INSTRUCTIONS

1. Students must answer all questions.
2. Students are encouraged to write legibly.
3. This paper consists of 3 pages. Please ensure you have all 3 pages.
QUESTION 1

1.1 Discuss the requirements and procedure for voluntary surrender and compulsory sequestration. In the course of your answer discuss the similarities and differences, and give reasons for these differences.

(15 marks)

1.2 What effect does sequestration have on contracts of employment?

(5 marks)

[Total Q1: 20 marks]

QUESTION 2

List and discuss any two acts of insolvency in terms of the Insolvency Act, 1936.

[Total Q2: 10 marks]

QUESTION 3

Calvin’s estate has been placed under sequestration and his wife Judith, to whom he is married out of community of property, has been summoned to attend an interrogation to be held in terms of section 65 of the Insolvency Act, 1936. Judith is concerned that her privacy will be invaded, and that she will be required to answer questions relating to Calvin’s business matters, about which she knows very little. She approaches you for advice as to what she can expect at the interrogation. She does not want to make things worse for him, but she has heard that if she refuses to answer questions put to her, she may be committed to prison.
Explain the interrogation procedure to Judith. In the course of your answer you must address Judith’s concern that she may be committed to prison if she refuses to answer a question put to her.

[Total Q3: 15 marks]

**QUESTION 4**

3.1 John’s estate is about to be sequestrated. John is married to Ivanka out of community of property. Ivanka wants advice on the following:

a) Whether her estate will be affected by the sequestration order, and if so, whether she can have all or some of her assets released by the trustee.

b) Whether she will be able to keep the holiday home, worth R3 million, that John sold and transferred to her three years earlier. She says that he sold this property to her because, a few years previously, she had lent him R100 000 to start a business and it was their 20th wedding anniversary in a month’s time, and John wanted to give her the holiday home partly as repayment of the loan, and partly as an anniversary gift.

c) She recently opened a business and is concerned that the sequestration order will seriously disrupt it. She wants to know if there is anything she can do to prevent the trustee from claiming the business assets.

[Total Q4: 15 marks]

[Total for Paper: 60 Marks]