FINAL EXAMINATION
INTERSESSION SEMESTER 2002

CODE/COURSE : PU 6013 LEGAL AND ETHICAL ISSUES IN BUSINESS
DATE : MAY 14, 2002 (Tuesday)
TIME : 5.00 - 8.00 pm (3 hours)
VENUE : GRADUATE SCHOOL, UUM

INSTRUCTIONS TO CANDIDATES
1. This question booklet consists of 4 printed pages with 6 questions.
2. You are required to answer THREE (3) questions.
3. Question in PART A is compulsory. Choose one question from PART B and PART C.

MATRIC NO: ____________________________

(in words) (in numbers)

NRIC NO: ____________________________

SULIT
PART A (15 MARKS)

"Some bosses just like you to be there, whether you need to be there or not. So I’ve come up with ways to look like a workaholic,” Jane Nugent said. “I can be off shopping or on a two-hour lunch, and everyone back at the office thinks I’m still there,” she noted, smiling. Jane then listed her strategies.

- Before leaving, place a fresh, steaming cup of coffee on your desk; people will assume you’ll be right back.
- Always leave the lights on and the computer running;
- Hang around at the office until the last supervisor leaves - then go;
- Arrive early and let them see you, your car and your office up and running, and then leave for the morning;
- Go in on Saturday and stay for a few hours - you don’t need to do work, just make sure someone sees you;
- If you leave early, call back in and ask someone to look something up in your office – they’ll assume you’re at an out-of-office meeting;
- If you must make personal calls, always have a pad in front of you, write on it frequently and speak firmly (the rest of the office will think you’re negotiating); and
- Leave personal belongings in your office to give the impression that you’re returning.

Assuming Jane is an employee in ABC Pty. Ltd., a private limited company incorporated according to the Companies Act 1965. Several complaints have been lodged to the top management in the company regarding Jane’s attitudes but received no negative reaction on the matter.

1. Evaluate Jane’s strategies and the management’s reaction from an ethical perspective.
2. From legal point of view, do you think Jane can be taken a disciplinary action? Why or why not?
PART B (15 MARKS)

Choose one question only.

Question 1

D' Selera Store has been ordering “ice-cream soda” bearing a well known trade mark “COOL” from Boom Pte. Ltd., the only supplier since the business is operated. Two months ago, D' Selera ordered more “ice-cream soda” and in the agreement it was stated “the same as our previous contracts”. Boom Pte. Ltd. delivered the goods which was of the same quality but bore the trade mark “Sweet and Tasty”.

Meanwhile, Mimi had bought 3 bottles of “ice-cream soda” from D' Selera Store. She gave a bottle to her friend Jenny. After drinking a bottle of “ice-cream soda”, Jenny became ill due to a decomposed object in the bottle. Jenny wants to take an action against D’ Selera Store for breach of an implied term in the contract of sale.

1. Advise D’ Selera Store and Jenny as regards to their rights according to the Sale of Goods Act 1957.
2. Would your answer be different if Jenny wants to base her claim on torts? Why or why not?
3. Discuss the provisions in the Consumer Protection Act 1999 relating to product liability.

Support your argument with the relevant law cases.
or;

**Question 2**

Bob, Bill and Boy are partners of Bobby Hardware, a hardware shop. Their partnership business was registered in 1995, according to the Partnership Act, 1960. For the purpose of running the business, the partnership has obtained a loan from Clear Bank. The agreement between the bank and the partnership has been entered into by Bill.

In September 2000, Misha, one of their customers came to the shop and complaint about a knife that she bought from the shop. Bob became angry and stabbed Misha with the knife. Eventually Bob was arrested and charged under Penal Code for causing Misha grievous hurt.

Meanwhile, Boy had given a notice of resignation to the partnership. On the same day, Noni has been admitted to be a new partner in Bobby Hardware. Two days after Boy’s resignation, Clear Bank brought an action against Bobby Hardware for the repayment of loan granted to the partnership. Boy, Bob and Noni denied their liabilities as regards to the loan.

Advise Bob, Bill, Boy and Noni. Support your answer with the decided cases.
PART C (10 MARKS)

Choose one question only.

Question 1

Sections 9 to 15 of the Hire Purchase Act 1967 provide the rights of the hirer. Explain five (5) of the statutory rights of the hirer in the hire purchase agreement.

or,

Question 2

The court held in the case of Marchesi v. Barnes Keogh: “To “act honestly” refers to acting bona fide in the interests of the company in the performance of the functions attaching to the office of director.”

A director, as a trustee, must not place himself in the position where his duty and his interest conflict.

Explain five (5) particular instances of conflict of interest.

or;

Question 3

Discuss the principle of separate legal entity of a company and explain two (2) exceptions to the general rule that a company is distinct from its members.