



Queen Margaret University
EDINBURGH

SCHOOL OF ARTS, SOCIAL SCIENCES AND MANAGEMENT

DIVISION OF BUSINESS, ENTERPRISE AND MANAGEMENT

LEVEL 2 DIET 2

MODULE CODE: B2084

MODULE TITLE: Business Law

<u>DATE: 12/12/2017</u>	<u>TIME: 2.00PM</u>
<u>WRITING TIME: 2 hours</u>	<u>READING TIME: 5 minutes</u>

INSTRUCTIONS:

Candidates should answer all the multiple-choice questions in Section A (separate paper). Section A is worth 15 marks in total.

AND

Answer any **TWO** questions in Section B.

All questions in Section B are worth 20 marks each.

Section A should take you approximately 30 minutes. You should spend 45 minutes approximately on each Section B question.

PAPER SETTER: Jane Williams

Instructions – please read before commencing your answers

- Please make sure you have filled out your matriculation number above.
- You should attempt all questions.
- Select only one answer per question.
- Indicate your answer by circling in ink only the number of the choice you believe to be correct.
- Where you have indicated an answer but wish to change it, you must clearly cross out your first choice and circle your preferred choice.
- Where more than one answer is circled without crossing out, a zero mark will be given for that question.
- Question papers must not be removed from the examination hall. Removing your question paper from the exam hall will result in an automatic zero mark.
- Each question is worth 1 mark – total for Section A is 15 marks.
- You must also complete TWO QUESTIONS from Section B in the answer booklet provided. Each question in Section B is worth 20 marks. Total for Section B is 40 marks.
- Section A should take you approximately 30 minutes. You should spend 45 minutes approximately on each Section B question.

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SECTION A

Removed for publishing on LRC.

PLEASE COMPLETE TWO QUESTIONS FROM SECTION B

SECTION B

Question 16

Mo and Jay decide to get married, and book the evening dinner and reception at the Hotel d'Orange. They know how venues like to increase their prices for weddings, so instead in early discussions with the hotel they simply tell them that they are booking '*a family celebration*'. The hotel agrees to provide dinner including a '*deluxe vegetarian main course*'. Mo and Jay will arrange the entertainment and (without telling the hotel) the wedding cake. Wine for dinner will be supplied by Mo and Jay, and the hotel will charge corkage of £2 per bottle¹. Mo signs the contract, and pays a deposit of £500.

Mo and Jay want Jimmy Shandon, a local singer, to play at the reception. Jay fills in an online booking form, and specifies the date, place and time for the performance, then pays a deposit by credit card which is deducted. Nothing more is heard from Shandon.

The cake is ordered from Bat and Berg Ltd, to be delivered on the day to the hotel, and paid for after the event. Mo and Jay advise them that the wedding meal will be at 6pm.

Unfortunately for Mo and Jay, married life does not get off to a good start. At the dinner, the '*deluxe vegetarian main course*' in fact contains fish.

Later in the evening, Mo and Jay realise that Jimmy Shandon has not turned up. Jay makes a furious phone call to him. Shandon explains that he never confirmed the order and was already booked that night anyway. As a last minute alternative, the hotel puts on a DJ, who charges twice what Shandon would have cost and does not have many tunes that Mo and Jay like in her collection.

¹ 'Corkage' is a service charge for opening and serving drinks supplied by the customer.

Mo and Jay then realise to their horror that the cake has not been delivered. It eventually turns up at 11.30p.m., half an hour before the event is due to end, due to a problem with the oven at the bakery.

Finally, the hotel's owner, Jeremiah, arrives and is very annoyed to discover that it is a wedding he is hosting. He is very rude to Mo and Jay and asks them and their guests to leave immediately.

A few days later, Mo gets a bill from Hotel d'Orange for the original cost, plus £800 for the DJ, and £1200 for 'compensation for lying'. Mo also sees that a £4 per bottle corkage charge has been made, as this is the wedding price; available on a list of charges on the hotel website.

Bat and Berg Ltd have also invoiced them for £200 for the cake, which was uneaten.

With reference to legal authority and case law set out the contractual position in respect of Mo, Jay, Jimmy Shandon, Bat and Berg Ltd, and Hotel d'Orange.

Question 17

Sam, Jo and Gary are all students at Fairshire University. They share a flat in the hall of residence. The hall has been getting refurbished by the university, including repainting the stairwell areas. While the stairwell areas are being painted, residents are diverted to use the lifts instead, and the university has put up warning tape and signs saying '*Painting work in progress – do not enter!*'. Scaffolding has been erected in the stairwells, and painting equipment left on the raised platforms.

One evening, Sam is getting ready to go out while Gary and Jo are cooking dinner. Sam forgets that using hairspray in her room can set off the smoke detector, and sure enough it does. Chaos ensues as the loud fire alarms go off in the whole hall, and everyone has to get out.

During a fire alarm the lifts automatically cut out, so confused residents head for the stairwells. Jo is at the front, and pulls off the warning tape and sign. She makes it out okay, but as the crowd jostles down the stairs the scaffolding is knocked, and a pot of paint falls off and hits Gary on the head, causing a severe bleeding head injury.

Outside, when Sam sees the injured Gary (whom she secretly had a crush on), she becomes hysterical and eventually faints. Later she falls into a depression and has to take time off from her job and studies.

Meanwhile, fire trucks are automatically dispatched to the university. On the way, a truck driven by Brian has to swerve at speed to avoid hitting Tom, who is drunk and crossing the road despite the oncoming truck with lights and sirens blaring. Due to the swerve, Brian's truck smashes into a car driven by Peter, who is severely injured as a result.

Meanwhile, in their haste to leave, the pans being used by Gary and Jo to cook dinner have overheated, as the students did not switch them off before leaving (despite this being in the fire drill instructions given by the university). Eventually one of the pots catches fire, setting alight to the students' apartment and causing extensive fire damage. Luckily the fire service was en route anyway, so damage was limited to £450,000 worth.

Set out the liability in negligence, if any, of Sam, Jo, Gary, Fairshire University, Brian and Tom.

Question 18 Answer both parts

- a) Mia is the owner of a digital marketing company that has recently won a £250,000 contract for a brand new festival – Friday Festivals - taking place in South Lothian next year. The work created by this new contract means the firm will incur a number of costs upfront including paying £20,000 to a sub contractor, Joan, to develop software for the festival’s website. Joan sends Mia a paper copy of her standard terms of business, which Mia receives but does not reply to. Mia does though, check that Joan has started the work because time is short, and Joan confirms this.

Mia therefore phones up Acrobatic Accountants, a partnership that deals with the festival’s finances to check that Friday Festivals are financially solvent. She speaks to Mildred who tells her that she is an intern at the accountancy firm. Mildred has just returned from the festival launch event and has had a couple of glasses of sparkling wine. She looks up Friday Festival’s accounts but mistakenly mixes up their accounts with the Edinburgh Fringe Festival’s accounts. She advises Mia that the festival is in excellent financial health.

A month later, Mia is horrified to learn that due to cashflow issues Friday Festivals has gone bankrupt and that the festival will not be taking place.

Mia contacts Joan to ask her to stop work on the software but Joan advises her that even though she has not done much work yet, Mia’s company must pay her the full £20,000. Joan points to a clause on the back of her standard terms of business that states, “in the event of cancellation the client is liable to pay the full amount of the contract”.

Using case law advise Mia.

(10 marks)

- b) Fred takes his two children, Olivia and Jack, to a soft play area owned by Play Limited. Jack pays £10 for entry for both the children. At the entrance is a sign that says, “Children must be supervised at all times”. Jack gets into a “bit of a fight” with a couple of older boys after they started teasing him about his favourite football team, and suffers a head injury. Olivia is injured when she comes down one of the slides due to the fact there is a loose bit of metal on the side. Fred does not notice as he is chatting to one of the other parents. Olivia’s injuries end up being far more serious than first thought because the accident triggers a severe asthmatic attack. This means that Olivia spends a week in hospital and is left with a lifetime fear of play parks. At the time of the accident, there were only two members of staff on the premises, as the third member on duty had had to leave for a family crisis.

Using case law advise what liability, if any, Play Limited may have to Olivia and Jack.

END OF QUESTION PAPER

(10 marks)