



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CAC213
COURSE TITLE : Company Law
SPECIAL REQUIREMENTS : NONE
DURATION : 3 Hours
LEVEL : 2.1 23 SEP. 2024
DATE :

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer ALL questions in both Section A and Section B.
4. The number of marks for each question or part question is shown in brackets
[]
5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

Section A is a compulsory question with 25 marks

Question 1

Linda has been asked to act as the promoter of a new private limited company. She is new to this type of assignment work and has approached you to advise her on the following matters.

- a) List and state the purpose and contents of the documents which have to be submitted to the registrar of companies in order to form the company **(8 marks)**
- b) Discuss the advantages and disadvantages of purchasing a company of the shelf **(8 marks)**
- c) Advise Linda of any restrictions which must be taken into account when choosing a name for their new company **(4 marks)**
- d) Identify and explain the 5 principle duties of directors required by the Company's Act. **(5 marks)**

[Total 25 marks]

SECTION B

Answer Any 3 Questions, each question carries 25 marks.

Question 2

Set out clearly the grounds upon which a company may be wound up by the court as set out in the **Companies and Other Business Entities Act (Chapter 24:31)** referring to decided cases to indicate the limits within which the court will exercise its discretion.

(25 marks)

Question 3

Set out the rule in *Foss v Harbottle* and its relevance to the provisions of the in regard to the protection of minorities in terms of the provisions of the **Companies and Other Business Entities Act (Chapter 24:31)**

(25 marks)

Question 4

a) Discuss the concept of limited liability in company law. (10 marks)

b) What are the advantages under the Companies Act (**Chapter 24:03**) of operating a business through a private company instead of a public one?

(10 marks)

c) Explain the rationale behind the regulatory requirements of a company's name.

(5 marks)

[Total 25 marks]

Question 5

a) "The company is at law a different person altogether from the subscribers...the company is not in law the agent of the subscribers or trustee for them. Nor are the subscribers, as members liable, in any shape or form, except to the extent and in the manner provided by the Companies and Other Business Entities Act (Chapter 24:31) in **Salomon v Salomon & Co Ltd [1897] AC 22 (HL)**

Assess the validity of the above assertion with reference to decided cases and the
Companies and Other Business Entities Act (Chapter 24:31) (10 marks)

b) Discuss the concept of piercing the corporate veil. **(15 marks]**

(Total 25 marks)

END OF EXAMINATION QUESTION PAPER