

Fundamentals Level – Skills Module

# Corporate and Business Law (Botswana)

Tuesday 4 December 2007

**Time allowed**

Reading and planning: 15 minutes

Writing: 3 hours

ALL TEN questions are compulsory and MUST be attempted.

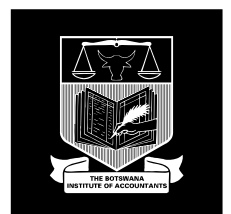
**Do NOT open this paper until instructed by the supervisor.**

**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 Accountants



# Paper F4 (BWA)

**ALL TEN questions are compulsory and MUST be attempted**

- 1 In relation to the Botswana legal system, explain the main sources of Botswana law.**

**(10 marks)**
  
- 2 In relation to the law of contract, explain the rules that govern implied terms.**

**(10 marks)**
  
- 3 In relation to the law of contract, discuss the remedies available that are directed at fulfillment of the contract in the event of an impending breach or breach of the contract.**

**(10 marks)**
  
- 4 In relation to employment law, explain the difference between a contract of service and a contract for services, and why this distinction is important.**

**(10 marks)**
  
- 5 In relation to the law of agency, distinguish agency from a contract for the benefit of a third party.**

**(10 marks)**
  
- 6 In relation to company law, discuss the duties of care and skill that are owed by directors to their companies.**

**(10 marks)**
  
- 7 In relation to company law, discuss the rule in *Royal British Bank v Turquand* (1856).**

**(10 marks)**
  
- 8 Kabelo is sitting with a group of his friends outside a restaurant by the river. He says that he will give P2,000 to anyone who can swim across the river. Kabelo puts the amount of the money on the table to show the seriousness of his challenge. Modisa is not with Kabelo's group but is sitting at the table next to Kabelo. He hears the promise but does not say anything. Suddenly a child falls into the water from the other side of the river. Modisa dives into the water and begins to swim to her rescue. As Modisa is approaching the child, Kabelo shouts out: 'Don't think you are going to get my P2,000 because I am withdrawing the offer!' Modisa nonetheless rescues the child and climbs out onto the other side of the harbour.**

**Required:**

**Explain whether Modisa can claim the P2,000 from Kabelo under the law of contract.**

**(10 marks)**

- 9** Mowana (Pty) Ltd manufactures clothes and used to sell them through its own retail shop. Refilwe, who is 40 years old, was employed by Mowana (Pty) Ltd for three years as the manager of the shop. Refilwe has been told that her services are no longer required as Mowana (Pty) Ltd has decided to close its store and concentrate solely on manufacturing. Refilwe has also been told that she will not receive any recompense for her job loss.

**Required:**

**Advise Refilwe as to the likelihood of her successfully claiming for unfair dismissal or redundancy.**

**(10 marks)**

- 10** Victor, Khumo and Sethunya are partners in a printing firm. The parties have agreed that the day-to-day business of the firm will be left to Sethunya but that she would not have authority to buy more than P10,000 worth of goods on credit. When a paper merchant, Kebonye, visits the firm, Sethunya tells him that she intends to sell some books and stationery 'for her own account'. Kebonye is impressed by Sethunya and supplies P10,000 worth of paper and stationery to the firm on favourable credit terms. Payment is now due but the firm does not have sufficient funds to pay any of the money owed.

**Required:**

**Advise all the parties concerned as to their rights and obligations.**

**(10 marks)**

**End of Question Paper**