

Fundamentals Level – Skills Module

Corporate and Business Law (Zimbabwe)

Monday 12 December 2011

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 consists 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 how any TWO of the following tribunals work:**
- (a) Labour Court;**
 - (b) Administrative Court;**
 - (c) Special Court for Income Tax Appeals.**
- (10 marks)**
- 2 In relation to the law of contract, explain how parties may be deemed to be bound to each other on the basis of quasi-mutual assent.**
- (10 marks)**
- 3 In relation to the law of delict, define the meaning of causation and the approach of the courts when determining it.**
- (10 marks)**
- 4 In relation to employment law, explain any FIVE methods by which a contract of employment may be terminated.**
- (10 marks)**
- 5 In relation to company law:**
- (a) Distinguish between the various classes of shares;** (6 marks)
 - (b) Explain the procedure for altering class rights.** (4 marks)
- (10 marks)**
- 6 In relation to company law, explain and distinguish between the following types of company meetings:**
- (a) Statutory meeting;** (4 marks)
 - (b) Annual general meeting;** (3 marks)
 - (c) Extraordinary general meeting.** (3 marks)
- (10 marks)**
- 7 In relation to governance and ethical issues, explain how the concept of corporate governance has been applied in Zimbabwe.**
- (10 marks)**

- 8** Rover advertised in the Daily Echo the sale of a unique original painting by a famous Italian artist. The price for the rare painting was \$50,000·00, and Rover undertook to sell the painting to the first person that signified acceptance by telephoning him on a given telephone number. Piper sent an email message to Rover offering to pay \$45,000·00 for the painting. Rover ignored the email message and decided to sell the painting to Chancer, who offered \$48,000·00 by telephone.

Piper is now prepared to pay \$50,000·00 to Rover. Piper is so desperate to secure the painting that he is prepared to approach the High Court to obtain an interdict to prevent the sale of the painting by Rover to Chancer.

Required:

In relation to the law of contract, discuss:

- (a) **Whether a valid contract has arisen between Rover and Piper;** (8 marks)
- (b) **What would be Piper's likely prospects of success if he were to approach the High Court to obtain an interdict to prevent the sale of the painting by Rover to Chancer.** (2 marks)

(10 marks)

- 9** Robert is a sculptor at Shingai Sculptors, a partnership of five sculptors. The members serve a six-month term each as Chairman. The Chairman's duties include making contracts for the purchase of stone and sale of finished sculptures.

Robert has just completed his term of office as Chairman. When his successor, Morgan, took over, he discovered that Robert had entered into a contract for the delivery of two tonnes of assorted rock from Germinston Quarries; and further, that Robert had entered into an agreement with a visiting Texas businessman, Digger Barnes, for the supply of 1,000 assorted stone sculptures for sale in a Dallas gift shop (the 'Barnes contract').

When the stone was delivered it was obvious that, although suitable for general sculpture work, it was totally unsuitable for the style of sculpture carried out at Shingai Sculptures. Morgan has further discovered that Robert is filling the entire 'Barnes contract' from his work and has not brought it to the notice of the partnership.

Required:

In relation to partnership law, advise Morgan as to:

- (a) **Whether or not the partnership can rescind the 'rock' contract with Germinston Quarries.** (5 marks)
- (b) **What rights the partnership may have with respect to the 'Barnes contract'.** (5 marks)

(10 marks)

10 Dennis and Noel Dube are first cousins. Dennis is an accountant and Noel is an architect, and in 1999 they formed a private company called Buildarama (Pvt) Limited. The company's shares are fully issued and paid for, the shareholding structure is on an equal basis, and the two cousins are the sole directors of the company.

Since the beginning of 2010, Buildarama (Pvt) Limited has allegedly owed an amount of \$200 000·00 to Flame Lily Industries, a company that supplies a variety of building materials to the construction industry throughout the country.

Not only is the figure of \$200 000·00 disputed by Buildarama, but the company believes that it has a valid counter-claim for breach of contract against Flame Lily Industries as well. Flame Lily Industries have now issued a creditor's petition for the winding up of Buildarama (Pvt) Ltd. On their creditor's petition Flame Lily Industries are arguing that, in the alternative, the High Court can appoint a provisional judicial manager to run the affairs of Buildarama (Pvt) Limited.

Required

In relation to insolvency proceedings, discuss:

(a) The likely prospects of success for Flame Lily Industries based on Buildarama (Pvt) Limited's alleged inability to pay debts; (7 marks)

(b) What Flame Lily Industries must establish for the court to appoint a provisional judicial manager. (3 marks)

(10 marks)

End of Question Paper