



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF SOCIAL SCIENCES**

QUALIFICATION: BACHELOR OF ACCOUNTING	
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COURSE CODE: ITL511S	COURSE NAME: INTRODUCTION TO LAW FOR ACCOUNTANTS
SESSION: JUNE 2025	PAPER: THEORY AND CASE STUDIES
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION	
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INSTRUCTIONS
<ol style="list-style-type: none">1. The paper has SIX questions.2. ALL the questions are compulsory.3. Read carefully before answering.4. Write clearly and neatly.5. Number the answers clearly and according to the structure in the examination question paper.6. Candidates will be penalised for incorrect spelling and illegible handwriting.

PERMISSABLE MATERIAL

None

THIS EXAMINATION PAPER CONSISTS OF 9 PAGES (including this front page)

QUESTION 1

Choose a correct answer from the options given in each of the following statements. Only write down the letter with a correct answer for each statement. Use BLOCK CAPITAL LETTERS.

- 1.1 Andy entered into a contract with Ben for the unlicensed purchase of 100 AK 47 riffles at a purchase price of N\$ 20 000.00. This contract is:
- A. Valid because it complies with all the requirements of a valid contract of purchase and sale.
 - B. Voidable since Andy was under duress at the time when he entered into the contract of purchase and sale.
 - C. Void because the performance of the obligation is illegal.
 - D. Void as the formalities in respect of the contract were not complied with.
 - E. None of the above.
- 1.2 A and B enter into a partnership agreement, in terms of which A contributes a warehouse valued at N\$5 million and B contributes 5 trucks worth N\$1 million each. The partnership uses both the warehouse and the trucks as partnership assets; however the warehouse is not formally transferred to the partnership but remains registered in the name of A. After an unsuccessful business transaction the partnership owes creditor C N\$6 million. **Which of the following statements is correct?**
- A. Creditor C can attach the warehouse
 - B. Creditor C can attach the trucks
 - C. Creditor C can attach the warehouse and the trucks
 - D. Creditor C has no recourse in law because the partnership is insolvent
 - E. Creditor C can apply to court to have the partnership dissolved
- 1.3 The concept of agency arises when:
- A. A person, known as the agent, performs a juristic act on behalf of another person, known as the principal
 - B. A person, known as the agent, is not bound on the contract, but on the warranty of authority
 - C. A person with the necessary authority, known as the agent, can perform a juristic act on behalf of another person, known as the principal
 - D. A person with the necessary authority, known as the agent, concludes a contract on behalf of another, known as the principal, and the principal ratifies the contract
 - E. All of these answers

QUESTION 1 continues on the next page

- 1.4 When time is of the essence and the debtor fails to perform on time, the following remedy is available to the creditor:
- A. Cancellation
 - B. Specific performance
 - C. Both A and B
 - D. Either A or B
 - E. None of the above
- 1.5 Ben leases his house to Andy for N\$ 1 500.00. Andy then purchased the house at a purchase price of N\$ 250 000.00. Andy's contractual obligation is terminated by means of:
- A. Merger
 - B. Compromise
 - C. Set-off
 - D. Instinctive prescription
 - E. None of the above
- 1.6 Benjamin enters into an agreement with John that he (Benjamin) will lease John's farm for a period of 20 years. The lease is not registered. Five years into the agreement the country is hit by a devastating drought; Benjamin gives up farming and moves back into town. The following year John dies, and his son, Johnson, inherits the farm. Good rain has since fallen, and Benjamin wants to resume his farming activities. Advise Johnson:
- A. Benjamin can return to the farm and continue farming for the remainder of the 20-year period.
 - B. Benjamin can return to the farm and continue farming for another 10 years.
 - C. Benjamin can return to the farm and continue farming until the first 10 years of the lease has expired.
 - D. Johnson can evict Benjamin
 - E. The lease is invalid because it was never registered.
- 1.7 In which of the following relationships is the authority of the agent implied by law, and not dependent on the consent of the principal?
- A. Insane person and curator
 - B. Guardian and minor
 - C. Managing director and company
 - D. Close corporation and members of close corporation.
 - E. All of these options

QUESTION 1 continues on the next page

- 1.8 Kapofi leases his house to Nomcebo. Kapofi and Nomcebo agree that their contract of lease will come to an end when Nomcebo's son Daniel returns from Dubai. A year after the conclusion of the agreement, Daniel comes back from Dubai. Which one of the following forms of termination of lease will take place?
- A. The lease agreement will be terminated by notice because the contract is for an indefinite period
 - B. The lease agreement will not be terminated by notice because the parties did not mention in their contract that the contract will be terminated by notice
 - C. The lease agreement will not be terminated by effluxion of time because it was not known when the event will take place
 - D. The lease agreement will be terminated by effluxion of time because its existence depends on the occurrence of a specified event
 - E. None of the given options
- 1.9 Johan steals a car from Benny. He then sells it to Brian for N\$50 000 because it has engine problems. He does not disclose the problems to Brian. A month later, Benny claims the car from Brian. Brian is unhappy about Benny's claim and wants to claim the purchase price back from Johan. On which of the following grounds can Brian rely in order to succeed with a claim against Johan?
- A. Manufacturer's liability
 - B. Defective performance
 - C. Breach of warranty against eviction
 - D. Misrepresentation
 - E. Guarantee against latent defects.
- 1.10 Mary wants to buy 20 bags of flour from Namib Mills. Which one of the following will **not** qualify as an acceptable purchase price?
- A. N\$20 per kilogram
 - B. An amount to be determined by Markus, a financial advisor.
 - C. N\$4 000
 - D. N\$35 per bag of flour
 - E. 25 bags of wheat worth N\$4 000
- 1.11 Which of the statements below is **not** a duty of the purchaser in a contract of sale?
- A. To pay the purchase price
 - B. To accept when a thing is put at his or her disposal to exercise control over it
 - C. To pay transfer duty as and when it is required
 - D. To ensure that eviction never takes place
 - E. All of the above

QUESTION 1 continues on the next page

- 1.12 A preferential right is:
- A. A right one party obtains to accept or refuse an offer first
 - B. A right acquired by a person in terms of a testament of another
 - C. A right which comes into existence because you have a certain period to decide to contract later
 - D. All of the above
 - E. None of the above.
- 1.13 If performance becomes impossible as a result of a flood after the conclusion thereof, the general rule is that such impossibility:
- A. Renders the contract void
 - B. Amounts to a breach of contract
 - C. Renders the contract voidable
 - D. Terminates the obligations in terms of the contract
 - E. None of the above
- 1.14 Alex and Brendon agree that Alex would purchase Brendon's second hand motor cycle if the sun rises on 1 of December 2025. This agreement is subject to a:
- A. Suspensive Condition
 - B. Resolutive Condition
 - C. Suspensive Time Clause
 - D. Resolutive Time Clause
 - E. None of the above
- 1.15 Lonny agrees to sell his PlayStation to Hileni for N\$ 2000. The day before Hileni is to collect it, Lonny sells and delivers the same PlayStation to Rozanda for N\$ 2 500. Hileni does not know about Lonny's sale to Rozanda. The contract between Lonny and Hileni is:
- A. Void, because performance is objectively impossible
 - B. Valid, because performance is subjectively impossible
 - C. Void, because it is illegal to sell the same item to two persons at the same time
 - D. Voidable, because Lonny made a misrepresentation to Hileni by making her believe that he is going to sell the PlayStation to her
 - E. Void, because of mistake
- 1.16 The *huur gaat voor koop* rule provides for:
- A. Security to the lessor if the lessee decides to terminate the lease agreement before the expiry date.
 - B. Security of tenure for lessee if lessor decides to sell property before expiry of the lease.
 - C. Protection to the lessee from latent defects on the property.
 - D. Rights of the lessor to sue the lessee for damaged property on the rented premises.
 - E. None of the above.

QUESTION 1 continues on the next page

- 1.17 Platinum Park Property Partnership (PPPP) does business as property developers. The partnership agreement of PPPP provides that only Peter Pumpkineater is authorised to bind the partnership to contracts. Another partner, Bo Peep, acting without the knowledge of the other partners, proceeds to buy a racehorse on behalf of the partnership. PPPP subsequently denies liability on the basis that Bo Peep was not authorised to bind the partnership. **Which of the following statements is correct?**
- A. The contract will be binding on the partnership because of the principle of the mutual mandate
 - B. The partnership must ratify the contract
 - C. All partners have implied authority to bind the partnership
 - D. The contract will not be binding on the partnership because a partnership may only enter into contracts that fall within the scope of its principal business
 - E. The contract will not be binding on the partnership
- 1.18 The following agreement is not subject to a condition:
- A. Peter undertakes to give his wife a brand new Mercedes Benz if she loses a minimum of 5 kg in weight within the next 2 weeks
 - B. Peter undertakes to give his old video machine to his friend if he wins a new one in the Game Namibia Competition
 - C. Peter can borrow Mary's raincoat if it rains in Windhoek on Monday
 - D. Peter undertakes to give his cow's first calf to his son
 - E. Peter can borrow Tom's umbrella as soon as it rains again in Windhoek
- 1.19 The acquisition of rights or the discharge of debts after the passing of a certain period of time is known as:
- A. Set-off
 - B. Cession
 - C. Merger
 - D. Prescription
 - E. None of the above
- 1.20 Andy rents a motor vehicle from Premier Car Rentals CC and it is agreed between the parties that Andy would collect the motor vehicle the following day. That night a fire destroys the rental building and all the motor vehicles inside are destroyed. It is discovered later that one of the members of the close corporation set the premises alight in an attempt to submit a fraudulent insurance claim. This form of breach of contract is known as:
- A. Mora Debitoris ex re
 - B. Repudiation
 - C. Mora Creditoris
 - D. Prevention of performance
 - E. Mora Debitoris ex persona

Two marks each [40]

QUESTION 2

Briefly answer the following questions.

- 2.1 What is the MOST IMPORTANT difference between a contract of purchase and sale and a lease agreement? (2)
- 2.2 What are the requirements for the transfer of ownership in a contract of purchase and sale? (3)
- 2.3 Is it correct to say that a voidable contract is neither valid nor void? Explain. (3)
- 2.4 What must a plaintiff prove to claim damages based on breach of contract? (5)
- 2.5 In terms of the law of purchase and sale, what is the meaning of the term “delivery”? (2)
- 2.6 Is a partnership a juristic person? (3)
- 2.7 Name the two types of extra-ordinary partnerships. (2)
- [20]**

QUESTION 3

On 10 March Mwangala entered into a Deed of Sale for Petros’s house in Goreangab for N\$300 000. In terms of the Deed of Sale the sale was subject to the bank granting Mwangala a loan to buy the property. On 13 March the house was completely destroyed by a flash flood. Neither Mwangala or Petros is aware of this. On 18 March the bank approves the loan.

- 3.1 Discuss the passing of the risk rule in a contract of purchase and sale with reference to the above case study. (11)
- 3.2 Will your answer to Question 3.1 above be different if the bank approved the loan on 12 March? (4)
- [15]**

QUESTION 4 follows on the next page

QUESTION 4

Decide in each of the following instances whether the contract is valid, void or voidable. Motivate your answer:

- 4.1 Maggie enters into a contract with M & M Furniture Store for the purchase of a Phillips television, the store delivers a Hisense television.
- 4.2 Jack buys a computer in order to impress his friends who do not own a computer and have very boring lives, his friends are not impressed, he now wants to return the computer.
- 4.3 Anna enters into an agreement with Sue for the purchase of Sue's cow. Sue stated to Anna during the negotiations that the cow produces 35 litres of milk per day knowing that the cow produces 35 litres per month.
- 4.4 Beatriz (16 years old) enters into a contract without the assistance of her guardian to buy a Playstation from Elmarius.
- 4.5 Peter enters into an agreement with Sally that she will provide him with her human tissue on a monthly basis at a price of N\$ 100.00, in order for Peter to conduct his unlicensed cloning experiments.

Two marks each [10]

QUESTION 5

Brendon, Malcolm and Julian decide to become entrepreneurs. After reading Brendon's kid sister's JSC manual on Entrepreneurship they do some market research and decide that a carwash will be a great idea. The manual also mentioned something about a partnership being a possible type of business that they can use.

Explain the *essentialia* of a partnership to our three budding businessmen.

[10]

QUESTION 6 FOLLOWS ON THE NEXT PAGE

QUESTION 6

Anna, Betty and Cath are partners in a shoe shop. According to their partnership agreement Anna is the managing partner, with authority to bind the partnership in any agreements to a value of N\$100 000. For contracts more than this amount the consent of Betty and Cath are required.

Without consulting with her partners, Cath imports designer sneakers to the tune of N\$500 000. Anny and Betty believe this is an unnecessary expense and deny liability.

Can the seller of the designer sneakers hold the partnership liable? Discuss in full.

[5]

TOTAL: 100 MARKS