

Fundamentals Level – Skills Module

Corporate and Business Law (Zimbabwe)

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

Paper F4 (ZWE)

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

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the legal system of Zimbabwe, explain:**
- (a) the hierarchy and structure of the courts; (6 marks)
 - (b) the criminal and civil jurisdiction of the High Court. (4 marks)
- (10 marks)**
- 2 In relation to the law of contract:**
- (a) explain the meaning and effect of exemption clauses; (5 marks)
 - (b) explain how the courts control exemption clauses. (5 marks)
- (10 marks)**
- 3 In relation to the law of agency, explain the following ways of establishing a contract of agency:**
- (a) express actual authority; (1 mark)
 - (b) implied actual authority; (1 mark)
 - (c) ratification; (2 marks)
 - (d) agency of necessity; (3 marks)
 - (e) agency by estoppel – apparent or ostensible authority. (3 marks)
- (10 marks)**
- 4 In relation to company law, explain:**
- (a) the duties of an auditor; (4 marks)
 - (b) (i) the appointment of an auditor; (3 marks)
(ii) the disqualifications for appointment as an auditor. (3 marks)
- (10 marks)**
- 5 In relation to company law, explain the capital maintenance and dividend law.**
- (10 marks)**
- 6 In relation to the formation and constitution of companies, explain:**
- (a) the meaning and major advantages of separate personality; (4 marks)
 - (b) the various instances when the courts will lift the veil of incorporation. (6 marks)
- (10 marks)**

7 In relation to winding up and insolvency procedures involving companies, explain:

(a) the circumstances in which a company may be wound up by the court; (5 marks)

(b) judicial management as an alternative to winding up. (5 marks)

(10 marks)

8 Huchi Delights (Pvt) Ltd is a company duly incorporated and trading in terms of the laws of Zimbabwe. It has been in existence for about 30 years and is well known not only in Zimbabwe but in the Southern African Development Community (SADC) region as well. The company manufactures different flavours of fruit juices such as grape, orange, pineapple, apple, etc, both for the domestic and the export market as well, particularly in the SADC region. The trading bloc has about 12 countries, which are striving for political and economic integration amongst the various member states.

The company's most famous brand is called 'Fruittree' and it is packaged in 1 litre (l) cartons in blue and purple colours. The cartons also have a distinct three star logo that is generally associated with the company.

About six months ago, a former marketing manager of the company, Judas Tembo, set up his own company known as Uchi Delights, which is in the same business of manufacturing and retailing fruit juices. Tembo's product is also called 'Fruitric' and it is packaged in 1 l containers, which are painted in blue and purple containers and the logo is identical to the one being used by Huchi Delights (Pvt) Ltd.

Huchi Delights (Pvt) Ltd feels a sense of grievance against Uchi Delights.

Required:

Advise Huchi Delights (Pvt) Ltd on what action it may take against Uchi Delights.

(10 marks)

9 (a) Maria, who was employed as a receptionist by Graniteside Bakeries (Pvt) Ltd, was suspended and subsequently dismissed on 1 May 2011. The reason for her dismissal was alleged disobedience to a lawful order by the employer. This arose from the fact that on 30 April 2011, she experienced serious stomach pains while at work and she wanted to visit her doctor immediately. When she sought permission from her immediate supervisor to visit the doctor, this was turned down; however, fearing for her health, she decided to visit her personal doctor nonetheless. Upon returning to work the following day, she was given a letter of dismissal from employment.

Required:

In relation to employment law, discuss the prospects of reinstatement as a remedy available to Maria.

(5 marks)

(b) John was employed by a paper manufacturing company as a machine operator. The company sells most of its stationery products to primary and high schools throughout the country. The company presently employs about 300 workers across various grades. Due to improved technological systems and also because of the economic difficulties generally facing the country, the company has experienced vastly reduced sales of its products. Due to the economic challenges faced by the company, it can hardly afford to pay the wages of its employees. As a cost-cutting measure, the company decided to retrench about 50% of its workforce including John and Samson.

Required:

In relation to employment law, advise John and Samson on the proposed retrenchment.

(5 marks)

(10 marks)

10 Jongwe is the managing director of Hatco (Pvt) Ltd. When the company started making huge losses, the other directors realised that something was wrong and launched an investigation. They discovered that Jongwe had been secretly trading with Hatco (Pvt) Ltd through another company, Madhiri (Pvt) Ltd, in which Jongwe has a substantial beneficial interest. Madhiri (Pvt) Ltd has been receiving huge trade discounts from Hatco (Pvt) Ltd, which no other customer is getting.

An independent audit also revealed that Jongwe had defrauded Hatco (Pvt) Ltd of an amount of \$1 million to support his extravagant lifestyle.

Required:

In relation to company law, discuss the duties Jongwe owes to Hatco (Pvt) Ltd and what remedies Hatco (Pvt) Ltd has available to it.

(10 marks)

End of Question Paper