



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
DATE : 4 June 2019

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..

Section A

Question 1

Mr Andrew and Mr Adams carried out a partnership business wherein they had equal shares. They converted this partnership into a private company and were appointed as the company's first directors. Mr Adams' son was later admitted into the company through a donation of shares by both parties. However, Mr Adams and his son colluded to kick out Mr Andrew from the company using a general resolution. Mr Andrew then petitioned the court to bring the company's existence to an end.

With reference to authoritative text and legislation discuss the grounds under which the company may be wound up by the court. In your answer, advise Mr Andrew on the most relevant ground on which he can rely on for wounding up. [25 marks]

Question 2

Assuming that you are one of the promoters of Inkomo Dairy business that you are about to incorporate. The company's objects will enable it to process a whole range of milk products. You have been tasked to draft a Memorandum of Association that will be subsequently ratified by the shareholders.

Draft an actual (MOA) incorporating all the important details that the document should have. [25 marks]

Section B

Question 3

(a) You have been duly appointed as a director of Cake Fairy (Ltd). With reference to authoritative statute and text, outline and discuss the fiduciary duties you will carry out as a director. [15 marks]

(b) Identify and explain the features which distinguishes a company from other business enterprises. [10 marks]

[Total 25 marks]

Question 4

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]