



FACULTY OF BUSINESS SCIENCES AND MANAGEMENT

DEPARTMENT OF ACCOUNTING

BACHELOR OF COMMERCE HONOURS DEGREE IN ACCOUNTING

PART I FIRST SEMESTER EXAMINATION

COMMERCIAL LAW I [BAC1104]

APRIL 2024

DURATION: 3 HOURS

INSTRUCTIONS

1. Answer **ALL** questions in **SECTION A (Compulsory)** and any other **THREE** questions in **SECTION B**.
2. Begin your answer to each question on a new page.
3. Please indicate the study format (Conventional/Block) on the cover of your answer script.

INFORMATION

1. Marks per question are as indicated.
2. Questions may be attempted in any order.

This paper consists of five (5) printed pages including the cover page

SECTION A [40 MARKS]

QUESTION 1 : MULTIPLE CHOICE [30 MARKS]

For each of the following questions, just write the letter that correspond to the answer you consider to be correct.

- 1.1. Which list below identify the four main sources of law in Zimbabwe?
- A. Common law, judicial precedent, legislation and customary law
 - B. Labour Court, common law, legislation and judicial precedent
 - C. High Court, legislation, custom and authoritative texts
 - D. All of the above. **[2 Marks]**
- 1.2. What is the key definition of law?
- A. Religious rules
 - B. Justice and fairness
 - C. Rules and regulations that govern human conduct and is enforceable by the state
 - D. Morality and justice **[2 Marks]**
- 1.3. Mr. Rango is employed as an accountant by Laduma (Pvt) Limited. The contract of Mr. Rango was unfairly terminated Laduma (Pvt) Limited. Which court is best suited to remedy the unfair dismissal?
- A. Magistrates Court
 - B. Supreme Court
 - C. Labour Court
 - D. Constitutional Court **[2 Marks]**
- 1.4. Which statement captures an offer under contract law?
- A. Conditional acceptance of an offer concludes a contract
 - B. Once rejected, an offer can be opened again for acceptance
 - C. An offer once it is rejected cannot be opened again for acceptance
 - D. None of the above **[2 Marks]**
- 1.5. What is a void contract under commercial law?
- A. Contract with a minor as a party
 - B. Contract entered under duress
 - C. Contract from the start is invalid and of no force or effect
 - D. None of the above **[2 Marks]**
- 1.6. A voidable contract is a contract:
- A. Induced by misrepresentation
 - B. Entered through use of force on the other party

- C. Is agreed following undue influence on the offeree
- D. All of the above **[2 Marks]**

1.7. From the list below, which one does not refer to termination of contract?

- A. Novation
- B. Prescription
- C. Mutual agreement by the parties to a contract
- D. All of the above is correct **[2 Marks]**

1.8. Alum and Breel have a contract to buy roller meal. After delivery, Alum fails to pay the price to Breel. What remedy is available to Breel in this situation?

- A. Call the police to arrest Alum
- B. Wait until Alum decides to pay
- C. Litigation to claim damages for breach of contract in court
- D. None of the above **[2 Marks]**

1.9. A fiduciary duty under agency is:

- A. To show good faith, avoid conflict of interest, not accept obtain secret profit
- B. Right to remuneration
- C. Duty to perform mandate
- D. Obey to instructions and conform to usage **[2 Marks]**

1.10. An example of an agent's right against the principal is:

- A. Indemnity
- B. Novation
- C. Ostensible authority
- D. All the above **[2 Marks]**

1.11. Mrs. Kuzwayo negotiates to buy a car on behalf of Mr. Dumani without actual authority. Mr. Dumani later accepted to be bound by actions of Mrs. Kuzwayo. What agency is applicable in this situation?

- A. Ratification
- B. Agency by agreement
- C. Negotiorum gestio
- D. Estoppel **[2 Marks]**

- 1.12. Mrs. Alindelo's house catches fire. Her neighbour Mr. Attira extinguishes the fire to avoid the house burning down. Under agency, which type of agency fits the situation?
- A. Estoppel
 - B. Ratification
 - C. Negotiorum gestio
 - D. Agency by operation of law
- [2 Marks]**

- 1.13. What is a partnership under commercial law?
- A. Contract where there a separate legal personality between partnership and its partners
 - B. Authority to act on behalf of the principal
 - C. Legal relationship created a special contract between two up to twenty partners to contribute to it with the objective to make profit.
 - D. All of the above
- [2 Marks]**

- 1.14. The rights of a partnership include:
- A. Duty of care and skill
 - B. Contribution by partners
 - C. Right to share the profits of a company and participate in partnership management
 - D. All of the above
- [2 Marks]**

- 1.15. What may dissolve a partnership?
- A. Mutual agreement by its partners
 - B. Remuneration
 - C. Indemnity
 - D. Lien
- [2 Marks]**

QUESTION 2 [10 MARKS]

(a) Briefly explain any two main sources of law in Zimbabwe. **[2 Marks]**

(b) Illustrate the hierarchy, composition and jurisdiction of the courts in Zimbabwe.

[8 Marks]

SECTION B [60 MARKS]

Choose and answer ANY 3 questions from this section

QUESTION 3 [20 MARKS]

- (a) Briefly explain any four grounds leading to termination of an offer. **[4 Marks]**
- (b) Explain any four essential elements of a valid contract. **[8 Marks]**
- (c) Briefly explain void and voidable contracts. **[8 Marks]**

QUESTION 4 [20 MARKS]

- (a) Briefly explain the four grounds that result in breach of contract. **[8 Marks]**
- (b) Discuss any four conditions that lead to discharge of a contract. **[8 Marks]**
- (c) Explain in brief any two remedies applicable for breach of contract. **[4 Marks]**

QUESTION 5 [20 MARKS]

- (a) Outline the usual manner of the formation of an agency. **[4 Marks]**
- (b) What is the *naturalia* and *essentialia* of agency? **[8 Marks]**
- (c) Explain the concepts of estoppel and ratification in relation to agency. **[8 Marks]**

QUESTION 6 [20 MARKS]

- (a) What is the legal personality of a partnership? **[4 Marks]**
- (b) Discuss the nature and formation of a partnership. **[8 Marks]**
- (c) Briefly explain the natural and essential elements of a partnership. **[8 Marks]**

END OF EXAMINATION PAPER