informs Beckham that as the distance from her city to London is only 200 miles, she will walk so that she can save the world from climate change. Victoria says she will arrive in London in ten days’ time and Beckham agrees to wait for her.

Meanwhile, another student, **Mr Tarzan,** thinks that Beckham’s computer is too new to be sold for only £150 and so Tarzan is willing to pay more. Beckham says that he has already used some of Victoria’s money to buy a big lunch for himself and his class mates, after they became hungry when they finished discussing their coursework. But Tarzan is persistent and offers £400 cash which Beckham accepts on **3rd November 2024**.

Shortly afterwards, and following the advice of his friend, Mr Jupiter, who has studied a bit of law at University of Mars, Beckham publishes a new advert in the ***Oxford Street Angry Customers Newspaper*** to say that his original offer for sale at £150 has now been withdrawn. The **OSACN** publish this advert **on 13th November 2024.**

**Discuss Beckham’s liability to Victoria, if any, paying particular attention to the legal validity of Beckham’s second advert of 13th November 2024.**

**(10 marks)**

**AC4056 STUDENT NUMBER HERE:**

**SECTION C (40 Marks)**

**Question 1.**

Assume that Mr Scholz purchased a car from GLM to use as a taxi. On his first day at work he saw somebody stopping his car who looked like a rich passenger holding a gold umbrella and a diamond suitcase and going to the airport. Scholz smiled happily hoping to get an extra £4 tip so that he would buy ice cream. He rushed and then stopped suddenly in front of the passenger but the car engine fell down. Scholz is now upset - no car, no money and no ice cream.

On the other hand, GLM are refusing to accept liability for the faulty car. Scholz is also anxious because some of the purchase money was borrowed from his uncle. Scholz has not worked for some time but his electricity bill has just arrived. He comes to your office because he has heard that lawyers from Londonmet are very intelligent. He wants to make a claim for the faulty car and his lost earnings, all adding up to £22,500.

**You are expected to answer the following questions.**

**Would you consider Mr Scholz’s case to be (underline or tick the correct answer)**

1. a criminal case, or
2. a civil case

**Question 2** If Scholz’s goes to court what is the standard of proof that the judges would require?

1. Beyond reasonable doubt
2. It depends on the seriousness of the case
3. It depends on the mood of the judge
4. Balance of probability

**Question 3.** Under current court rules, Scholz would become the

1. Judge
2. Defendant
3. Claimant
4. Prosecutor
5. Good person

**Question 4.** Under current court rules, Scholz must file the claim in the

1. Supreme Court
2. Crown Court
3. Court of Appeal
4. County Court

**Question 5.** Under current court rules, Scholz must file the claim as a

1. Large claims track claim
2. Small claims track claim
3. Multi-track court claim
4. Fast track court claim

**Question 6.** The general rule is that for a contract to be formed there must be***consensus ad idem***which means:

1. a lack of knowledge
2. a meeting of minds
3. a written agreement
4. parties’ lack of awarenes
5. lawyers’ chicken and chips

**Question 7.**

Mr Putin, is a student in London. He has recently bought a new mobile phone. However, the phone stops working after just two weeks of use. Putin is upset because he cannot receive text messages from his friends at university. Putin takes the phone back to the store but the cashier turns him away, arguing that they do not give refunds. Putin then visits your law firm. You are a trainee solicitor and your supervisor is looking at your face. He knows that you are a good lawyer because you studied at Londonmet. Your supervisor wants to know which section of the CRA 2015 deals with satisfactory quality. **Underline or tick the correct answer**

1. S.9
2. S.10
3. S.11
4. S.12

**Question 8.**

Mr Putin visits the store again to make another request for his refund. This time Putin asks to speak with the store manager. However, the manager points him to an **Exemption Clause** in the phone contract which states that ‘*This store is not bound by any of the conditions under the CRA 2015. No refunds whatsoever”.*

You have been asked by your supervisor in the law firm to indicate which section of the CRA 2015 is likely to be relevant in a successful challenge against the store manager.

**Underline or tick the right answer**

1. S.11
2. S.21
3. S.31
4. S.41

**Question 9**

Mr Trudeau is a self-employed electrician in London. He goes to Mr King Kong, a money lender, to borrow £17,000 to buy a van and new tools for his work. After one hour of discussion, they draw up a contract which indicates that Trudeau’s monthly payments would all add up to **£19,000 at the end of a 2-year term.**

King Kong insists that Trudeau **signs the** **contract form** for the loan. Mr Trudeau, who has very little education, sees the £19,000 written at the top of the form but he does not know much about the other details on the form. So he asks King Kong about the rest of the form and King Kong says “*Oh, nothing to worry about. Just sign the form and take your money away. I am expecting another electrician in my office tomorrow, so if you don’t sign quickly you’ll lose the money”.*

Mr Trudeau has recently learnt from his uncle how to sign his name and he is also eager to see how the signature works in practice. So he signs the form and takes a copy of the form home. He is very excited because he is expecting many jobs in London. Mr Trudeau is welcomed home by an equally excited uncle who has a degree in science from London Metropolitan University.

One month later, during a discussion about payment for King Kong, Trudeau’s uncle asks to examine the loan form. To his astonishment he notices that the total payments for the loan come to **£38,000.**

Mr Trudeau is now shocked and upset but King Kong says that a “*deal is a deal”* and so he would not cancel or amend the contract. King Kong then points to **Trudeau’s signature on the form.**

Mr Trudeau visits your law firm with his uncle. Your supervisor is looking at your face because he knows that you are from Londonmet and students at Londonmet spend a minimum of four hours per week on private study for each of their modules. Your supervisor wants to know which one of the following cases says that once you sign a contractual document you are legally bound by the terms of the document and you cannot change your mind.

1. Balfour v Balfour [1919]
2. Adams v Lindsell [1818]
3. Carlill v Carbolic Smoke Ball Co [1893]
4. Photo Production Ltd v Securicor [1980]
5. L’Estrange v Graucob (F) Ltd [1934]

**Question 10.**

Your supervisor also wants to know which one of the following cases says that if you are misled or lied to in a contract you may not be bound by that contract despite having signed it.

1. Merritt v Merritt [1969]
2. Partridge v Crittenden [1968]
3. Pharmaceutical Society of GB v Boots Ltd [1953]
4. Curtis v Chemical Cleaning and Dyeing Co [1951]

**Question 11**.

Which one of the following cases says that **onerous terms** in a contract must receive ***special notice?***

1. Adams v Lindsell, 1818
2. Houghton v Trafalgar Insurance, 1953
3. Partridge v Crittenden, 1968
4. Interfoto Picture Library v Stiletto VP, 1988

**Question 12.** Which one of the following cases says that notices of exemption clauses must be pointed out **before or during the contract, but not afterwards?**

1. Houghton v Trafalgar Insurance 1953
2. Carlill v Carbolic Smoke Ball Co [1893]
3. Merritt v Merritt [1969]
4. Olley v Marlborough Court 1949

**Question 13.** In which one of the following cases was ***contra proferentem*** applied successfully?

1. Balfour v Balfour, 1919
2. Ruxley Electronics v Forsyth, 1995
3. Houghton v Trafalgar Insurance, 1953
4. Payne v Cave, 1789
5. Macron v Biden, 2021

**Question 14.** In the case of***Pharmaceutical Society of Great Britain v Boots Chemists [1953*]** it was decided that

1. goods advertised in magazines are invitations to treat
2. you can buy paracetamol from Boots
3. tenders are invitations to treat
4. goods “Off-the-shelf” are invitations to treat

**Question 15**. In which of the following cases did the court decide that the ***advertisement was an offer***?

* 1. Fisher v Bell 1961
	2. Biden v Putin 2024
	3. Carlill v Carbolic Smoke Ball Co 1893
	4. Partridge v Crittenden 1968

**Question 16.** In contract law an ***invitation to treat:***

1. is the same as an offer
2. means you must come for dinnner
3. is different from an offer as a party invites offers
4. if accepted there is a binding contract

**Question 17.** In ***Balfour v Balfour*** ***1919*** the court ruled that the financial arrangement between husband and wife was not enforceable by the courts because it was

1. strictly commercial arrangement
2. strictly domestic arrangement
3. half and half arrangement
4. not a bad arrangement

**Question 18.** In ***Merrit v Merrit 1969*** the court held that the arrangement between husband and wife could be enforced because it was a

 a) strictly commercial arrangement

 b) strictly domestic arrangement

1. half and half arrangement
2. there was sufficient evidence to support the intention to create legal relations

**Question 19.**

Mr Waters is a director of a taxi company. He buys a computer from Oxford Street in London to help with bookings in the taxi business. It turns out that the computer stops working after only three weeks but the store manager refuses to give a refund to Waters. If Waters takes the matter to court, which of the following statutes would be most relevant to his case?

1. Consumer Right Act 2015
2. Companies Act 2006
3. Companies Act 1985
4. Company Directors Disqualification Act 1986
5. Sale of Goods Act 1979
6. Human Rights Act 199
7. Theft Act 1968
8. Criminal Justice Act 1993

**Question 20.** Mr Linekar is a director of a taxi company. He buys a brand new computer from Regent Street in London to give to his daughter to attend university. However, this computer stops working after only two months but the store manager refuses to give a refund. If Linekar takes the matter to court, which of the following statutes would be most relevant to his case?

* + 1. Consumer Rights Act 2015
		2. Companies Act 2006
		3. Companies Act 1985
		4. Company Directors Disqualification Act 1986
		5. Sale of Goods Act 1979
		6. Human Rights Act 1998
		7. Theft Act 1968
		8. Criminal Justice Act 1993

**Question 21.** In assessing damages for breach of contract the term ‘***liquidated damages clause’*** means

1. the amount of claim is presented to the court in a bottle of liquid
2. the amount of claim is a genuine pre-estimate
3. the amount of claim is an under-estimate
4. the amount of claim is an over-estimate

**Question 22.** In assessing damages for breach of contract, the term ‘***penalty clause’***  means

1. No footballer can miss a penalty in the men’s World Cup
2. No footballer can miss a penalty in the women’s World Cup
3. A footballer can be fined if he misses a penalty in the men’s World Cup
4. A footballer can be fined if she misses a penalty in the women’s World Cup
5. The amount of potential claim is way out of proportion to the breach of contract

**Question 23.** In contract law, ***unusual losses*** are only recoverable if

1. the amount of claim is over £25,000
2. the losses were reasonably in contemplation of both parties at the time of the contract or the defendant had notice of them
3. the claimant is an unusual person
4. the amount of claim is under £25,000

**Question 24.** In contract law, ***specific performance*** means

1. You must perform well in the exam
2. The contract must be performed so that the claimant can get the item he/she expected to get in the contract
3. The contract must be performed so that the claimant can get plenty of money in compensation.
4. The contract must be performed so that the courts can send the defendant to prison.

**Question 25.** In contract law, ***claims for distress and inconvenience*** are generally not recoverable unless

1. the purpose of the contract was specifically for enjoyment or peace of mind
2. the purpose of the contract was to give you a free computer
3. the purpose of the contract was to give you a free mobile phone
4. the purpose of the contract was to give you plenty of distress and inconvenience

**Question 26.** In which of these cases was there a **successful claim** *for distress and inconvenience*

1. Macron v Starmer 2024
2. Javis v Swantours 1973
3. Victoria Laundry v Newman Industires 1949
4. Ruxley Electronics v Forsyth 1995

**Question 27.** In ***Chaplin v Hicks 1911***, the claimant made a **successful claim** for

* + 1. specific performance
		2. damages for loss of opportunity
		3. damages for reliance loss
		4. damages for distress and inconvenience

**Question 28** In the case of ***Bisset v Wilkinson [1927***], the claimant won the case because

1. the defendant had made a fraudulent misrepresentation in the contract
2. the defendant ran away after the contract
3. the defendant begged for forgiveness when they discussed the contract in court
4. the defendant was merely expressing an opinion in the contract and not a statement of fact
5. the claimant was a nice man
6. the claimant appeared in court wearing a nice suit

**Question 29.** Which of the following cases most appropriately describes a half-truth, which can amount to a misrepresentation?

1. Wales v. Wadham 1977
2. Sykes v. Taylor-Rose 2004
3. Cheltenham Borough Council v. Laird 2009
4. Dimmock v Harllett 1866

**Question 30** In the case of ***Leaf v International Galleries 1950***, it was held that although there was a misrepresentation, the buyer was not allowed to rescind the contract because

1. the seller ran away before the decision to rescind the contract
2. the seller went to hide in order to avoid the rescission
3. the seller did not appear in court so the case was closed
4. the seller was a nice man so he was forgiven by the court
5. the buyer insulted the seller so the court supported the seller.
6. the buyer took too much time before trying to rescind

**Question 31** In the case of ***Spice Girls Ltd. v. Aprilia World Service BV 2002****,* Spice Girls lost their case against Aprilia because

1. Spice Girls did not turn up to perform the concert because they were busy watching television
2. Spice Girls did not turn up to perform the concert because they were sick
3. Spice Girls arrived late because they overslept
4. Spice Girls cancelled the contract because there was not enough money for them
5. Spice Girls did not disclose their new circumstances before entering into the contract

**Question 32 -** In the case of ***Esso Petroleum v Mardon 1976*,** the defendant was made liable for the statements made because

1. The defendant was not a lawyer
2. The petrol was too expensive
3. The defendant liked driving
4. The defendant had specialist knowledge

**Question 33**  In ***Bolton v Stone 1951*** the court ruled that the defendant was not liable because

1. The cricket club members were gentlemen
2. The cricket club members were alcoholics
3. The risk of injury from a cricket ball was small enough to have been disregarded
4. The risk of injury was very high

**Question 34** In which of the following cases did the court rule that in **cases of medical negligence**, it was a sufficient defence to show that the doctors had followed established medical practice?

1. Hedley Byrne v Heller 1964
2. Caparo v Dickman 1990
3. Smith v Leech 1962
4. Bolam v Friern Hospital 1957

**Question 35.** In the case of ***Bolitho v City & Hackney Health Authority 1998***, it was said that it is not enough for medics to argue that they had followed established practice. The medics would additionally have to

1. take their time and relax
2. attend to their patients very quickly
3. demonstrate the logical basis of their particular treatment
4. take paracetamol when they have headache

**Question 36.** In which of the following cases did the court rule that there was an element of **Contributory Negligence** in the claim

a) Hedley Byrne v Heller 1964

b) Smith v Leech 1962

c) Froom v Butcher 1976

d) Caparo v Dickman 1990

**Question 37.** In which of the following cases did the court rule that there was a **voluntary assumption of risk by the claimant?**

1. Hedley Byrne v Heller, 1964
2. Latimer v AEC 1952
3. Morris v Murray 1990
4. Smith v Bush 1990

**Question 38. In most parts of the world, the Law is**

1. always moral
2. unenforceable if immoral
3. can be ignored if it does not make sense
4. must be obeyed even if immoral

**Question 39.** In normal contract law, **claims for breach of contract** must be made within

1. 6 months
2. 6 years
3. 6 days
4. 6 weeks
5. 6 decades

**Question 40. The limitation period for claims for personal injury is generally**

1. 3 years
2. 33 years
3. 36 years
4. 37 years
5. 38 years