

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

GRADUATE SCHOOL OF BUSINESS

MASTER OF BUSINESS LEADERSHIP

LEGAL ENVIRONMENT OF BUSINESS (MBL529)

EXAMINATION PAPER

DURATION: 3 HOURS 30 MINUTES

NOV 2024

INSTRUCTIONS AND INFORMATION TO CANDIDATES

1. Section A is compulsory and carries 40 marks.
2. Answer Question One from Section A and any three (3) questions from Section B.
3. The paper carries six questions.
4. All questions in Section B carry equal marks of 20 each.
5. The use of cell phones is not allowed in the exam.

SECTION A: [COMPULSORY]

QUESTION 1

Amanda has just started a business as an organiser of events in the entertainment and events industry. To her joy, she lands a contract with the Zimbabwe Broadcasting Corporation (ZBC) to organise the annual TV awards ceremony which is to be held at 18:00 on the 1st of October 2017. ZBC promises to appoint her to organise the broadcaster's Christmas party if she does a good job with the awards ceremony. Excited, Amanda started planning for the ceremony. She contacts Better Foods Caterers (Pvt) Ltd a firm specialising in catering for high profile events and they agree to provide a buffet dinner at a price of ZW\$30 000 000. The contract signed stipulates that the food is to be delivered at the premises where the ceremony was to be held at 17:00 on 1 October 2017. At 15:00 on the day of the function, Amanda calls Better Foods to make sure that they have the correct directions to the venue. However, all she gets is a message on the company's answering machine stating that Better Foods is closed for the entire week due to staff shortage.

Amanda is frantic. She leaves the following message on Better Foods answering machine, "[h]ow dare you do this to mean, I am cancelling the contract and getting other caterers!" She starts making enquiries from other caterers. The only caterer she can find at such short notice is Gourmet Caterers Pvt Ltd who agree to charge ZW\$35 000 000 to provide the food. In addition, they tell her that they are situated on the other side of town and due to peak hour traffic congestion, they will not be able to deliver the food to the premises before 17:45. To make sure the food arrives before the start of the ceremony, Amanda hires a helicopter at a cost of ZW\$4 000 000 to pick up the food at Gourmet.

At 16:00 just after Amanda had finalised arrangements, Better Foods call her telling her that they just checked their answering machine and were surprised to hear her message cancelling the contract. When Amanda explains that she thought they weren't going to deliver the food because of the message stating that the business was closed Better Foods tells her that it was all a misunderstanding, and that the message on the answering machine was an old message which they had forgotten to delete. In fact, the business had been open all the time. The reason why nobody answered the call was that they were busy loading the delivery truck with food for the ceremony.

Amanda responds by stating that, "it's already too late I have already cancelled the contract and arranged other caterers. I do not want your food anymore."

Advise Amanda on the following:

- a. If Better Foods has committed any breach of contract. (20 marks)
- b. The remedies if any available to her. (20 marks)

Total: [40 marks]

SECTION B: Answer any three (3) questions from this Section.

QUESTION 2

Define the following legal terms:

- a. Vicarious liability. (2 marks)
- b. Covenant in restraint of trade. (2 marks)
- c. Pactum commissorium. (2 marks)
- d. *Consensus ad idem*. (2 marks)
- e. *Animus contrahendi*. (2 marks)
- f. Caveat subscriptor rule. (2 marks)
- g. Obiter dictum. (2 marks)
- h. Ratio decidendi. (2 marks)
- i. Freedom to contract. (2 marks)
- j. Sanctity of contract. (2 marks)

QUESTION 3

Describe the law-making process in Zimbabwe. [20 marks]

QUESTION 4

With reference to case law discuss the eight essential elements of a contract. [20 marks]

QUESTION 5

Discuss the rights and obligations of parties to an employment contract and how can it be terminated.

[20 marks]

QUESTION 6

Discuss the basic principles of insurance law.

[20 marks]

END OF EXAMINATION PAPER