

Fundamentals Level – Skills Module

# Corporate and Business Law (Botswana)

Monday 9 June 2014



**Time allowed**

Reading and planning: 15 minutes

Writing: 3 hours

ALL TEN questions are compulsory and MUST be attempted.

**Do NOT open this paper until instructed by the supervisor.**

**During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.**

**This question paper must not be removed from the examination hall.**

The Association of Chartered Certified Accountants

The Botswana Institute of Chartered Accountants



# Paper F4 (BWA)

**ALL TEN questions are compulsory and MUST be attempted**

- 1 In relation to the Botswana legal system, explain the concept of human rights as expressed in the constitution and any other legislation.  

**(10 marks)**
  
- 2 In relation to contract law:
  - (a) Explain the meaning and effect of a breach of contract. 

(3 marks)
  - (b) Discuss the remedies for breach of contract 

(7 marks)

**(10 marks)**
  
- 3 In relation to employment law, explain the nature of the contract of employment.  

**(10 marks)**
  
- 4 In relation to company law, explain the doctrine of separate legal personality and illustrate the effect of the doctrine on the liability of owners of the company.  

**(10 marks)**
  
- 5 In relation to company law, explain the role and duties of company promoters.  

**(10 marks)**
  
- 6 In relation to company law, explain and distinguish between loan capital and share capital.  

**(10 marks)**
  
- 7 In relation to company law:
  - (a) Explain the idea of corporate governance 

(3 marks)
  - (b) Describe extra-legal codes of corporate governance 

(7 marks)

**(10 marks)**

- 8** Katlego is a shareholder in Dynamic Mining (Pty) Limited. She is unhappy with the manner in which the company has been trading. Katlego decided to call a company meeting, with a view to amending the constitution to increase the number of board members from five to seven. She wanted to appoint herself and her friend Angela as board members. Katlego telephoned the five members of the company about the meeting and gave them 24 hours' notice. Ame, a shareholder in the company, requested the agenda for the meeting. Katlego told Ame that she would be informed of the agenda at the meeting.

Katlego chaired the company meeting and informed the shareholders meeting that she wished to increase board members from five to seven, and that she and Angela wished to be appointed to the board. Ame protested and informed Katlego that the agenda should have been circulated beforehand. Katlego told Ame that there was no legal requirement to circulate the agenda beforehand. Katlego put her proposals to a vote. The resolution was carried by simple majority. Katlego then prepared a record of the meeting and forwarded the record to the Chairperson of the Board, Abdul, who was not present at the company meeting.

Abdul is concerned about the legality of the resolution adopted at the company meeting.

**Required:**

**Advise Abdul about the legality of the company meeting.**

**(10 marks)**

- 9** Bontle is interested in purchasing shares in Lesedi (Pty) Limited. The company has a lucrative business supplying electrical fixtures and fittings in Gaborone. Lesedi (Pty) Limited assists Bontle to purchase the shares by extending a loan to Bontle in the amount of P50 000 to purchase the shares.

Lesedi (Pty) Limited wishes to consider declaring a dividend for the year ending March 2014. Mogi, who is the chairman of the board, is concerned that the dividend under consideration by the board may be too high.

**Required:**

**Advise Lesedi on the legality of the proposed transaction with Bontle and advise Mogi as to the steps the board should take to ensure the dividend authorised by the board is acceptable.**

**(10 marks)**

- 10** Early one evening, Simon set light to some dry leaves in his garden. He watched the fire for a while but then went indoors to watch some television. The fire spread into Dube's yard and caused damage to his thatch veranda, which caught fire and burnt to the ground. Dube wishes to bring an action against Simon to recover his loss.

**Required:**

**Advise Dube.**

**(10 marks)**

**End of Question Paper**