



**COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE**

**BUSINESS LAW MMS203**

**END OF FIRST SEMESTER EXAMINATIONS**

**NOVEMBER/DECEMBER 2018**

**LECTURER: (Mr C. Munguma)**

**DURATION: (3 HRS)**

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**INSTRUCTIONS**

Section A is compulsory for all candidates.

Answer any three questions from section B.

Answers to questions must be supported by valid legal sources.

**Section A**

1. John finds his school mate in serious financial difficulties. The two were close friends in their college years. John advises him to sale one of his expensive cars to save pending litigations. The friend agrees. John then immediately offers to buy the car at a discounted price. The car was sold to John for \$32 000 when its market price was \$35 000. The friend agrees to the sale and after John has paid the full price the friend is refusing to deliver the car. He is asserting among other things that:
  - Duress – that John applied improper pressure on him.
  - Mental stress – He states he was so stressed that he could not apply his mind to the issue at hand.

- That in any case the price he charged was too low as to invalidate the transaction.
  - Social relationship- that their previous relationship prevented a valid agreement to be entered into by the parties.
- a) What are the prospects of success of any of the defences raised by the friend? [10]
  - b) Explain whether there is any other defence available to the friend that can have some prospects of success? [5].

## Section B

2. Analyse the extent to which Zimbabwean statute law permits **penalty clauses** and **exemption clauses** in contracts. [15]
  3. Discuss the following principles in a contract of lease:
    - i) Vacant possession
    - ii) Guarantee against eviction
    - iii) Suitability for purpose
    - iv) The maxim huur gaat voor koop ("hire takes precedence over purchase") rule. [15marks]
  4. Many commentators have asserted that the Labour Act of Zimbabwe is unfair to the employee in many respects. Discuss if this claim is justified or not? [10]
- 5(b) Explain with the aid of examples the obligations of an employer in a contract of employment. [5]
5. There is a general feeling among members of the public that insurance law is unfair as it only protects businesses at the expense of those who contribute their premiums. As a result, many people see any form of insurance as a necessary evil.
    - i) Analyse why there is this sentiment. [5]
    - ii) Is the blame justifiable or not? [10]
  6. Discuss the assertion that in a democratic country there is no justification to limit the freedom of citizens by regulations. [15]
  7. Producer Ltd offered to sell a quantity of materials to Buyer Ltd for \$30 000 cash. Buyer Ltd responded by asking whether payment could be made by way of three monthly instalments of \$10 000 each. Producer Ltd decided this was unacceptable and sold the materials instead to another company. Producer Ltd was about to write informing Buyer Ltd of its

decision, when it received a fax from Buyer Ltd agreeing to buy the materials and to pay the asking price of \$30 000 in one lump sum.

Explain whether Buyer Ltd can approach the courts seeking an interdict stopping Producer Ltd from delivering the materials to the other company?

[15]

**End**