

ZIMBABWE EZEKIEL GUTI UNIVERSITY OF ZIMBABWE



FACULTY OF COMMERCE

B. COM (HONS) IN ACCOUNTING

COURSE NAME : COMPANY LAW AND PRACTICE

COURSE CODE : CAC201

DURATION : 3 HOURS

13 JUNE 2018

INSTRUCTIONS TO CANDIDATES

- (i) Answer all questions from section A.
- (ii) Answer any two questions from section B.
- (iii) Each question carries 25 marks.
- (iv) Students shall be provided with un-annotated and clean copies of the Companies Act and the 2013 Zimbabwean Constitution in the exam. No student can share his/her copy with another without notifying the invigilator.
- (v) Number your answers accordingly

SECTION A

All questions in this section are compulsory.

Question 1

With reference to decided cases and legislation, discuss the concept of separate legal personality of a company.

{25 Marks}

Question 2

Assume that you are a board member of Butcherbird Limited that is about to list on the stock exchange. As directors you are supposed to allocate yourselves roles that are in line with corporate governance. The board is composed of both the executive and non-executive directors. Discuss the following processes in your company and ensure that they are in line with the corporate governance codes.

- i) The role and function of the board and its committees. (5)
- ii) The composition and performance evaluation of the board and its committees. (5)
- iii) The board appointment process. (5)
- iv) Director development. (5)
- v) Remuneration of directors, senior executives and company secretaries. (5)

{Total: 25 Marks}

SECTION B

Answer any two (2) questions from this section

Question 3

Kimberly is a promoter of Incredible furniture (Pvt) Ltd. He entered into a contract with P D Real Estate for the sale of a six-hectare farm in Mazowe. This farm was going to be owned and used by the company once it was incorporated. Incredible furniture has now been registered and incorporated.

Advise the company Incredible furniture (Pvt) Ltd on its rights regarding the contract that has been concluded before it was incorporated.

{25 Marks}

Question 4

Distinguish between ordinary shares and preference shares. {Total: 25 Marks}

Question 5

Mr Lee is a shareholder at Lee's Air Farming but he is also a director at Salomon and Salomon (Pvt) Ltd. His job as a director is very demanding and he is always travelling. He is not aware that he is not obliged to personally attend all shareholders' meetings at Lee's Air Farming and that he can appoint Mr Anderson one of the listed proxies to attend, participate and vote on his behalf.

- a) Discuss the powers and requirements that should be met for a valid appointment of a proxy. (10 marks)
- b) Six months after Mr Lee appointed Mr Anderson as his proxy he discovers that Mr Anderson was not being truthful in executing his duties as a proxy hence he intends to revoke his appointment. He approaches you for advice, what would you advise him concerning revocation of the proxy appointed? (15 marks)

{Total 25 Marks}

Question 6

With the aid of examples discuss the principle of lifting the corporate veil and piercing the corporate veil.

{Total 25 Marks}

END OF PAPER!!!