



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

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

QUALIFICATION: BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BGAC; 07BCAC	LEVEL: 5
COURSE CODE: ITL511S	COURSE NAME: INTRODUCTION TO LAW FOR ACCOUNTANTS
SESSION: JULY 2025	PAPER: THEORY AND CASE STUDIES
DURATION: 3 HOURS	MARKS: 100

SUPPLEMENTARY EXAMINATION	
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MODERATOR:	Eddy Maiba

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 If the parties to a contract of purchase and sale agreed on the *merx* and the price, but the contract is still subject to a resolutive condition, the risks passes to the purchaser when:
- A. The *merx* is delivered to the purchaser
 - B. The contract is concluded
 - C. The contract is signed
 - D. The condition is fulfilled
 - E. The damage is due to the fault of the seller
- 1.2 Mr. Kavari eagerly wants to buy Mr. Louw's car, but Mr. Louw is not interested in selling it at this stage. The parties conclude an agreement in terms of which Mr. Louw will offer his car for sale to Mr. Kavari the moment when he decides to sell it. This legal concept is known as:
- A. Option
 - B. Contract of purchase and sale
 - C. Preferential right
 - D. Novation
 - E. Merger
- 1.3 John and Joni enter into a partnership for the packaging and distribution of grapes on a farm owned by Joni. John contributes N\$500 000, with which he then buys a truck to transport the grapes. Unfortunately, because of a devastating drought and because neither of them was smart enough to realise that you cannot farm with grapes in the middle of the Kalahari, the business fails to make any money. Eventually John gets fed up and decides to end the partnership. He claims that the truck belongs to him because he paid for it. Is he correct? **Choose the most correct answer.**
- A. Yes. It was his contribution
 - B. No. A partner's contribution becomes the property of the partnership
 - C. Yes. There was never any formal transfer
 - D. No. Movable property acquired by a partner during the course of the partnership's business will become the joint property of the partners
 - E. That will depend on the intention of the partners.
- 1.4 Which of the following statements regarding partnerships is **incorrect**?
- A. There must be a valid partnership agreement
 - B. The agreement may be concluded between an unlimited number of persons
 - C. Each partner must contribute something or undertake to contribute something to the partnership
 - D. There must be a joint enterprise
 - E. None of the above

- 1.5 A and B conclude a contract in terms of which A sells his jet ski to B for R 15 000. The contract states that B must pay the purchase price in full by no later than 10 April 2025. By 11 April 2025 B still has not paid. This form of breach is known as:
- A. Defective performance
 - B. *Mora debitoris*
 - C. Prevention of performance
 - D. Repudiation
 - E. Cancellation
- 1.6 Hire goes before sale means:
- A. Once the lessor loses or transfers his/her title to the leased property, the lease agreement will terminate
 - B. The successor-in-title has a right to evict the lessee
 - C. It is a security of tenure in the event of the lessor deciding to sell the property before expiry of the lease
 - D. You must first enter into a lease agreement before you can buy the property
 - E. You cannot sell a property if there is an existing lease agreement
- 1.7 The following *merx* cannot be bought:
- A. Things that belong to another person
 - B. Things that already belong to the purchaser
 - C. Future things
 - D. Things that have no physical existence
 - E. All of these answers.
- 1.8 "Business carried on for the joint benefit" means that ...
- A. All partners must be engaged equally in the business
 - B. All partners have a mutual mandate to represent the partnership in any contracts
 - C. Profits and losses must be shared equally
 - D. All of the above answers
 - E. None of these answers
- 1.9 Which of the following statements is **true** in relation to a contract of purchase and sale?
- A. A seller needs to be the owner of the thing sold.
 - B. An implied warranty against eviction guarantees that a third party with a better title will not deprive the purchaser of his or her possession of the *merx*.
 - C. There can be a valid contract of purchase and sale if the parties concerned do not reach an agreement about the price.
 - D. The purchase price must be paid before ownership can pass to the purchaser.
 - E. All of these answers.

QUESTION 1 continues on the next page

- 1.10 Gero and Susan form a partnership to prospect for and to acquire rights to platinum on a certain farm. They agree that all contracts in excess of N\$500 000 require the consent of both partners. Six months later Gero buys second-hand mining equipment at a price of N\$600 000, without having consulted Susan. **Choose the correct statement:**
- A. The contract is valid because it is in the scope of the business
 - B. The contract is binding because the seller of the mining equipment does not know about the internal restrictions
 - C. The contract is in the scope of the business and the partnership must ratify it
 - D. The partnership is bound because Gero has apparent authority
 - E. None of the statements are correct
- 1.11 A, acting as agent for C, concludes a written contract of sale with P. In terms of the contract of sale, C agrees to buy P's house in Rundu for N\$ 2 million. **Which of the following statements is correct?**
- A. There is a valid contract of sale between A and P
 - B. There is a valid contract of sale between C and A
 - C. There is no valid contract of sale, because one person cannot conclude a contract on behalf of another
 - D. There is a valid contract of sale between C and P
 - E. None of these options
- 1.12 Love (Pty) Ltd offers a reward for the supply of certain information. A supplies the required information quite unaware of the fact that a reward had been offered. **Which one of the following statements is correct?**
- A. Love (Pty) Ltd must pay the reward to A in any event
 - B. Love (Pty) Ltd must pay the reward to A on demand
 - C. The offer of such a reward is invalid
 - D. A has no claim to the reward
 - E. A can institute a civil claim against Love (Pty) Ltd
- 1.13 Which of the following suggests that there is no agreement between the parties?
- A. Fred puts a knife to Zanele's throat and demands that she sells her flat to him. Zanele signs the contract.
 - B. Andile thinks that he might have employed the twin brother of the man he wanted to employ.
 - C. Shortly before an operation, a surgeon persuades one of her patients to sell her his computer at a greatly reduced price.
 - D. All the agreements are valid.
 - E. All the agreements are void.

QUESTION 1 continues on the next page

- 1.14 Alfred rebuilds a 'Mini' motor car. Due to the difficulty in obtaining a fanbelt for the car, he uses a nylon stocking instead. He then sells it 'as is' ('voetstoots') to Mbambo, a NUST student with no knowledge of cars. On Mbambo's way home the stocking melts, and that causes a serious damage to the engine. **Which one of the following statements is correct?**
- A. Mbambo has a claim against Alfred because Alfred knew about the defect and is therefore not able to rely on the 'as is' ('voetstoots') clause.
 - B. Mbambo has a claim against Alfred, because an implied warranty against latent defects is read into every contract of sale, notwithstanding the inclusion of an 'as is' ('voetstoots') clause.
 - C. Mbambo has no claim against Alfred because the warranty against latent defects was excluded by stating that the 'Mini' is sold 'as is' ('voetstoots').
 - D. Mbambo has no claim against Alfred, because Alfred's concealment of the use of a nylon stocking does not amount to misrepresentation.
 - E. Mbambo has no claim against Alfred, because Alfred's concealment of the use of a nylon stocking is not a serious defect.
- 1.15 A partnership consisting of Amukongo, Van Zijl and Tjiuoro leases a part of the partnership property to Tjiuoro. Tjiuoro does not pay the rental. What can Amukongo and Van Zijl do?
- A. Nothing, because the relationship between partners is like that between brothers
 - B. Institute action against him on behalf of the partnership
 - C. Reduce his profit-sharing ratio
 - D. Reduce his share in the partnership fund
 - E. Break his legs
- 1.16 The following are clauses from a contract; indicate which one of these clauses addresses the guarantee against latent defects.
- A. "The parties agree that the vehicle is sold "voetstoots"
 - B. "Should the supplier fail to supply the goods on the dates as indicated in Annexure A, the supplier shall be liable for the payment of N\$ 500.00 (Five Hundred Namibia Dollars) for each day of non-delivery".
 - C. "The purchaser guarantees that the motor vehicle is a 2021 model."
 - D. "Transfer of the property will take place when full payment is made, on which date all risk attached to the property will pass to the seller".
 - E. None of the above
- 1.17 The most important obligation of the purchaser is:
- A. Acceptance of delivery of the thing
 - B. Reimbursement of the seller's expenses
 - C. Payment of the purchase price
 - D. Payment of VAT in respect of movable things
 - E. Payment of transfer duty in respect immovable things

- 1.18 Andries is the owner of business premises in the city. He inherited the premises from his grandfather. Andries is still a student and therefore does not use the property himself. In order to ensure that he receives an income from it, he leases the business premises to Jolly Jackson, the owner of a restaurant, for a period of five years. A year later Andries sells the property to Christa. Christa knows about the existence of the lease agreement. **Which one of the following statements is correct?**
- The lease agreement with Jolly Jackson will not remain in force. Ownership is transferred from Andries to Christa and Christa, the new owner, is not bound by the lease agreement with Jolly Jackson
 - The lease agreement with Jolly Jackson will not necessarily remain in force. Christa, the new owner, has a choice of withdrawing from the lease or continuing with it.
 - The lease agreement with Jolly Jackson will remain in force after the sale of the business premises to Christa and Christa is not bound by the lease.
 - The lease agreement with Jolly Jackson will remain in force after the sale of the business premises to Christa and Christa is bound by the lease.
 - The Formalities in respect of Leases of Land Act 18 of 1969 provides that leases longer than five years shall not be binding on the purchaser of that immovable property.
- 1.19 A and B agree that A will buy B's bicycle for N\$ 50. The parties further agree that there is a condition that A will have to get the money from his father. **Choose the most correct statement.**
- The contract of sale is perfecta
 - The contract of sale is valid provided A pays the purchase price on time
 - The contract of sale is invalid as the passing of the risk is an essential characteristic of the contract of sale
 - The contract of sale is subject to a resolutive time clause
 - None of the above options.
- 1.20 Consider the following situations:
- In September UNAM accepts Mbambo, a grade twelve learner, as a B Com- student for the next year, on condition that Mbambo passes grade twelve at the end of the year.
 - In September Unisa accepts Mark, an attorney, as an LLM- student for the following year although the course only commences in April.
- Which ONE of the following statements is **correct**:
- Contract (a) contains a suspensive time clause and contract (b) a condition.
 - Contract (b) contains a suspensive condition and contract (a) a resolutive time clause.
 - Contract (a) contains a suspensive condition and contract (b) a suspensive time clause.
 - Contract (a) contains a resolutive condition and contract (b) resolutive condition
 - None of the above

Two marks each [40]

QUESTION 2

Briefly answer the following questions.

- 2.1 List the requirements for a valid contract of purchase and sale. (4)
- 2.2 Will the purchaser always become the owner of the thing sold? Motivate your answer. (3)
- 2.3 It is said that in addition to the essentialia of a partnership agreement, the partners must also have the true intention to enter into a partnership. How will the Courts go about establishing the true intention of the parties? (4)
- 2.4 What are the legal rules regarding the sharing of profits in a partnership? List the rules in the correct sequence. (5)
- 2.5 Identify the legal concept/contractual term in each of the following:
- 2.5.1 Romeo agrees to buy a Toyota RAV4 from Pupkewitz Motors. His wife does not like the car and Romeo decides to buy a Toyota Camry instead. Pupkewitz Motors agrees. (2)
- 2.5.2 Sally says she had to iron Joe's clothes for 4 months while Joe says that the agreement was for a period of 6 months. The parties then agree that she must do the ironing for 5 months. (2)
- [20]**

QUESTION 3

Kevin is the owner of a very popular cocktail bar on the beach at Swakopmund. He employs Jenny on a five-year contract as a specialist cocktail waitress. Shortly after her appointment, Jenny was sent on a three-months training course in the Bahamas to learn how to mix different tropical cocktails, fully paid by Kevin. A clause in Jenny's contract of employment provides that, after the termination of her contract, she may for a period of one year not participate in any way in the liquor trade anywhere in the district of Swakopmund. Six months after Jenny's resignation, Louis, a bar owner doing business in Swakopmund, offers Jenny employment. Jenny accepts the offer.

Advise Kevin of his legal position.

[10]

QUESTION 4 follows on the next page

QUESTION 4

In each of the below instances, indicate whether a valid contract of purchase and sale has come into existence. Motivate your answer.

- 4.1 After a heavy night of drinking Kristen sells her car to Ernst for N\$100.
- 4.2 Jon and Peter agree that Jon will buy Peter's car for whatever Jon is prepared to pay for it.
- 4.3 Paul and Holly agree that Paul will buy 100g of cocaine from Holly for N\$1000.
- 4.4 Mbeki's father has passed on. Mbeki does not know that, in terms of his late father's last will and testament, he has inherited his late father's Mercedes Benz. He agrees with the executor of his late father's estate that he will buy the Mercedes Benz for N\$200 000.
- 4.5 Petrus steals Mario's car and sells it to Josua for N\$20 000.

(Two marks each) [10]

QUESTION 5 follows on the next page

QUESTION 5

On 1 November 2024 Josie entered into a contract of purchase and sale with Mike for the purchase of Mike's second-hand computer at a purchase price of N\$5 500.00.

Answer the following questions, motivating your answers:

- 5.1 A month after the purchase and sale contract was concluded Zeta visits Josie's home to remove the computer, which she claims is her property which she lent to Mike. Josie is very upset because she has already paid Mike the purchase price for the computer. What rights does Josie have in these circumstances? (6)
- 5.2 Assume that the parties agree that Mike would deliver the computer on 15 November 2024 and that Josie would pay the full purchase price on 30 November 2024. Mike fails to deliver the computer as agreed and on 28 November 2023 the computer is destroyed when Mike's house is struck by lightning. Mike's friend Nikita, who has repeatedly failed Introduction to Law at NUST, tells Mike that Josie must still pay him, because of the passing of the risk rule. Is this advice correct? (4)

[10]

QUESTION 6

Tom, Dick and Harry are partners in a fishing business. According to their partnership agreement Tom is the managing partner, with authority to bind the partnership in any agreements to a value of N\$1 million. For contracts more than this amount the consent of Dick and Harry are required. Without consulting with his partners, Harry buys a race-horse from Scaly Horse Breeders for N\$750 000.

Answer the following questions:

- 6.1 Can Scaly Horse Breeders hold the partnership liable? Discuss in full. (6)
- 6.2 Tom and Harry think that owning a racehorse is a cool idea. What can they do? (1)
- 6.3 The partnership decides to hold a Christmas party and instructs Dick to order refreshments. He places an order with Gourmet Caterers. When the refreshments are delivered Tom refuses to pay, because he would have preferred the NUST Hotel School. Can the partnership deny liability? (3)

[10]

TOTAL: 100 MARKS