



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE & ECONOMICS

DEPARTMENT OF LAW

EXAMINATION PAPER

MODULE CODE : LLB321

MODULE TITLE : COMPANY AND CORPORATE LAW

DURATION : 3 HRS

LEVEL : 3.2

25 NOV 2025

INSTRUCTIONS TO CANDIDATES:

1. Answer 4 questions. Answer all questions in Section A and any 2 from Section B.
2. Each question carries twenty-five (25) marks.
3. Number of marks for part questions are shown in brackets.
4. Start each question on a new page.
5. This paper consists of four (4) pages
6. Answer sheets are provided

SECTION A – COMPULSORY

Question 1

Complex International (Pvt) Ltd (Complex) is an international company which distributes chemicals and plastics. Its headquarters are in the United Kingdom. It wished to enter into the Zimbabwean market. It could either enter into joint venture or some collaboration with Geopomo (Pvt) Ltd an already established company in Zimbabwe which is already in chemicals and plastic products. It worked so closely with Gumede Worries the managing director of Geopom (Pvt) Ltd in its assessments.

After months of unsuccessful negotiations Complex decided against collaboration with Geopomo and wished to pursue its own route. It informed Worries Gumede of its position and offer Gumede the position of managing director of its Zimbabwean subsidiary company which it proposes to set up.

Gumede did not inform Geopomo of the offer has had received from Complex. He continued to negotiate with Complex on behalf of Geopomo for a number of months after receiving the offer. Finally Gumede accepted the offer and discussed on the details of the offer and concluded a written contract with complex. Just a day after accepting the offer he resigned employment of Geopomo.

The agreement between Gumede and Complex provided that he would establish two Zimbabwe subsidiary companies of Complex i.e. a holding company and a trading company, that he would be the managing director of the two companies, that future acquisition by Complex in Zimbabwe would be directed through the holding company and that Gumede would be allocated 25% interest in the holding company

During the notice period of his resignation Gumede acquired two shelf companies which became the two subsidiaries of Complex, was appointed the managing director of both companies, hired premises for the company, purchased and sold on behalf of Complex two containers of chemicals and plastics.

Geopomo has leant of Gumedes move and found a copy of the contract with Complex. Complex comes to you for advice as it seeks to recourse from Gumede

Write an advice whether Complex can successfully sue Gumede. Refer to decided cases in your advice **[25 marks]**

SECTION B

ANSWER ANY THREE QUESTIONS

Question 2

With reference to decided cases discuss at least five legal consequences of separate legal personality of a company.

[25 marks]

Question 3

With reference to decided cases discuss at least five directors' fiduciary duties.

[25 marks]

Question 5

Bigboy Zuze is the sales manager of Timberpays (Pvt) Ltd a duly registered company under the laws of Zimbabwe. The company deals with transportation of timber to neighbouring countries especially Botswana. It is also one of its business activities according to its memorandum of association and articles of association to process furniture in Zimbabwe. In one of its business transaction Zuze entered into a business contract with Mr Gandawe on behalf of Timberpays (Pvt) Ltd for the processing of his timber which he intended to use in his carpentry business. Pursuant to that Mr Gandawe supplied 40 tons of timber to Timberpays (Pvt) Ltd for processing which was worth US\$40 000

According to one of the provisions of the article of association of Timberpays (Pvt) Ltd any business transaction that exceeds the value of US\$20 0000 has to be undertaken by after the authorisation by the managing director of Timberpays (Pvt) Ltd himself. However in this particular transaction Mr Stones the md of Timberpays (Pvt) Ltd had gone for 3 days workshop for directors in Harare. Zuze had taken it upon himself to authorise the processing of Mr Gandawe's 4 tons for which work the later had paid US\$70 000.

Three days after supplying the timber to the timber Mr Gandawe received communication from the company informing him that his timber had been stolen whilst in the lorry parked outside the company premises. Mr Gandawe could take none of what the company was saying to which he objected claiming the value of timber coupled with the full refund of the money he had paid.

In opposition Mr Stones who had just returned from the workshop argued that the company was not liable for anything against Mr Gandawe. His reasons among others was that the company was not bound by the contract entered into by Zuze because he (Zuze) exceeded his powers under the articles of the company. The director further pointed out that Mr Gandawe should have known that his dealing with Mr Gandawe was invalid by mere scrutinizing of the company records which are readily available for everyone to see in its website and company premises and company registry. Alternatively Mr Stones argued that the company could not provide for storage services so as to be held liable for goods stolen whilst loaded in a lorry outside the company's premises.

- (a) with reference to Companies and Other Business Entities Act be explain whether Timberpays (Pvt) Ltd is bound by the transaction entered into by Zuze

(7 marks)

(b) Is the company likely to succeed in its defence against Mr Gandawe. Explain your answer with reference to the legal provisions and decided cases.

(8 marks)

(c) Describe with reference to decided case what is a:

- (i) *de jure* director
- (ii) *de facto* director
- (iii) puppet director
- (iv) nominee director
- (v) shadow director

(10 marks)

[25 marks]

Question 6

(a) What is the difference, if any, between a general meeting and an annual general meeting (5 marks)

(b) Discuss the binding nature of a special resolution (5 marks)

(c) Under what circumstances a notice for an annual general meeting may be regarded as invalid? (5 marks)

(d) Explain the significance of an agenda for meeting (5 marks)

(e) What is quorum and how many people can validly form it under the Companies and Other Business Act (5 marks)

[25 marks]

END

0/50 (pan)