

Fundamentals Level – Skills Module

Corporate and Business Law (Zimbabwe)

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

Paper F4 (ZWE)

The ACCA logo, consisting of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black square.

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the legal system of Zimbabwe, describe the impact of human rights on statutory interpretation and the common law. (10 marks)**
- 2 In relation to the law of contract, explain the various equitable remedies available for breach of contract. (10 marks)**
- 3 In relation to the law of delict:**
- (a) explain the meaning of delict; (5 marks)**
 - (b) explain the delict of passing off. (5 marks)**
- (10 marks)**
- 4 In relation to the law of agency, explain the liability of both the principal and the agent towards third parties. (10 marks)**
- 5 In relation to partnership law, discuss:**
- (a) how partnerships are established; (5 marks)**
 - (b) how partnerships can be terminated. (5 marks)**
- (10 marks)**
- 6 In relation to company law:**
- (a) describe the differences between the various classes of shares; (7 marks)**
 - (b) explain the nature of debentures. (3 marks)**
- (10 marks)**
- 7 In relation to company law:**
- (a) describe the duties of a company secretary; (5 marks)**
 - (b) (i) explain and distinguish between an ordinary resolution and a special resolution;**
 - (ii) specify any FIVE situations that require the passing of a special resolution.**
- The total marks will be split equally between each part. (5 marks)
- (10 marks)**

- 8 Torerai, the managing director of Northern Star Investments (Pvt) Ltd, asked several contractors to send him sealed tenders quoting the price of the construction of a building. Nine tenders were received in sealed envelopes, which were opened and reviewed by Torerai and Smart Alec, his architect, on 10 January 2011.

Mamhepo's bid was the lowest, but no final decision was made to accept any of the tenders at that meeting. The following day Torerai received a registered letter and a telephone call from an apologetic Mamhepo advising that he was no longer in a position to actually undertake the work and he was accordingly withdrawing his bid. Torerai advised Mamhepo that his bid was the lowest but said nothing further. One week later, Torerai wrote to Mamhepo confirming that his bid had been the lowest and saying:

'I accordingly accept your bid and expect you to commence construction within 30 days.'

Mamhepo refused and was sued by Torerai for breach of contract.

Required:

In relation to the law of contract, advise Mamhepo on the issue of contractual liability towards Torerai.

(10 marks)

- 9 James Munyama was employed as a machine operator by Tambaoga Investments (Pvt) Ltd from March 2005 to June 2011. He was a member of a militant trade union movement called 'Workers Unite'. In June 2011 he was dismissed from employment for having taken two days off employment to attend a congress of his trade union. During the whole of 2010 leading to the time of James's dismissal, he and his best friend and fellow employee, John Hope, had been subjected to a lot of harassment and humiliation by their superiors at Tambaoga Investments. Soon after James's dismissal, John decided to leave his job. The two friends, who are avid members of the trade union movement, have a deep sense of grievance against their employer.

Required:

In relation to employment law, discuss the legal position of James and John as against Tambaoga Investments (Pvt) Limited.

(10 marks)

- 10 Samaita Holdings Limited is a public company duly incorporated and operating in terms of the laws of Zimbabwe. The company's core business is to supply cement and a variety of other building materials to the retail sector. The nine-member board is chaired by Clever, a chartered certified accountant by profession, and his deputy is Norman, a construction engineer. Both men have a close working relationship with Hapless, the managing director of the company.

The chairman and his deputy decided to incorporate a private company which is also in the business of supplying cement and building materials to the retail sector. Their company, Buildarama (Pvt) Limited, is doing extremely well. In addition to competing for the same market with Samaita Holdings, the chairman and his deputy prevailed upon Hapless to give special concessions to Buildarama (Pvt) Limited. In addition to huge trade discounts the company also enjoys generous credit facilities of up to 60 days interest-free, a benefit which is not enjoyed by any other competitor. These developments are naturally causing a lot of disquiet and unhappiness within Samaita Holdings Limited.

Required:

In relation to company law, identify the legal problems arising from the facts and how they should be resolved.

(10 marks)

End of Question Paper