



# **THE COPPERBELT UNIVERSITY**

## **SCHOOL OF BUSINESS**

**BSP/BS 190 GROUP A - BUSINESS LAW TEST 2**

**JUNE 2024**

### **INSTRUCTIONS TO CANDIDATES**

1. Read the instructions carefully
2. Check that you have the correct test paper in front of you.
3. There Two Sections in this Paper, A and B. Section A is Compulsory- answer all question therein, 1,2, and 3.
4. Answer any Three ( 3) Questions from Section B
5. No concessions are allowed in this paper.
5. There shall be **NO COMMUNICATION AMONGST STUDENTS** during the test. student caught for exam malpractice will be disqualified.
- 6.. Total Marks 100 Marks
7. Your answers must be legible and written in well paragraphed sequence.
7. **TIME ALLOWED IS 3 HOURS.**

## SECTION A – COMPULSORY - TOTAL MARKS - 40

### Question 1

Sarah owns a small bakery and needs a new oven. She discusses this with her friend Mebelo, who agrees to sell her his used oven for K5000. They shake hands on the deal. Later, Mebelo changes his mind and tells Sarah that he will not sell her the oven unless she pays him K7000 instead. Sarah, desperate for the oven, agrees to the new price but later decides to sue Mebelo for breach of contract, arguing that the original agreement should be enforced.

#### Tasks

- i. Briefly explain on validity of consideration in the original agreement between Sarah and Mebelo.
- ii. Briefly explain whether Mebelo's demand for an additional \$2000 is enforceable, and whether it constitute new consideration?
- iii. Explain whether Sarah can successfully claim that the original agreement should be enforced.
- iv. How would the concept of "pre-existing duty" apply in this scenario?
- v. If Sarah had paid Mebelo the K7000 and then decided to sue for the extra K2000, what would be her strongest legal argument?

(15 MARKS)

### Question 3

A had negotiated with B on the sale of B's laptop. A wrote and sent an email to B offering an amount of K3000 and taunted him by stating that "If I don't hear from you soon, I shall consider the laptop to be mine" B did not even bother to reply and went on to engage C who is an Agent of B and involved in selling cheap laptops from B's laptop huge collections to waste no time and withdraw the laptop from the display window. However, a mistake was made because C had already sold the laptop to another client.

#### Task

Using IRAC method and making reference to case law, proceed to opine your legal position on the matter by clearly explaining the legal principles as decided by the courts in a well known decided case.

(10 MARKS)

### Question 3

Gulani Mambazi and Kambani Bwino are two friends each operating their own line of business. The following illustrates the unique events that had characterized their business transaction over a period of seven months from January to August.

**JANUARY**

Gulani Mabanzi puts his DVD player for sale in a shop window with a price tag on it indicating ZMK 10,000.

**FEBRUARY**

Kambani Bwino sees the DVD player and asks Gulani Mabanzi if he would be willing to consider a lower price on the player.

**MARCH**

Meanwhile, Gulani Mabanzi receives more enquiries from other interested customers. To Gulani Mabanzi's surprise, he also notices that Kambani Bwino is asking him if he could purchase the DVD player in two installments of ZMK5000 each spread over two months. Gulani Mabanzi turns out to be busy to respond to Kambani Bwino.

**APRIL**

Kambani Bwino writes a letter to Gulani Mabanzi saying "*I have now reconsidered my position and accept your cash offer of ZMK K10,000, when can I collect my DVD player?*"

The letter was posted and was supposed to reach Gulani Mabanzi on the same day but was destroyed in a fire at a postal sorting office and therefore, never reaches Gulani Mabanzi. Mabanzi decides to sell his DVD player to DJ Sokoneza for ZMK 14,000.

**MAY**

Kambani Bwino telephones Gulani Mabanzi to ask when he can collect his DVD player. Gulani Mabanzi tells Kambani Bwino that the player has already been sold to someone else at ZMK 14,000.

**JUNE**

In this month, it was further discovered that Kambani Bwino had actually also asked Gulani Mabanzi if he could purchase the DVD player at ZMK8000.



JULY

During this month Kambani Bwino learnt that his young sister and brother with whom he had a business relationship with signed contract papers in place sues him for lack of performance of contractual duty on a business deal. He argues that his siblings cannot sue him for their lack *locus standing* in court.

AUGUST

Upon hearing that Kambani Bwino's siblings had sued him, Gulani Mambazi became infuriated and engaged his own lawyers to file counter claim charges against Kambani Bwino's siblings.

### TASKS

Study the above given scenario and proceed to match the attendant business transaction of each Month with the legal rules, legal principles, appropriate decided English cases by inserting your answer represented by a letter of the alphabet next to the appropriate month from those shown below.

A - *Stevenson, Jaques and Company V Mclean (1880)*

B - Performance of Existing Duties

C- Exception to Postal Rule

D - Breach of Contract

E - *Fish v Bell (1961)*

F - Privity of Contract

G - Request for more information

H - *Balfour V Balfour (1919)*

I - An Offer

J - Postal Rule of Acceptance

K - *Merrit v Merrit (1970)*

L - Counter offer

M - Termination of an offer

N - Past consideration need not be adequate but sufficient

O - Legal capacity to contract

(15 MARKS)

## SECTION B

### Question 2

- (a) Identify and explain the vitiating factors in contract formation and their respective effects on contracts. (10 Marks)
- (b) State the write brief notes on the five ( 5) principles of Statutory interpretation (10 Marks)

[TOTAL: 20 MARKS]

### Question 3

You have been assigned to draft a legal opinion for the company Mulenga Katwishi Limited. The issues that the company wishes you to address are as follows:

- a) The Differences between conditions and warranties in contract law. (10 Marks)
- b) Identify and explain the attributes or characteristics of a good legal system and its relevance to good governance and good business practices in the Zambian context. (10 Marks)

[TOTAL: 20 MARKS]

### Question 4

- a) The Judiciary amongst many other responsibilities is concerned with the supervision of the Zambian Judicial system and appointment of judicial officers through the public service commission in collaboration with the judicial service commission in collaboration with the judicial service commission. Paying particular attention to the hierarchy order, draw an organogram of the Zambian Judicial system and write short notes on each judicial authority. (10 Marks)
- b) The obligations of the Seller and Buyer under the Sale of Goods Act 1979 are critical to the smooth and equitable way of doing business. Briefly discuss this statement by giving examples of at least 5 such obligations. (10 Marks)

[TOTAL: 20 MARKS]

### Question 5

Making reference to case law or decided cases where possible write short and concise notes on the following:

- a) Past Consideration and its impact on validity of a contract ( 4 marks)
- b) Compare and contrast the reasoning of the courts in their decisions in **Stilk Vs Myrick (1808)** and **Glassbrook Bros Vs Country Council ( 1925)**
- c) Conditions and Warranties (4 Marks)
- d) The four (4) ways under which a Contract may be Discharged. (4 Marks)
- e) The various ways under which Agency Relationship may be created.

[TOTAL: 20 MARKS]