

**UNIVERSITY OF SWAZILAND**  
**DEPARTMENT OF ACCOUNTING**  
**AC 102 (SUPPLEMENTARY) EXAM PAPER**

**Programme of Study** : **Bachelor of Commerce I F/T**

**Title of Paper** : **Commercial Law**

**Course Code** : **AC 102**

**Time Allowed** : **3 Hours**

**INSTRUCTIONS:**

1. The total number of Questions on this paper is six (6).
2. Answer any Four (4) Questions.
3. Each question carries 25 Marks.
4. In answering any question, note that the quality of the content, use of authority, clarity of expression and legibility of handwriting are absolutely essential.
5. Begin each question on a new page.

**THIS PAPER MAY NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY INVIGILATOR(S).**

**QUESTION 1**

Mandla is aged 17 and his parents are married. He purchases a new Toyota Corolla from Leites Motors and agrees to pay a deposit. He will pay the balance of the price off in installments. He is working as a salesman and needs the car in order to function properly at work. Describe what Mandla's rights and obligations are in the following situations:

- a) He purchases the car when his parents are completely in ignorance of the transaction.
- b) He purchases the car whilst his parents approve of it, but the transaction is unduly burdensome on Mandla.

In advising Mandla, pay particular attention to his liability to Leites Motors.

**[25 Marks]**

**QUESTION 2**

With reference to case law, explain what is meant by 'an implied warranty against eviction.' Explain the defence available to a buyer who is threatened with eviction.

**[25 MARKS]**

**QUESTION 3**

Maziya, a milk dealer, is considering bringing an action to recover approximately E100, 000 as the agreed and reasonable value of milk sold and delivered to Gama, who is also a milk dealer. Gama admits the sale and the delivery of the milk, the quantity thereof, and the failure to pay, but as an affirmative defence he alleges that Maziya was not licensed as a milk dealer in accordance with the Agriculture and Markets Law, 2001 during the period when Maziya sold the milk to him. The lack of licence is admitted by Maziya in reply.

Advise Maziya on the legal issues arising.

**[25 MARKS]**

**QUESTION 4**

Motsa went to Patel's showroom, and pointed to a dark-grey Mercedes C230, 2002 model, priced at E100,000. Patel said to him, "Right choice! Awesome machine! Awesome! Can get you to Cape Town in a day!" Motsa, however, noted some scratches on the driver's door, and asked Patel whether the car had ever been involved in an accident. "Not really... No," Patel replied. "But a second hand car cannot be perfect! Never! He added emphatically.

Motsa then quickly paid, signed a document Patel asked him to, a copy of which he took with him, although he had not read it. That very day, however, the car's steering mechanism and brakes failed, and the car crashed into a shop wall at the Mall in Manzini.

The disappointed Motsa towed the wreck back to Patel's garage, and demanded an immediate refund of the E100,000. Patel pointed to a clause in the contract Motsa had signed. It read thus: "Seller shall not be liable for any warranty, express or implied." Patel also emphasized that the defects had not existed before the sale.

Discuss all legal issues and advise Motsa.

[25 Marks]

**QUESTION 5**

- a) Differentiate between a sale and a pledge. [5 Marks]
- b) What are the requirements for passing of ownership? [5 Marks]
- c) Explain what is the '*actio quanti minoris*.' [5 Marks]
- d) With reference to case law, describe the difference between an offer and an expression of willingness to do business. [5 Marks]
- e) Discuss what is meant by *Stare decisis*. [5 Marks]

[TOTAL: 25 MARKS]

**QUESTION 6**

- a) Give an extensive / detailed definition of a contract of Insurance. [12 Marks]
- b) Discuss the differences between a partnership and a Company. [10 Marks]
- c) What is Law? [3 Marks]

**[Total: 25 MARKS]****END OF EXAM**