

Fundamentals Level – Skills Module

Corporate and Business Law (Botswana)

Monday 10 December 2012



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 structure and operation of the court system.**

(10 marks)
- 2 In relation to the law of contract, explain the remedies available for breach of contract.**

(10 marks)
- 3 In relation to the law of agency, explain how the authority of an agent is established.**

(10 marks)
- 4 In relation to company law:**

 - (a) Explain and distinguish between a sole trader, a partnership and a company;** (6 marks)
 - (b) Explain the meaning and effect of limited liability.** (4 marks)

(10 marks)
- 5 In relation to company law:**

 - (a) Define companies' borrowing powers;** (2 marks)
 - (b) Explain the meaning of debentures;** (2 marks)
 - (c) Explain the differences between shares and debentures.** (6 marks)

(10 marks)
- 6 In relation to company law, discuss the appointment procedure relating to, and the duties and powers of, a company secretary.**

(10 marks)
- 7 In relation to company law, explain the meaning of and procedure involved in voluntary liquidation.**

(10 marks)

- 8 Helen ordered a bottle of ginger ale at her local café, which she uncorked and drank directly from the bottle. Helen suffered a cut on her tongue from a rusty piece of metal that emerged from the bottle. Over the next few days, she also suffered a bout of gastroenteritis (severe stomach illness). Helen wishes to institute an action against the manufacturer of the ginger ale Sechaba Breweries for damages.

Required:

Advise Helen on her chances of success.

(10 marks)

- 9 Dipeo Makepe had entered into a contract with SureBuild Construction in the following terms:

- ‘1. SureBuild Construction (SureBuild) hereby sub-contracts Dipeo Makepe (Dipeo) to supervise bricklaying works at the company’s various sites.
2. Dipeo is prohibited from entering into any other income generating activity for the period of this contract.
3. Dipeo is appointed subject to a three-month trial which can be terminated by one month’s notice.
4. Either party can terminate the contract of employment by giving the other one month’s notice.
5. Should Dipeo violate company policies, his services may be terminated without notice.
6. Dipeo will be paid P20,000 per month. Payment of taxes is the responsibility of SureBuild.
7. Dipeo will be required to personally report for duty every day at the site.
8. Dipeo is required to keep normal working hours Monday to Saturday with overtime payable where required.’

Whilst the contract was running, Dipeo and SureBuild had a dispute. SureBuild demanded that Dipeo resign, which he did. Dipeo then sued for wrongful dismissal under the Employment Act 2010. In its defence, SureBuild argued that the contract was not one of service but a contract for services and therefore the provisions of the Employment Act 2010 were not applicable.

Required:

Advise Dipeo on the nature of his contract.

(10 marks)

- 10 Lorato is a director in Golden Arrow (Pty) Limited (Golden Arrow). Golden Arrow is involved in the horticulture business. Produce from Golden Arrow is transported to various supermarkets by truck. Lorato decides to incorporate a company called Haulage (Pty) Limited, with the sole aim of transporting Golden Arrow products to its customers. Lorato does not disclose her interest in the transaction and, in fact, falsifies records presented to the board to mislead them into granting her the tender. Unaware of Lorato’s involvement, the board appoints Haulage (Pty) Limited as its sole courier.

The board has recently discovered Lorato’s connection to Haulage (Pty) Limited and now the board wishes to take legal action against Lorato.

Required:

Advise the board on the legality of Lorato’s conduct and on legal remedies available to the company.

(10 marks)

End of Question Paper