



SCHOOL OF LAW

COURSE NAME: Commercial Law

COURSE NO: LA 313

TIME ALLOWED: Three (3) Hours

READING TIME: Ten (10) Minutes

NUMBER OF PAGES: 4

NUMBER OF QUESTIONS ON PAPER: 7

NUMBER OF QUESTIONS TO BE ANSWERED: Four (4)

MARK ALLOCATED FOR EACH QUESTION: 15

TOTAL MARKS: 60

MATERIALS PERMITTED IN EXAMINATION ROOM:

No materials allowed. It is a closed book examination.

SPECIAL INSTRUCTIONS

Answers are to be supported by regional statutes and/or case laws where applicable.

Please do not turn over any page until you are told to do so.

*Approved
Caroline*

1. Provident Technologies opened an access account with Trendy Finance Bank in July 2002 with an initial deposit of \$5000. It later made another cash deposit of \$2000. Because of faulty accounting software recently installed on the computers of Trendy Finance Bank, the credit balance of Provident Technologies indicated \$500000. Provident Technologies had drawn several cheques between July 2002 and June 2003 totaling \$350000. Trendy Finance Bank has now written to Provident Technologies to repay the amounts wrongly credited to its account.

(a) Advise Provident Technologies (10 marks) AND

(b) How would your answer differ from (a) above, if the cheques drawn by Provident Technologies were dishonoured by Trendy Finance Bank.. (5 marks)

2. Foods Limited ordered 2000 tonnes of fresh cassava from Farm Nature Enterprises at a price to be determined by the parties. The delivery was to be made in April 2004. The transaction was conducted through email. It was agreed that Foods Limited will telephone Farm Nature Enterprises in March 2004 to give the final instructions on the packaging of the fresh cassava prior to delivery. The telephone receptionist at Farm Nature Enterprises had received the said phone but forgot to convey the message to the production manager of Farm Nature Enterprises. Because of this breakdown in communication, the use of inappropriate packaging materials led to deterioration in the quality of 150 tonnes of the freshly packed cassava.

What will be your advice to Foods Limited? (15 marks)

3. Miss Indigo has just taken up a new job as a consulting chemical engineer with Polymer Industries. To lessen her workload, she decided to purchase a brand new IBM computer to help her finish most of her office work at home during weekends. The cash price of the computer is beyond her immediate purchasing power. She wants you to advise her on the most appropriate method of security or credit financing that would enable take immediate possession of the computer but pay over a period of time. In particular, she wants your views on the following issues: the form of legal arrangement/agreement that may support this transaction; the practical legal implications of engaging in the transaction; the statutory requirements regulating the validity of the transaction; and the legal implications, for breaching the agreement.

Discuss your views on these issues. (15 marks)

4. Electrolysis Industries is a leading manufacturer of corrugated iron sheets. In March 2004, it contracted to purchase 10 tonnes of mica from Chemicals Limited at a price of \$5000. The date of delivery date was also fixed for 30 April 2004. Electrolysis Enterprises paid a deposit of \$500 to Chemical Limited. Due to a breakdown of the computer system of Chemicals Limited, the automated production system dispensed only 7 tonnes of mica. Electrolysis Industries is contemplating rejecting the 7 tonnes supplied and suing Chemical Limited for damages.

(a) Advise Chemicals Limited (5 marks) AND

(b) How would your answer differ from (a) above if Chemicals Limited was unable to supply the 10 tonnes of mica due to damage caused its factory by cyclone? (5 marks) AND

(c) Would your answer still differ from (a) and (b) above if the non delivery was attributed to a strike by workers in Chemicals Limited? (5 marks)

5. Spark is a postgraduate student at Multimedia university. As part of her research project, she designed and fabricated a device which converts direct sunlight into laser beam. She also wrote a computer programme for the operation of the device. Both the device and the software have manuals. The software and instruction manuals were recorded on compact disc. The University has claimed ownership of the conversion device, software, manuals and compact disc.

Advise Spark on the issues involved and on her rights against the University. (15 marks)

6. Write notes on ALL the following:

- (a) Romalpa Clause (3 marks)
- (b) Del Credere Agent (3 marks)
- (c) Countermand (3 marks)
- (d) Subrogation (3 marks)
- (e) Surrender Value (3 marks)

7. Discuss in five areas of transactions, why you feel commercial law is important to the development of South Pacific island countries. Give specific examples to justify your arguments. (15 marks)

END OF PAPER