



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**EXAMINATION PAPER**

**COURSE CODE** : CAC 213  
**COURSE TITLE** : COMPANY LAW  
**SPECIAL REQUIREMENTS** : NONE  
**DURATION** : 3 Hours  
**LEVEL** : 2.1  
**DATE** : 06 OCT 2022

**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

Discuss the rule in Foss v Harbottle 67 E.R. 189 (25 marks)

[Total 25marks]

### Question 2

- (a) Briefly outline the constitutional documents of a company (5 marks)
- (b) Cynthia Gona wants to form a company that deals in commodity broking. She has identified 20 people willing to purchase shares and invest in the business. She learns that there two types of business entities she can register, a private limited company or a private business corporation.

Discuss ten(10) main differences between a private limited company and a private business corporation (10marks)

- (c) Explain with a brief overview of the Salomon v Salomon case, the concept and major advantages of separate legal personality (10marks)

[Total 25marks]

### Question 3

- (a) Explain the role of a company promoter in the formation of a company (5marks)
- (b) Define the concept of capital and indicate the way in which a company may obtain its capital (4 marks)
- (c) State and explain the different way in which share capital is represented (8marks)
- (d) Describe the different types of shares (8 marks)

[Total 25marks]

### Question 4

Auditors are said to be “watchdogs and not bloodhounds”. Discuss how the law deals with the liability of auditors to companies whose books they audit (25 marks)

[Total 25marks]

END OF EXAMINATION QUESTION PAPER

10/0 pm