



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ACCOUNTING AND FINANCE

EXAMINATION PAPER

COURSE CODE : CAC 201
COURSE TITLE : COMPANY LAW AND PRACTICE
DURATION : 3 Hours
LEVEL : 2.1
DATE :

INSTRUCTIONS TO CANDIDATES:

1. Answer any FOUR questions only.
2. Choose at least ONE question from each section.
3. Each question carries 25 Marks.
4. Start each question on a new page of your answer sheet..

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Section A

Question 1

The general rule in company law is that the minority members are bound by decisions of the majority members. Citing the relevant legislation and case law discuss the exceptions whereby this rule is not adhered to under company law. **[25 marks]**

Question 2

With the aid of relevant provisions in the Companies and Other Business Entities Act [Chapter 24:31] and case law, give a detailed discussion of the principle of lifting the corporate veil. **[25 marks]**

Section B

Question 3

(a) "A company is a legal person and a machinery through which commercial transactions are carried out"

Identify and explain the various features which are used to distinguish a company from other forms of business enterprises. **[10 marks]**

(b) Discuss the differences between the various classes of shares. **[15 marks]**

[Total 25 marks]

Question 4

Following the announcement of "Zimbabwe is open for business" mantra, a Chinese entrepreneur has approached you seeking advice on company formation issues. Write a report to the Chinese entrepreneur investor with mining interests across the globe explaining the different types of companies one can form in Zimbabwe. The investor owns multinational businesses listed across major stock exchanges around the world. Your report should end up recommending one type of company he can start in Zimbabwe. **[25 marks]**

Question 5

With reference to case law and legislation, write brief notes on the following concepts and explain their applicability to Zimbabwean company law and practice:

- (a) Stipulatio alteri doctrine [5 marks]
- (b) Ultra vires doctrine [10 marks]
- (c) Turquand rule [5 marks]
- (d) Pre-incorporation contracts [5 marks]

[Total 25 marks]

Question 6

- (a) With the aid of examples, discuss the difference between a company limited by shares from a company limited by guarantee. [10 marks]

(b) Explain and distinguish between the following types of company meetings:

- (i) Statutory meeting; [5 marks]
- (ii) Annual general meeting; [5 marks]
- (iii) Extraordinary general meeting. [5 marks]

[Total 25 marks]

*****END OF EXAMINATION QUESTION PAPER*****