



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**  
**FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS**  
**DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL  
MANAGEMENT**

**EXAMINATION PAPER**

**COURSE CODE** : CAC 213  
**COURSE TITLE** : Company Law  
**DURATION** : 3 Hours  
**LEVEL** : 2.1  
**DATE** : 11 APR 2024

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. All questions are compulsory.
3. The number of marks for each question or part question is shown in brackets [ ]
4. Begin each answer on a new page.
5. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

**SECTION A [20 Marks]**

**ANSWER ALL QUESTIONS (Each question carries 2 marks)**

**SELECT THE MOST APPROPRIATE ANSWER**

1. In 2018 The Companies Act (cap 24:03) was repealed and replaced by The Companies and Other Business entities Act (Cap 24:31). One of the major items incorporated into the new corporate law is:
  - A. Business judgement rule
  - B. Joint partnerships
  - C. Company meetings
  - D. Annual audited financial statements of a company
  
2. The Zimbabwean labour laws have fundamental rights of employees at the workplace. Identify one element which is not a fundamental right of the employee.
  - A. Entitlement to membership of trade unions and workers committees.
  - B. Right to be paid in a stable currency
  - C. Protection of employees against discrimination.
  - D. Right to fair labour standards.
  
3. Which TWO of the following are elements of a company's constitution?
  - A. Memorandum of association and Articles of association
  - B. Company resolutions and register of members.
  - C. Articles of association and tax clearance
  - D. Memorandum of association and ordinary resolution
  
4. Which of the following is a ground for disqualifying a director under the model articles of association?
  - A. Breach of fiduciary duty
  - B. Failure to meet a statutory duty.

- C. Breaking the terms of their service contract
  - D. Becoming bankrupt
5. Cyntia Chigwida holds 2000 shares in Ecocash Holdings. The directors of Ecocash Holdings have announced that she will be granted 1 share for every 5 shares that she holds. The shares will be issued fully paid up. What is the name given to such an allotment of shares?
- A. Rights issue
  - B. Bonus issue
  - C. Capital issue.
  - D. Special issue
6. Prisca Chibaya works in a restaurant and her contract of employment explicitly states that she is employed as a till-operator. When the employer tells her that she must wash the dishes, Prisca immediately resigns. Which of the following may this be considered an example of?
- A Retrenchment
  - C Constructive dismissal
  - D Unfair dismissal
7. Which of the following remedies is appropriate to cases involving constructive dismissal? A Reinstatement
- B Damages
  - C Punitive damages
  - D Reinstatement
8. The law requires that the rights of those affected by a corporate rescue plan should be respected. Which of the following is not affected by a corporate rescue plan?
- A. Shareholder
  - B. Employee
  - C. Stakeholder

D. Director

9. A company files for compulsory liquidation if it meets all the following except
- A. If the company does not commence its business within a year from its incorporation or suspends its business for a whole year.
  - B. If the company ceases to have any members.
  - C. If the company fails to resolve disputes with its employees
  - D. If 75% of the paid-up share capital of the company has been lost or has become useless for the business of the company.
10. Which of the following is not an essential element for a partnership?
- A. Each partner contributes something to the partnership, whether it be money, skills or labour.
  - B. The business should be carried on for the joint benefit of the partners.
  - C. The objective of the partnership should be to make a profit.
  - D. A partnership is a distinct body corporate with perpetual succession.

**SECTION B [80 Marks]**

**ANSWER ALL QUESTIONS**

**QUESTION TWO [30 Marks]**

- (a) Patience Serere 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 are 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 (10 marks)
- (b) Briefly outline the constitutional documents of a company (5 marks)
- (c) Write critical notes on the following contents of the memorandum of association:
- (i) Limited liability clause (5 marks)
  - (ii) Share capital clause (5 marks)

- (d) Elizabeth Wallie recently graduated with an honours degree in Business Management and Entrepreneurship, and she is contemplating naming her new start-up company, EW Enterprises Limited. Explain to Elizabeth the circumstances under which the Registrar of Companies may reject her proposed company name (5 marks)

**QUESTION THREE (25 Marks)**

Tichaona Chirindo was recently appointed to the board of Convene Private Limited. Tichaona is only aware that Shareholders proceedings are conducted through meetings and decisions made by way of resolutions. To assist Tichaona, prepare for the next annual general meeting (AGM) write explanatory notes on the following:

- a) Ordinary resolution (5 marks)
- b) Annual general meeting (5 marks)
- c) Extraordinary general meeting (5 marks)
- d) Special resolution (5 marks)
- e) Statutory meeting (5 marks)

**QUESTION FOUR (25 marks)**

Discuss the rule of Foss v Harbottle. Illustrate how The Companies and Other Business Entities Act (section 61) varies the rule of Foss v Harbottle (25 marks)

**END OF EXAMINATION QUESTION PAPER**

14/14 pm