

BOTSWANA COLLEGE OF DISTANCE AND OPEN LEARNING

In collaboration with
ZIMBABWE OPEN UNIVERSITY

Bachelor of Commerce Degree
Human Resources Management & Industrial Relations

BUSINESS LAW II
BL201

Sessional Examination

Marks – 100

Instructions

1. The examination consists of Four sections: A, B, C and D.
2. Begin each answer to a new question on a new page.
3. Answer questions according to instructions given in each section.
4. Write answers in the answer booklet provided.
5. Write in grammatical English.



SECTION A

[10 MARKS]

MULTIPLE CHOICE QUESTIONS

Answer ALL questions

Each question carries 1 mark

1. Lifting the corporate veil is simply _____.
 - A. Cutting the veil
 - B. disregarding the principle of separate legal personality
 - C. Lifting the suspension
 - D. Increasing the profitability of the company

2. When members of the company are liable for the company debts, we say, they do not enjoy _____.
 - A. profits
 - B. Legal rights
 - C. Limited liability
 - D Unlimited liability

3. A Trustee should not be _____.
 - A. insolvent
 - B. a minor
 - C. a convict
 - D. All the above

4. A process of declaring a person insolvent on application of creditors is called _____.
 - A. Sequestration
 - B. Unlimited liability
 - C. Liquidated claim



D. Rehabilitation

5. Insurance is a contract for _____.

- A. profit making on the insurer
- B. indemnity
- C. crooks
- D. death

6. Insurance for a child's education is _____.

- A. Short term
- B. Long Term
- C. Risk
- D. a premium

7. When starting a business one has to consider _____.

- A. The nature of business to be carried on
- B. The amount of capital one has
- C. One's source of income
- D. All of the above

8. The _____ form of business has ONE member.

- A. Sole Trader
- B. Partnership
- C. Public Corporation
- D. Private Business Corporation

9. The external constitution of the company that governs its relationships with the outside world is called _____.

- A. Memorandum of Association



- B. Company's Act
- C. Articles of Association
- D. Share certificate

10. An artificial legal persona has its own _____.

- A. Rights and obligations
- B. Statutes
- C. Prejudices
- D. House of Lords

SECTION B – TRUE/FALSE QUESTIONS

[10 MARKS]

Answer ALL questions. Each question carries ONE (1) mark.

State whether each of the following statements is TRUE or FALSE.

1. A sole trader can have two members running the business.
2. A cooperative is a legal entity.
3. Directors of companies should stand in a fiduciary relationship with the company.
4. If directors act fraudulently the veil is pierced.
5. Members in a partnership are limited to 50 only.
6. Jones was a member of Lobatse (PTY). He passed on. By law the company must dissolve.
7. An insurance contract is a contract of utmost good faith.
8. Death of a member dissolves a partnership.
9. Companies are legal entities.
10. A private company can invited the public to buy shares.

SECTION C

[30 MARKS]

SHORT ANSWER QUESTIONS

Answer ALL questions

1. Explain briefly each of the following business mode:



- a) A sole trader (2 marks)
- b) A partnership (2 marks)
- c) A public company (2 marks)
- d) Private company (2 marks)
- e) Cooperative society. (2 marks)

2. Explain briefly each of the following

- a) Artificial legal person (2 marks)
- b) Board of Directors (2 marks)
- c) Debentures. (2 marks)
- d) Insurance (2 marks)
- e) Ultra – vires Acts (2 marks)

3. Outline briefly each of the following attributes of a limited liability company.

- a) Transfer of shares (2 marks)
- b) Perpetual succession (2 marks)
- c) Capital (2 marks)
- d) Management (2 marks)
- e) Legal persona (2 marks)

SECTION D

[50 MARKS]

ANSWER ANY TWO QUESTIONS

QUESTION 1

25 MARKS

Thomas married Mary. Mr. and Mrs. Thomas caused to be incorporated a private limited company Called Thomas and Mary (Pvt) Ltd. The company bought a 1999 diesel Truck. The couple runs a timber enterprise which Thomas had been operating in his individual capacity in the name of the company.



They left the insurance of the plantation in the name of Thomas and paid the premiums as they fell due. They invited an agent from Zebra insurance Company, who insured the plantation, to make arrangements for their cover to be fully insured by Zebra Insurance Company. The insurance agent completed the proposal form, which form the basis of the insurance with Mrs. Thomas giving the information. Notwithstanding that he was given the correct information, the agent gave the particulars of the insured car as a 1979 petrol truck. The proposal was signed. The error was not noticed, the insurance policy came out and the premiums were paid. A fire broke out at their business. The plantation and the car were destroyed.

Discuss the prospects of

- a) Mr. Thomas and
- b) Thomas and Mary (Pvt)ltd being able to be paid by Zebra Insurance Company in terms the insurance policies for the losses incurred.

(25 marks)

QUESTION 2

25 MARKS

Andrew moved into a small holding where his friend Elisha stays. Elisha had just bought two dairy cows. Andrew started working with him in dairy project. The friends did all the things that needed to be done. Andrew bought stock feed and put his car at the disposal of the dairy project. They sold the milk and ploughed back the profits. Soon they had a flourishing dairy industry. They took drawings to meet their needs.

Advise Elisha who seeks to know, 15 months down the line, the rights if any of Andrew in the Dairy Business.

QUESTION 3

25 MARKS

Discuss the extent to which businesses benefit from the state of business law.

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BL221

Sessional Examination

Marks – 100

3 Hours

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SECTION A - MULTIPLE CHOICE QUESTIONS

[10 MARKS]

Answer ALL questions. Each question carries ONE (1) mark.

1. Insurance is a contract for _____.
 - A. profit making on the insurer
 - B. indemnity
 - C. crooks
 - D. death

2. When members of the company are liable for the company debts, we say, they do not enjoy _____.
 - A. Profits
 - B. Legal rights
 - C. Limited liability
 - D. Unlimited liability

3. A Trustee should not be _____.
 - A. Insolvent
 - B. a minor
 - C. a convict
 - D. All the above

4. A process of declaring a person insolvent on application of creditors is called _____.
 - A. Sequestration
 - B. Unlimited liability
 - C. Liquidated claim
 - D. Rehabilitation

5. Lifting the corporate veil is simply _____.
- A. Cutting the veil
 - B. disregarding the principle of separate legal personality
 - C. Lifting the suspension
 - D. Increase the profitability of the company
6. Insurance for a house is _____.
- A. Short term
 - B. Long Term
 - C. Risk
 - D. a premium
7. When starting a business one has to consider _____.
- A. The nature of business to be carried on
 - B. The amount of capital one has
 - C. One's source of income
 - D. All of the above
8. _____ has 2 to a maximum of 20 members.
- A. Sole Trader
 - B. Partnership
 - C. Public Corporation
 - D. Private Business Corporation
9. The external constitution of the company that governs its relationships with the outside world is called _____.
- A. Memorandum of Association
 - B. Company's Act
 - C. Articles of Association



D. Share certificate

10. An artificial legal persona has its own _____.

- A. Rights and obligations
- B. Statutes
- C. Prejudices
- D. House of Lords

SECTION B – TRUE/FALSE QUESTIONS

[10 MARKS]

Answer ALL questions. Each question carries ONE (1) mark.

State whether each of the following statements is TRUE or FALSE.

1. A partnership can have two members running the business.
2. A sole trader has limited liability.
3. Directors of companies have unlimited liability.
4. The veil can be pierced if workers are insolvent.
5. Members in a partnership are limited to 20 only.
6. If a member of partnership passes on, by law the partnership must dissolve.
7. An insurance contract is a contract of utmost good faith.
8. Death of a member dissolves a limited company.
9. Companies are legal entities.
10. A public company can invite the public to buy shares.

SECTION C – SHORT ANSWER QUESTIONS

[30 MARKS]

Answer all questions

Explain briefly each of the following business mode:

- a. A sole trader

(2 marks)

- b. A partnership (2 marks)
- c. A public company (2 marks)
- d. Private company (2 marks)
- e. Cooperative society. (2 marks)

3. COMPLETE THE FOLLOWING TABLE

CHARACTERIS TICS	SOLE TRADER	PARTNERS HIP	PRIVATE COMPAN Y	PUBLIC COMPANY	COSE CORPERAT ION
Number of Members					
Legal Entity					
Liability of Members					
Continuity					
Financing					

1 mark for each correct entry: TOTAL=25marks



SECTION D ESSAY QUESTIONS

[50 MARKS]

Answer any TWO questions from this section

QUESTION 1

(25 marks)

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.

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

(25marks)

QUESTION 2

(25 marks)

In relation to company law, discuss the duties of care and skill that are owed by directors to their companies.

(25 marks)

QUESTION 3

(25 marks)

Identify and briefly explain the five special types of agents.

(25 marks)