



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ACCOUNTING AND FINANCE

EXAMINATION PAPER

COURSE CODE : CAC110
COURSE TITLE : COMMERCIAL LAW
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL : 1.2
DATE : 22 JAN 2020 23 JAN 2020

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer question one from section A and any other three questions from section B.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []

SECTION A

Question One

Madhiri is an international trader who deal in plastic sewer pipes. He is based in India. He appointed Mavanga so that he would do business on his behalf in Zimbabwe. All his plastic sewer pipes are imported from India. Mavanga entered into a contract of sale in which Madhiri's company would supply US\$20 000 worth of sewer pipes to ZEGU within two weeks of signing the contract. After the signing of the contract, the pipes took three months before they were delivered. Upon arrival, ZEGU still decided to accept the pipes despite the late delivery. They were duly shown the warehouse where the pipes were kept and were given keys to the warehouse so that they can collect the pipes at their own convenience. The following day the warehouse caught some fire. Mavanga quickly called the fire fighters who extinguished the fire at a cost of US\$ 2000. Fortunately no pipes were damaged by the fire. Mavanga informed ZEGU of this mishap and indicated that ZEGU must pay the fire fighters for their services. ZEGU refused to pay the fire fighters arguing that they never asked them to extinguish the fire. They further argued that had Mavanga delivered the pipes on time, no fire would have affected their interests. ZEGU immediately collected the sewer pipes from the warehouse and left. During construction, ZEGU noted that the material used to make the pipes was too brittle so much that the pipes were not fit for the purpose for which they were purchased. ZEGU approached Mavanga for remedies. Mavanga laughed uncontrollably and told them that he has nothing to say to persons who refused to pay the fire fighters their dues. He went on to say that there is nothing he can do since the contract has a *Voetstoots* clause. Mavanga proceeded to show ZEGU the *voetstoots* clause which was written on the contract using a very small font. ZEGU argued that they never read the words written in a small font and therefore are not bound by the *voetstoots* clause.

Required

Identify legal issues that arise and advise parties of their rights and obligations.

[Total: 25 Marks]

SECTION B

Question Two

With the aid of case law and other sources of law, identify and describe the duties of an agent.

What remedies are available to the principal where the agent breaches the terms of the contract?

[Total: 25 Marks]

Question Three

a) Describe how movable and immovable properties can be legally delivered. **(15 Marks)**

b) What conditions must be satisfied before ownership of property can pass to the purchaser?

(10 Marks)

[Total: 25 Marks]

Question Four

a) Identify and discuss the essential elements of a contract of lease. **(15 Marks)**

b) Describe how a contract of lease can be terminated. **(10 Marks)**

[Total: 25 Marks]

Question Five

Write brief notes on the following terms

a) Invitation to treat **(2 Marks)**

b) Supervening impossibility to perform **(5 Marks)**

c) Agency by necessity **(7 Marks)**

d) Offer and acceptance **(8 Marks)**

e) Contractual capacity **(3 Marks)**

[Total: 25 Marks]

END OF PAPER