



ZIMBABWE EZEKIEL GUTI UNIVERSITY
FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING
DEPARTMENT OF ACCOUNTING AND FINANCE

EXAMINATION PAPER

COURSE CODE : CAC 201
COURSE TITLE : **COMPANY LAW AND PRACTICE**
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL : 2.1
DATE :

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer **all** questions.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []

Question 1

“The general principle underlying the aspect of the law of lifting the corporate veil is that, when the corporation is the mere ego or business conduit of a person, it may be disregarded. This rule has been adopted by the courts in those cases where the idea of the corporate entity has been used as a subterfuge and to observe it” – **Cape Pacific Ltd v Lubner Controlling Investment 1993 (2) SA 784(C)**

With the aid of case law, discuss the principle of a company being a separate legal entity and instances when the corporate veil may be lifted.

[25 marks]

[Total 25marks]

Question 2

a. What is a share in company law and what are its features

[5 marks]

b. Discuss and differentiate the different types of shares in company law

[10 marks]

c. What are the rights and liabilities of shareholders

[10 marks]

[Total 25marks]

Question 3

A. Write critical notes on the following contents of the memorandum of agreement;

a. Liability clause

b. Shareholding clause

c. Association clause

d. Share capital clause

[20 marks]

B. Why are meetings important?

[5 marks]

[Total 25marks]

Question 4

“An action that is brought to enforce a company’s rights is an exception to the rule in **Foss v Harbottle.**”

Briefly explain the rule as codified and discuss the nature of company’s rights enforcement as exceptions under the Companies and Other Business Entities Act. [Chapter 24.31] [25 marks]

END OF EXAMINATION QUESTION PAPER