

Fundamentals Level – Skills Module

Corporate and Business Law (South Africa)

Tuesday 4 December 2007

Time allowed

Reading and planning: 15 minutes

Writing: 3 hours

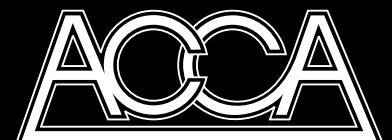
ALL TEN questions are compulsory and MUST be attempted.

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



Paper F4 (ZAF)

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the legal system, explain the impact of human rights law on the common law of South Africa. (10 marks)**
- 2 In relation to the contents of a contract explain the following:**
- (a) express terms; (2 marks)**
 - (b) tacit terms; (4 marks)**
 - (c) implied terms. (4 marks)**
- (10 marks)**
- 3 In relation to the law of delict, explain the meaning of wrongfulness. (10 marks)**
- 4 State the documents necessary and the procedure to be followed in registering a close corporation. (10 marks)**
- 5 In relation to partnership law, analyse the liability of the various partners for partnership debts. (10 marks)**
- 6 In relation to company law, explain and distinguish between the following:**
- (a) special resolutions; (5 marks)**
 - (b) conduct by unanimous assent. (5 marks)**
- (10 marks)**
- 7 In relation to employment law, distinguish between an employee and an independent contractor. (10 marks)**

- 8 Andrew is a fanatical birdwatcher who is always on the lookout for special prices on binoculars. He walks past a shop window in the small town of Pofadder and spots a pair of binoculars that he had long coveted, for the price of R400. Upon rushing inside to purchase the bargain, Bernie, the shopkeeper informs Andrew that the price was marked incorrectly and it is actually supposed to be R1,400.

Required:

Analyse the situation from the perspective of contract law and in particular advise Andrew if he is entitled to insist that Bernie sell him the binoculars for R400.

(10 marks)

- 9 Crafty Construction (Pty) Ltd is a construction company formed some ten years ago by three brothers David, Ed and Frank. The company has a nominal capital of 500,000 shares of R1 nominal value, allotted as follows: 200,000 to David, 200,000 to Ed and 100,000 to Frank. The company has not been performing particularly well for some time, but has made a profit of R100,000 in the past year.

Frank has recently suffered a heart attack and he needs to realise his R100,000 shareholding to help finance his purchase of a house in a retirement village. David and Ed would like to help him but neither can raise the R100,000 to purchase the shares and, given the company's trading situation, an outsider cannot be found to buy at that price.

Required:

Advise the parties as to whether, and if so how, Crafty Construction (Pty) Ltd can buy the shares itself.

(10 marks)

- 10 Henry is a non-executive director of Incredible Industries Ltd, a company that specialises in building. At a recent board meeting Henry learns that the company intends to buy a bulldozer for the construction of swimming pools. Henry's wife, Jezebel, who regularly attends auction sales, by chance, recently bought a bulldozer for speculation purposes. Henry informs his wife of the proposed deal and she now plans to sell the bulldozer to Incredible Industries at a fairly large profit.

Required:

Advise Henry on the legality of the proposed sale and the possible steps he should take to safeguard his position.

(10 marks)

End of Question Paper