

**UNIVERSITY OF BOLTON**

**SCHOOL OF THE BUILT ENVIRONMENT &  
ENGINEERING**

**BSc(HONS) ARCHITECTURAL TECHNOLOGY  
BSc(HONS) BUILDING SURVEYING AND PROPERTY  
MANAGEMENT**

**BSc(HONS) CONSTRUCTION MANAGEMENT  
BSc(HONS) QUANTITY SURVEYING AND  
COMMERCIAL MANAGEMENT**

**SEMESTER TWO EXAMINATION 2010/2011**

**BUSINESS ENVIRONMENT**

**MODULE NO: BLT1001**

Date: Friday 3 June 2011

Time: 10.00 am – 1.00 pm

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**INSTRUCTIONS TO CANDIDATES:**

There are SIX questions.

Answer ANY FIVE questions.

All questions carry equal marks.

Marks for parts of questions are shown in brackets.

Use one answer book for questions from Section A and one answer book for questions from Section B.

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**Section A:**  
**Construction and Property Economics**

**Question One**

Economics can be said to be the “science of choice”. This is a simplified definition of the social science, which has many specific economic terms to explain complex market factors.

- a. Identify and define any **five** of these commonly used economic terms.  
(10 Marks)
  
- b. Provide a specific construction example for each of the five terms defined above.  
(10 Marks)

**Total 20 Marks**

**Question Two**

- a. Draft a letter to the editor of a construction magazine responding to an article in which it was asserted that recent fluctuations in steel prices were strongly influenced by demand fluctuations in the UK economy. Your response should consider the impact of globalisation within the world economy.

**20 Marks**

**Question Three**

- a. Differentiate between “Demand” and “Cost push” inflation.  
(8 Marks)
  
- b. Examine the reasons why the control of inflation has been of such importance to successive governments economic strategy.  
(12 Marks)

**Total 20 Marks**

**Please turn the page**

School of the Built Environment & Engineering  
BSc(Hons) AT/BSPM/CM/QSCM  
Semester Two Examination 2010/2011  
Business Environment  
Module No. BLT1001

**Section B:**  
**Law for the Built Environment**

**Question Four**

“Bolton Blues” are a building firm that specialises in custom made conservatories. In May 2011 the company sent out flyers advertising their services in the local area. Mr & Mrs Smith, seeing this flyer approached “Bolton Blues” with a view to having a new conservatory built. Mrs Smith liked one of the conservatories featured on the flyer which had a price of £5,000. “Bolton Blues” sent Mrs Smith a further brochure with an order form attached which she subsequently filled in and sent back with a covering letter concluding with the sentence “Please find enclosed a deposit of £1,000 for the installation of the “Sunset” Conservatory as priced at £5,000 on the flyer.”

Building work started a week later, however when Mr & Mrs Smith received the invoice from “Bolton Blues” the price was £6,000 to be “payable in full within 21 days”. Mrs Smith telephoned the company to complain about the price but the Customer Service Manager told her that the price on the flyer was a mere indication of a price range and the actual price was in the further brochure sent to her together with the company’s terms and conditions. One of the terms and conditions was that the company reserve the right to increase the prices without notice for business reasons.

1. Advise Mr & Mrs Smith regarding the formation of the contract and the relevant terms and conditions.

On completion of the conservatory Mr & Mrs Smith have realised it is not the “Sunset” design that they had ordered. Advise them whether they can withhold further payment.

**20 marks**

**Please turn the page**

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BSc(Hons) AT/BSPM/CM/QSCM  
Semester Two Examination 2010/2011  
Business Environment  
Module No. BLT1001

**Question 5**

Charles Bellamy is the Director of a Building Company in Bury.  
Recently the following letter appeared in the local paper.

Dear Sir,

I was very interested to read Charles Bellamy's article in your newspaper recently in which he spoke of improving responsible building practices.

I live next door to Mr Bellamy's company for many years and I can say is the man is a hypocrite. Over the last three years he has constantly burnt off the waste from his premises and the smoke has caused a lot of damage to my property and made my outdoor swimming pool virtually unusable.

In addition Mr Bellamy's premises are neglected and my 12 year old daughter has been injured during last week due to his apprentices' shoddy repair of the fence in between our property.

All I can say is that Mr Bellamy should practising what he preaches.

Yours faithfully

John Parkinson

In respect of the allegations made in his letter could John Parkinson, or his daughter, recover damages in respect of the damage to property and personal injury.

Your answer should cover the following:

1. Potential liability in negligence, private nuisance and the rule in Rylands v Fletcher.
2. Potential problems in proving causation and reasonable foreseeability of damage.
3. Specific advice on the most appropriate course of action for each type of damage suffered.

**20 marks**

**Please turn the page**

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### **Question Six**

In 1994 Alice wanted to sell a plot of land just outside Bolton called Blackacre to Bob for a term of 39 years at a price of £40,000.

Bob has a duty to pay an annual ground rent to Alice of £30 and she has the right to re-enter the land with suitable notice. There is also a stipulation that he is not to build on the land as it is for farming purposes only.

In 2001 Claire a local property developer entered into adverse possession of part of the land and built 3 luxury two bedroom houses. Bob did not visit the land very much but continued to pay ground rent on the land until last year. Alice now wants to regain possession of the land for her own use.

Advise Alice –

1. What type of legal estate has been granted by Alice to Bob?
2. What should Alice have done in relation to the three conditions she placed on Bob?
3. Where does Alice stand on regaining possession of the land and the possibility of removing the houses built on the land by Claire?

**20 marks**

**END OF QUESTIONS**