

Fundamentals Level – Skills Module

Corporate and Business Law (South Africa)

Monday 18 June 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

Paper F4 (ZAF)

ACCA

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the legal system, discuss the various sources of law from which South African law is derived.**

(10 marks)
- 2 In relation to the law of contract, explain and distinguish between *essentialia*, *naturalia* and *incidentalia* as contractual terms.**

(10 marks)
- 3 In relation to partnership law, explain and distinguish between the different types of partnerships.**

(10 marks)
- 4 In relation to employment law, explain what is meant by:**

 - (a) constructive dismissal;** (3 marks)
 - (b) unfair dismissal.** (7 marks)

(10 marks)
- 5 In the context of governance and ethical issues, explain what is meant by:**

 - (a) corporate governance; and** (6 marks)
 - (b) codes of best practice.** (4 marks)

(10 marks)
- 6 In the context of company law:**

 - (a) explain how directors can lose their office; and** (5 marks)
 - (b) discuss the ways in which directors may be appointed.** (5 marks)

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

 - (a) explain a pre-incorporation contract as provided for in s.21 Companies Act 2008; and** (6 marks)
 - (b) explain whether the common law methods are still applicable in view of the new statutory pre-incorporation contract.** (4 marks)

(10 marks)

- 8 The memorandum of incorporation of Amazing Leather (Pty) Ltd provides that only the board of directors, or any person authorised by the board, has the power to conclude contracts on behalf of the company. It also states that any transaction that exceeds R200,000 must first be authorised by the company at a general meeting by way of an ordinary resolution. Benjamin, who is authorised to act on behalf of the board of directors, concludes a contract with Chris to the value of R300,000. The contract is for the purchase of equipment with which to cut leather belts. The authorisation of the company in a general meeting was not obtained either by Benjamin or by the board of directors.

Required:

Discuss whether the company is bound by the contract concluded by Benjamin.

(10 marks)

- 9 Daniel, Evan and Fred want to form a partnership. They wish to buy and sell second-hand books. Daniel undertakes to contribute R100,000 to pay the first month's rent under the lease agreement for the bookshop and to purchase a number of books. Daniel's contribution is subject to the condition that Evan and Fred must repay him should the second-hand bookshop be unsuccessful. Evan will work in the shop and Fred will handle the administration. All three will share in the profits and losses equally.

Required:

Discuss whether a valid partnership has been formed between Daniel, Evan and Fred.

(10 marks)

- 10 Michelle lost her silver bracelet at the public swimming pool. She inherited it from her grandmother and would do anything to get it back. She therefore placed an advertisement in the local newspaper offering an award of R1,000 to the person who found her bracelet. Thomas, a regular swimmer at the public pool, found the bracelet on the pavement in front of the ladies rest room. Thomas remembered that he saw an advertisement in the local paper regarding a missing bracelet. Later that afternoon he found the newspaper in his room and subsequently contacted Michelle. Michelle is very happy to have her bracelet back but says that she had changed her mind about paying the reward after she had placed the advertisement.

Required:

Discuss whether Thomas can claim the R1,000 from Michelle under the law of contract.

(10 marks)

End of Question Paper