

# Business law

Law



Business Law Tutorial 6 1. Void contract is defined in Section 2(g) of Contracts act, 1950 as an agreement which is not enforceable by the law, which gives rise to no rights or obligations. Under Section 11 of Contracts Act, 1950, every person is competent to contract who is of age of majority, and who is of sound mind and is not disqualifying from contracting by any law to which he is subject to. The Age of Majority Act, 1971 states that the age of majority is 18. The Privy Council in *MOhori Bibee v.*

*Dhurmodas Ghose* held that a minor cannot make a valid contract since such a contract is void. However there are exceptions:

- Contracts for necessities
- Contracts of scholarships
- COntacts of insurance

Section 69 of Contracts Act, 1950 states that Necessaries are things that are essential to the existence and reasonable comfort of the minor and a minor must pay a reasonable price for necessities that are suitable to the social status unless one can prove that one has adequate supply of it-*Nash v. Inman*.

The COntacts (Amendment) Act, 1976 provides that a scholarship agreement entered into by a minor is valid when it is granted by the federal or state government, a statutory authority, or an educational institution such as a university. Under the Insurance Act, 1963(Revised 1972), a minor above age of 10 may enter into a contract of insurance. HOwever, if he is below age of 16, he can only do so with the written consent of his parent or guardian. In conclusion, contracts made by minor are generally void but there are exceptions for contracts for necessities, contracts of scholarships, and contracts of insurance. 2.

According to Section 11 of Contracts Act, 1950, every person is competent to contract who is of the age of majority, and who is of sound mind and is not disqualifying from contracting by any law to which he is subject to. According to Age of Majority Act, 1971, the age of majority is 18. Seow Tee is 15, therefore he is a minor. The Privy Council in *MOhori Bibee v. Dhurmodas Ghose* held that a minor cannot make a valid contract since such contract is void. However, there are exceptions:

- Contracts for necessities
- Contracts of scholarships
- Contracts of insurance

(a) When Seow Tee ordered 3 piece suits worth RM3000, is it a necessary?

Under Section 69 of Contracts Act, 1950, necessities are things that are essential to the existence and reasonable comfort of the minor and a minor must pay a reasonable price for necessities that are suitable to the social status unless one can prove that one has adequate supply of it-*Nash v. Inman*. If Seow Tee need the 3 piece suits, then it is a necessary, and he would have to pay a reasonable price for it. However, the price might not be the contract price of RM3000 as it is up to the judge to decide what is the reasonable price. If Seow Tee can prove that he has plenty of suits at home, then he does not need to pay for it- *Nash v.*

*Inman* because it is not a necessary to have the 3 piece suits. (b) When Seow Tee spent Rm1000 for lunch, is it a necessary? Under Section 69 of Contracts Act, 1950, necessities are things that are essential to the existence and reasonable comfort of the minor and a minor must pay a reasonable price for the necessities that are suitable to the social status unless one can prove that one has adequate supply of it-*Nash v. Inman*. Here, lunch is a necessary, therefore he has to pay a reasonable price for it, <https://assignbuster.com/business-law-essay-samples-6/>

however the reasonable price might not be the contract price of RM1000. c) Under The Contracts(Amendment) Act, 1976, a scholarships entered by a minor is valid when it is granted by the federal or state government, a statutory authority, or an educational institution such as an university. Here, the contract is valid and binding because the scholarship is granted by the Government. 3. Section 11 of COntacts Act, 1950 states that every person is competent to contract who is of the age of majority, and who is of sound mind and is not disqualified from contracting by any law which he is subject. According to Age of Majority Act, 1971, the age of majority is 18.

Since Ms. Amy is only seventeen, therefore she is a minor. The Privy Council in MOhori Bibee v. Dhurmodas Ghose held that a minor cannot make a valid contract since such contract is void. However, there are exceptions: • Contracts for necessities • COntacts of scholarship • COntacts of insurance Under Section 69 of COntacts Act, 1950, necessities are things that are essential to the existence and reasonable comfort to the minor and a minor must pay a reasonable price for necessities that are suitable to the social status unless one can prove that one has adequate supply of it - Nash v.

Inman. The COntacts (Amendment) Act, 1976 provides that a scholarship agreement entered into by a minor is valid when it is granted by the federal or state government, a statutory authority, or an educational institution such as a university. Under the Insurance Act, 1963(Revised 1972), a minor above age of 10 may enter into a contract of insurance. HOwever, if he is below age of 16, he can only do so with the written consent of his parent or guardian. In conclusion, Ms. Amy cannot be a party of contract except for contracts for necessities, contracts of scholarship, and contracts of insurance. . Section <https://assignbuster.com/business-law-essay-samples-6/>

11 of Contracts Act, 1950 states that every person is competent to contract who is of the age of majority, and who is of sound mind and is not disqualified from contracting by any law which he is subject. According to Age of Majority Act, 1971, the age of majority is 18. Since Mary is sixteen, therefore she is a minor. The Privy Council in *Mohori Bibee v. Dhurmodas Ghose* held that a minor cannot make a valid contract since such contract is void. However, there are exceptions:

- Contracts for necessities
- Contracts of scholarship
- Contracts of insurance

Under Section 69 of Contracts Act, 1950, necessities are things that are essential to the existence and reasonable comfort to the minor and a minor must pay a reasonable price for necessities that are suitable to the social status unless one can prove that one has adequate supply of it - *Nash v. Inman*. If Mary is an international star, then it is a necessary for her to have a diamond jewellery set. She will only pay reasonable price for it, which might not be the contract price of RM10000.

It is up to the discretion of the judge to determine the reasonable price for the diamond jewellery set. However, if Mary can prove that she has plenty of diamond jewellery set at home, then it is not a necessary - *Nash c. Inman*. She no need to pay for it. If Mary is just a local singer, then it is not a necessary for her to have a diamond jewellery set, therefore, she does not need to pay for it. In conclusion, Glitter Jewellers Sdn. Bhd. can only claim for the diamond jewellery set if it is a necessary for Mary.

5. a) Illegal contract is defined in Section 24 of Contracts Act, 1950 as an agreement which is unlawful, if it is forbidden by law, or it is of such a nature that, if permitted it would defect any law, or it is fraudulent, or it involves or implies injury to the

person or property of another, or the court regards it as immoral, or opposed to public policy. It gives rise to void contract. Here, selling illegal copies of several popular CD's of famous musicians for the sum of RM3000 is forbidden by law, therefore the contract is void.

Void COnttract is defined in Section 2(g) of COnttracts Act, 1950 as an agreement which is not enforceable bylaw. It gives rise to no rights or obligations. 5. (b)When Tan bought an apartment in Penang at an extreme low price from James, can he do so? Explanation 2 to Section 26 of COnttracts Act, 1950 states that consideration need not be adequate but must be of some value. Consideration is defined in Section 2(d) of Contracts Act, 1950 as when, at the desire of the promisor, the promisee or any other person has done or abstained from doing, such act or abstinence or promise is called a consideration.

Section 10 of Contracts Act, 1950 provides that all agreements are contracts if there are made by the free consent of parties. Section 14 of COnttracts Act, 1950 provides that if any of the vitiating factor presents, the contract is not made under the free consent of the parties. Undue influence is defined in Section 16 of Contracts Act, 1950 as an act to dominate one's mind to such a great extent till one cannot think for himself. In this case, the relationship between Tan and James as lawyer and client gives rise to undue influence as there is pressure on James to sell his apartment to Tan.

If Tan can prove that there is no undue influence, the consent is said to be freely given, therefore the contract is valid as consideration need not be adequate. If Tan cannot prove that there is no undue influence, it gives rise

to voidable contract. Voidable contract is defined in Section 2(i) of Contracts Act, 1950 as an agreement which is enforceable by law at the option of one or more parties, but not at the option of the other or others. Here, there are two options. If the contract is carried on, the contract is valid, if it is not, the contract is void.

5. c) When Rose agreed to sell her large collection of paintings and art works at a bargain price of Rm500 to Johnson, can she do so? Explanation 2 to Section 26 of Contracts Act, 1950 states that consideration need not be adequate but must be of some value.

Consideration is defined in Section 2(d) of Contracts Act, 1950 as when, at the desire of the promisor, the promisee or any other person has done or abstained from doing, such act or abstinence or promise is called a consideration. Section 10 of Contracts Act, 1950 provides that all agreements are contracts if there are made by the free consent of parties.

Section 14 of Contracts Act, 1950 provides that if any of the vitiating factor presents, the contract is not made under the free consent of the parties.

Undue influence is defined in Section 16 of Contracts Act, 1950 as an act to dominate one's mind to such a great extent till one cannot think for himself.

In this case, there is no undue influence, therefore the contract is valid

because consideration need not be adequate but must be of some kind of

value. 5. (d) [ This type of question would not be asked in exam... no

worries!! Ms

Pari only give us the brief answer ] (i) The agreement made between Hank and Ahmad is not a contract, therefore this is not discharge by frustration but mistakes. Mistakes is defined in Section 21 of Contracts Act, 1950 as where both parties to an agreement are under a mistakes to a matter of fact

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essential to the agreement, the agreement is void. Here, both Hank and Ahmad is unaware of the fact that the antique had been destroyed, therefore the contract is void. Void Contract is defined in Section 2(g) of Contracts Act, 1950 as an agreement which is not enforceable by law.

It gives rise to no rights or obligations. (ii) In this case, the contract is established between Hank and Ahmad. After the valid contract is made, there is discharge by frustration. Under Section 57(2) of Contracts Act, 1950, it states that there are two instances of frustration which is when a contract to do an act becomes impossible or illegal. Here, the contract does not merely become voidable but is brought to an end forthwith and automatically as the Government introduces legislation preventing antiques from Malaysia to be exported, therefore this contract is void - *Hirji Mulji v.*

*Cheong Yue Steamship Co. Ltd.* Void contract is defined in Section 2(g) of Contracts Act, 1950 as an agreement which is not enforceable by law. It gives rise to no rights or obligations. 6. Void Contract is defined in Section 2(g) of Contracts Act, 1950 as an agreement which is not enforceable by law. It gives rise to no rights or obligations. Under Section 21 of Contracts Act, 1950, the contract made by mistakes is automatically become void. Illegal contract is void under Section 24 of Contracts Act, 1950.

Voidable contract is defined in Section 2(i) of Contracts Act, 1950 as an agreement which is enforceable by law at the option of one or more parties but not at the option of the other or others. Contract made under coercion is voidable under Section 15 of Contracts Act, 1950 ; Contract made under undue influence is voidable under Section 16 of Contracts Act, 1950 ;



Contract made under fraud is voidable under Section 17 of Contracts Act, 1950 ; Contract made under misrepresentation is voidable under Section 18 of contracts Act, 1950. You might also like: <http://hitomi5.blogspot.com/2007/11/business-law-tutorial-6-7.html>