



ZIMBABWE EZEKIEL GUTI UNIVERSITY

**FACULTY OF LAW, BUSINESS INTELLIGENCE AND
ECONOMICS**

DEPARTMENT OF LAW AND LEGAL SERVICES

EXAMINATION PAPER

COURSE CODE : LLB 321
COURSE TITLE : **Company and Corporate Law**
SPECIAL REQUIREMENTS : None
DURATION : 3 Hours
LEVEL : 3.2
DATE : JAN 2024 SUPP

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue
2. Answer ALL questions.
3. Do not separate subsections of questions.
4. Refer to case law, statute and/or any relevant authority, where applicable.
5. Pay careful attention to marks allocated.
6. WRITE LEGIBLY. If in doubt as to whether your hand writing is easy to read, consider writing some of your words or points in large caps.

QUESTION 1

In terms of the classification of companies in Zimbabwe, it is correct to say the Companies and Other Business Entities Act [Chapter 24:31] 4 of 2019 permits the incorporation of a variety of companies. Briefly name and describe the different types of companies that can be registered in Zimbabwe by virtue of this Act remembering to point out what is unique about each one of them.

[25 marks]

QUESTION 2

Write brief notes on the following being careful to point out the distinctions between them:

- (a) Par value and no par value shares [5 marks];
- (b) Shares and debentures [5 marks];
- (c) Ordinary and preference shares [5 marks];
- (d) Solvency test and liquidity test [5 marks];
- (e) Piercing of the corporate veil [5 marks]

[25 marks]

QUESTION 3

Silus, Rodgers and Joel are law graduates of the Zimbabwe Ezekiel Guti University who have been close friends from their days in primary and secondary school. In 2007, after working for approximately five years, they decided to establish a computer products manufacturing and distribution company under the name "Sirojo Computers (Pty) Ltd" (SCL). The three friends were the founding shareholders and directors of SCL. In addition, Silus became the Chief Executive Officer (CEO) of SCL, Rodgers was appointed Chief Financial Officer (CFO), and Joel took up the position of Chief Marketing Officer (CMO). In order to secure operating capital, they obtained a loan of US\$150 000 from First Capital Bank based on their personal reputation and a business proposal prepared

for SCL by a firm of business consultants. Between 2008 and December 2011, SCL flourished and accordingly, over that four-year period, paid out substantial amounts as dividends to Silus, Rodgers and Joel. However as a result of Silus' wrongdoing, the company has lost over US\$20 000. Silus is a very close friend of Rodgers and as such Rodgers is not really worried about taking any legal action against Silus. Joel is not sure whether he should invoke the oppression remedy or the derivative action.

Advice Joel on the appropriate remedy to invoke and clearly distinguish between the two mentioned remedies. In your response, you must critically discuss all the relevant locus standi aspects that Joel must comply with in order to invoke the appropriate remedy.

[25 marks]

QUESTION 4

"The Companies and Other Business Entities Act [Chapter 24:31] 4 of 2019 is simply a carbon copy of the old Companies Act". Critically discuss this statement.

[15 marks]

QUESTION 5

Write a note on the business judgment rule as provided for in the Companies and Other Business Entities Act [Chapter 24:31] 4 of 2019

[10 marks]