



UTHM

Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER I
SESSION 2021/2022**

COURSE NAME : BUSINESS LAW
COURSE CODE : MPA 10803
PROGRAMME CODE : MPA
EXAMINATION DATE : JANUARY / FEBRUARY 2022
DURATION : 3 HOURS
INSTRUCTION :
1. ANSWER ALL QUESTIONS
2. THIS FINAL EXAMINATION
IS AN **ONLINE** ASSESSMENT
AND CONDUCTED VIA **OPEN
BOOK.**

THIS QUESTION PAPER CONSISTS OF **FOUR (4)** PAGES

Q1 (a) Propose with **FOUR (4)** justifications when you are proposing your client to choose a company as a legal entity as opposed to a partnership as the best form of business organization with reference to the Partnership Act 1961 (Revised 1974) and Company Act 2016.

(12 marks)

(b) The principle of the corporate veil was tested and established by the decision in the House of Lords in *Salomon vs. Salomon & Co* [1897].

Outline this doctrine with reference to *Salomon vs. Salomon Co. Ltd.*

(8 marks)

(c) When processing a loan, it is important for the banker or the lender to examine the Memorandum and Article of Association (“the M&A”) of the borrower.

Analyse **THREE (3)** important elements when examining the M&A of the company.

(12 marks)

Q2 (a) Man is one of the partners in a construction firm, MM & Associates in Skudai Johor. During a Deepavali open house hosted by Datuk Samy, a cement and building materials supplier, Man attended with his friend, Ah Meng.

While enjoying their food, Datuk Samy came along and joined their conversation. Man then introduced Ah Meng to Datuk Samy as his partner. Ah Meng smiled and did not negate Man's statement. Datuk Samy, later found out that Ah Meng is the son of his old friend, Datuk Ah Seng. Relying on the representation and the fact that Ah Meng is his friend's son, Datuk Samy agreed to supply Man's firm with cement and several building materials for its housing project in Yong Peng.

Unfortunately, as of today, no payment has been made by Man's firm to Datuk Samy. When contacted, Man clarified that the building materials were misused by his partner, Steven to the other firm's project in Sabah. The situation became worse when Steven was charged under Anti-Human Trafficking 2007 for trafficking illegal immigrants at the firm's project site in Sabah.

Meanwhile, Min, a son of Man was accepted as a new partner of the firm on the 1st December 2021. However, he planned to retire soon after realizing the firm he had just joined was mismanaged and not viable.

Datuk Samy came to see you and sought your advice.

Analyse the liability of:

- (i) The firm, based on the agreement with Datuk Samy. (8 marks)
 - (ii) All the partners of the firm, based on the criminal charge. (8 marks)
 - (iii) Ah Meng. (8 marks)
 - (iv) Min. (8 marks)
- (b) Mr. A and Mr. S are partners in A&S Enterprise (the firm). The firm is facing a financial problem to pay the firm's supplier resulting Mr. A borrowing RM35,000-00 (the loan) from Madam Z. Mr. A gave her a receipt in the name of the partnership. The loan was disbursed into the firm's account and immediately thereafter to pay off some of its debt to the supplier. After a year, the firm failed to pay the loan and Madam Z initiated an action to recover the loan. Mr. S contended that the firm did not authorize Mr. A to borrow the money.

Analyse the liability of the firm with regard to the loan.

(10 marks)

- Q3 (a) Mr. S buys a bag of charcoal from Macam Macam Mart Sdn. Bhd. so that his family can enjoy themselves sitting around the fireplace in the chalet in Gombak. Unfortunately, the bag of charcoal contained an explosive device that exploded when Mr. S lit the fire. As a result, Mr. S was badly injured.

Propose to Mr. S **TWO (2)** remedies that he can seek from Macam Macam Mart Sdn. Bhd. based on the Sale of Goods Act 1957 and any other relevant provision of law.

(10 marks)

- (b) One day, Mr. A bought a bottle of carbonated drink (the drink) from Macam Macam Mart. Mr. A gave the drink to Mr. Bean. After drinking the drink, Mr. Bean became suffered from diarrhea. Based on an investigation, it is discovered that the illness was due to a decomposed insect in the bottle.

Prepare legal advice to Mr. Bean according to the relevant legal provision and tort law.

(10 marks)

- (c) Explain the meaning of the maxim below with reference to the Sale of Good Act 1957:
- (i) *kaveat emptor* (3 marks)
 - (ii) Implied Warranty (3 marks)

- END OF QUESTION -