



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**  
**FACULTY OF LAW BUSINESS INTELLIGENCE AND**  
**ECONOMICS**

**DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL MANAGEMENT**

**EXAMINATION PAPER**

**COURSE CODE** : CAC 122  
**COURSE TITLE** : BUSINESS LAW  
**SPECIAL REQUIREMENTS** :  
**DURATION** : 3 Hours  
**LEVEL** : 1.2  
**DATE** : 13 APR 2023

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Answer **all** questions.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets [ ]

### Question 1

- a. What do you understand by legal personality? Explain your answer by aid of relevant case laws. [10 marks]
- b. Busisiwe, a single mom with a seven year old daughter wants to open her own interior decorating business. She has inherited \$1 million from her late grandmother and wants to use \$100 000 of this money to start the business. Her suppliers have agreed to extend her credit totalling \$500 000. Busisiwe is not sure if she should become a sole trader or go to the expense of registering a company.

**Required:** Advise Busisiwe based on the above facts. [10marks]

- c. Explain the concept of limited liability. [5 marks]

[Total 25marks]

### Question 2

- a. Thandiwe agrees to lease out her apartment, in which she previously lived, to Vanessa for \$200 per month rental. They agree to a two year lease starting on 1 July 2015. Vanessa opens a beauty salon in the flat which causes the neighbours to complain to Thandiwe because of the noise. When Thandiwe speaks to Vanessa she tells Thandiwe that as long as she is paying the rent on time she can do what she likes.

**Required:** Advise Thandiwe [5 marks]

- b. Vanessa pays her rent on time every month until December when she does not pay on the 1st as agreed. Thandiwe wanted the money for Christmas so she comes to you for advise as she has another tenant ready to pay and move in and her brother has offered to evict Vanessa.

**Required:** Is Thandiwe entitled to cancel the lease and evict Vanessa? [5 marks]

- c. Three months into the lease Thandiwe sells the apartment to Daverangwena who wants to move in himself. He sends a notice to Vanessa on 1 September advising that he is the new owner and cancelling the lease with effect from 30 September.

**Required:** Advise Vanessa of her rights. [5 marks]

- d. What do you understand by a contract of agency and what are the essential elements? [5 marks]
- e. Discuss the duties of a principal and that of an agent under the law of agency [5 marks]

[Total 25marks]

**Question 3**

- a. Identify and explain the characteristics of a good law [5 marks]  
b. Identify and explain the five generally recognised sources of law [10 marks]  
c. What is the purpose of law? [5 marks]  
d. What requirements must be met for a custom to be recognised as a legal rule? [5 marks]

[Total 25marks]

**Question 4**

- a. Chuma holds a gun to Magure's head and threatens to pull the trigger if Magure does not sell him his house. Magure then signed an agreement of sale that was brought by Chuma. Three days after the incident Magure approached you for legal assistance.

**Required:**

Write your legal opinion and the advice that you would give to John in the circumstances. Clearly outline the remedies that are available to Magure [8 marks]

- b. What are the requirements that a misrepresentation must comply with before it can afford ground for avoidance of an agreement [5 marks]  
c. Sibongile badly wants to sell her house because of rats living in her roof. She therefore plays music when Nontanto comes to inspect the house and she assures Nontanto that there is nothing wrong with the house. Nontanto buys the house, which she would have never done had she known about the rats.

**Required:**

Elaborate on the type of misrepresentation that has taken place? [5 marks]

- d. Give at least 3 categories of people that are considered by the law as not having contractual capacity, give a brief outline as to why they are considered as such [7 marks]

[Total 25marks]

**END OF EXAMINATION QUESTION PAPER**

15/32 AM