

Fundamentals Level – Skills Module

Corporate and Business Law (Botswana)

Monday 10 June 2013



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, define law and explain and distinguish between common law, statutory law and customary law.**

(10 marks)
- 2 In relation to employment law, explain the duties of the employee.**

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

 - (a) Explain the contents and effect of the company constitution;** (4 marks)
 - (b) Explain how the company constitution can be amended.** (6 marks)

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

 - (a) Discuss the ways in which directors can be appointed;** (5 marks)
 - (b) Discuss the circumstances under which directors can be disqualified from office.** (5 marks)

(10 marks)
- 5 In relation to the law of contract, define the various contractual terms.**

(10 marks)
- 6 In relation to company law, describe the procedure for calling and conducting an annual general meeting.**

(10 marks)
- 7 In relation to company law, explain judicial management as an alternative to winding up.**

(10 marks)

- 8 Dimpho saw an advertisement outside Elegance Boutique in bold red letters stating 'Half Price Sale Now On'. She went into the clothing store and selected five clothing items off the racks, which were priced at P100 each. At the till, she tendered P250 to the cashier and said she was entitled to each item selected at half price as advertised outside the boutique. The cashier declined to take the amount tendered. Dimpho has come to you for advice regarding the correct price she should have been required to pay for the clothing items.

Required:

In relation to the law of contract, advise Dimpho.

(10 marks)

- 9 Aone entered into an employment agreement with The Wood Doctor in Maun to work as a carpenter. Clause 10.2 of his contract of employment provided that should Aone leave the employment of The Wood Doctor, he would not set up a workshop in Maun for a period of three years, or solicit The Wood Doctor's clients. Aone left the employment of The Wood Doctor in June 2012. In December 2012, he incorporated a company called The Wood Workshop (Pty) Limited in which he is the 100% shareholder. He has since accepted work from The Wood Doctor's customers. The Wood Doctor wants to obtain an interdict against The Wood Workshop (Pty) Limited and Aone to prevent any further solicitation of their customers.

Required:

In relation to company law, advise The Wood Doctor.

Note: The legality of the restraint of trade clause in Aone's contract of employment may be assumed.

(10 marks)

- 10 Anthony is a shareholder in Kilimanjaro (Pty) limited. He has partly paid for his shares. Anthony wants to sell his shares and so he enters into an arrangement with the chairman of the board of directors of Kilimanjaro (Pty) limited that Kilimanjaro will purchase the shares from him. The current financial position of the company is that should it advance any money for any purposes, it would find itself in financial difficulty. The chairman of the board has approached you, the corporate secretary, for advice on the legality of these proposed transactions.

Required:

Advise the chairman.

(10 marks)

End of Question Paper