PRIFYSGOL ABERYSTWYTH UNIVERSITY

SEMESTER ONE EXAMINATIONS, 2025/26

DEPARTMENT OF LAW AND CRIMINOLOGY

LC26220 COMMERCIAL LAW

Time allowed: TWO hours

Answer TWO questions

Candidates are permitted to take ONE A4 page of handwritten or typed notes (both sides) into the examination.

Please state clearly which question(s) you are answering.

STUDENTS MAY SUBMIT ANSWERS TO THIS PAPER IN EITHER WELSH OR ENGLISH

Once seated, students may complete the front cover of the answer book(s) and the attendance slip ONLY.

DO NOT TURN THE EXAMINATION QUESTION PAPER OVER UNTIL INSTRUCTED TO DO SO.

1. AgriChem (the seller) supplies raw chemicals to FarmFoods (the buyer), a manufacturer of specialised animal feed. The standard terms for AgriChem include the following clause:

Title to all goods supplied shall remain with the seller until the buyer has paid for them in full. If the goods are incorporated into or used in the manufacture of other products, the seller shall have legal and beneficial title to the new product as security for the payment of the original goods.

On November 1st, AgriChem delivered £20,000 worth of Chemical X to FarmFoods. FarmFoods immediately mixed all the Chemical X with their own cereal to produce a specialised animal feed called MaxiFeed. Once combined, Chemical Z cannot be practically or economically separated from the cereal. FarmFoods has since sold £10,000 of the resulting MaxiFeed to customers on credit, and the rest remains in their warehouse.

On December 1st, FarmFoods entered liquidation, owing AgriChem the full £20,000 for Chemical X.

Advise AgriChem on their legal position regarding the MaxiFeed in the warehouse and the proceeds of sale.

[50%]

2. Mr Jones, a consumer, applied for home insurance policy with Home Insurers Ltd. The application form asked: “Have you been convicted of any criminal offence(s)?” Mr Jones ticked “No”.

In fact, Mr Jones has a conviction from 2020 for fraud by false representation. He admits he deliberately ticked “No” because he considered the question an invasion of his privacy.

Six months later, his home was burgled, and £60,000 of contents were stolen.

Home Insurers Ltd discovered the conviction during the claim investigation. Its underwriting records confirm that had the conviction been disclosed, the insurer would have offered cover but with a 25% higher premium.

Advise Home Insurers Ltd on its rights and remedies under the Consumer Insurance (Disclosure and Representations) Act 2012. Your answer must identify the category of misrepresentation and determine the remedy available to the insurer.

[50%}

3. FarmCo Ltd, a large arable farming business, urgently needs an additional combine harvester. FarmCo's director, Sarah, sees an advertisement on a trade website from "Grange Motors," a garage that primarily sells cars and vans. This is the first piece of agricultural machinery Grange Motors has ever sold, having taken it in part-exchange from a farmer.

The advertisement describes the machine as a: "Used Claas Lexion Harvester - 5 years old - One careful owner - A1 Condition."

Sarah visits Grange Motors. The seller, Gary, says, "Look, I'm a car dealer, I don't know the first thing about this machine. It's 'sold as seen, where is', and the price is low for a quick sale." Sarah replies, "That's fine, but I must be sure it can handle my land. My fields are very hilly and near the coast. The ground is tough, and the sea air is corrosive, so the chassis needs to be sound." Gary, who is busy, just nods and says, "It's a big, tough machine. I'm sure it'll be fine."

Sarah is given a torch to conduct an inspection in Grange Motors' poorly-lit rear yard. She inspects the engine and cutting blades, which look good. She then lies on the ground and shines the torch on the undercarriage. It is caked in dried mud. She can see some surface rust but no obvious major defects. She does not ask Gary to have the machine jet-washed. She also notes the air-conditioning unit in the cab is leaking fluid and tells Gary. Gary replies, "Yes, I know, the AC is non-functional. That's factored into the price."

FarmCo purchases the harvester. Three weeks into the harvest, while working on a steep hill, the harvester's main structural support on the undercarriage—which was severely corroded and weakened under the mud—fails. The machine collapses, causing extensive damage and rendering it unusable. The air-conditioning, as expected, does not work.

Advise FarmCo Ltd as to its rights, if any, against Grange Motors.

[50%]

4. "For all of their obvious advantages over the earlier law, neither s20A nor s20B of the Sale of Goods Act 1979 (as amended) necessarily solve the commercial problems associated with contracts concerning unascertained goods."

Making reference to the statutory provisions and relevant case law, explain and discuss this statement.

[50%]

5. Analyse the implied terms provided in s.12 of the Sale of Goods Act 1979 (as amended). Your answer should be supported with reference to relevant case law.

[50%}

END OF PAPER