



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW

EXAMINATION PAPER

COURSE CODE : LLB 306
COURSE TITLE : Company and Corporate Law
DURATION : 3 Hours
LEVEL : 3.2
DATE :

INSTRUCTIONS TO CANDIDATES:

1. Answer **ALL** questions in **section A**.
2. Choose any **TWO** questions from **section B**.
3. Each question carries 25 Marks.
4. Cellphones are not allowed into the examination room.
5. No other materials are allowed into the examination room.
6. Begin each answer to a full question on a fresh page.
7. Credits shall be given for referring to case law authorities wherever applicable.

Section A

QUESTION 1

A share is the interest of a shareholder in the company measured by a sum of money, for the purpose of liability in the first place, and of interest in the second, but also consisting of a series of mutual covenants entered into by all the shareholders *inter se* in accordance with the Companies and Other Business Entities Act [Chapter 24:31].

Elaborate on the different shares a company can issue highlighting how they vary in terms of the rights they offer. [25 marks]

QUESTION 2

With the aid of decided cases and relevant legal authorities discuss the principle of lifting the corporate veil and piercing the corporate veil.

[25 marks]

Section B

QUESTION 3

A company purchased and operated a rice meal beyond its powers. The rice was consigned to certain persons who paid the price. The consignees had to sell the rice owing to its inferior quality, at a considerable loss. The company gave them drafts promising to pay for the loss. The company went into liquidation and the question about the enforceability of the drafts arose.

a) Discuss the doctrine of ultra vires and its implications on the transaction of trading in rice? (10)

b) The doctrine of Constructive notice implies that everyone dealing with the company is supposed to know its powers, deliberate on the connotations of this doctrine with reference to the consignees above.

(15)

[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. The investor owns multinational businesses listed across major stock exchanges around the world.

rite a report to this Chinese entrepreneur investor with mining interests across the globe explaining the different types of companies he can form in Zimbabwe. Your report should end up recommending one suitable type of company he can start in Zimbabwe.

[25 marks]

QUESTION 5

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 6

Laurah and Mr Johnson 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 Johnson's son was later admitted into the company through a donation of shares by both parties. However, Mr Johnson and his son colluded to kick out Laurah from the company using a general resolution. Laurah then petitioned the court to bring the company's existence to an end.

With reference to legal authorities discuss the grounds under which the company may be wound up by the court. In your answer, advice Laurah on the most relevant ground he can rely on for wounding up.

[25 marks]

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