

ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW

COMPANY AND CORPORATE LAW – LLB306

DURATION: 3 HOURS

15 NOV 2019

INSTRUCTIONS TO CANDIDATES

1. Answer four questions.
2. Question 1 is compulsory.

Materials allowed in exam

Constitution of Zimbabwe, 2013.

INFORMATION FOR CANDIDATES

1. Notes, handouts and textbooks are not allowed into the examination.
2. Cellphones are not allowed into the examination room.
3. Begin each answer to a full question on a fresh page.

**NB: DO NOT TURN OVER THE QUESTIONPAPER OR COMMENCE WRITING
UNTIL INSTRUCTED TO DO SO.**

Question 1

Differentiate between these concepts in Company law using case law where applicable.

- (a) Lifting the corporate veil and piercing the corporate veil.
- (b) The doctrine of constructive notice and the Turquand rule.
- (c) A nominee director and a puppet director
- (d) Voidable allotments and conditional allotments.
- (e) Business rescue and winding up of a company

[25Marks]

Question 2

Draw a business rescue plan for company which is running insolvent and is about to be sequestrated.

[25 Marks]

SECTION B

Question 3

Fannie is one of the directors of Tonadoe (Pty) Ltd which builds wooden cottages for purposes of selling and renting them. She has been a director of the company for ten years. At the beginning of last year, she and her husband started making wooden dog kennels which they intend to sell locally. She has not informed the company about this as she does not see the need to do so. For wood they use the same suppliers that Tonadoe (Pty) Ltd buys from. Towards the end of last year, Fannie took part in a decision which prevented the purchase of wood from a supplier that was closing down business. Soon thereafter, Fannie and her husband bought an excess amount of wood from that same supplier.

At the beginning of this year Tonadoe (Pty) Ltd was struggling as a result of the recession and could not afford to purchase more wood. Fannie offered to sell her wood to the company on credit. The company agreed to pay over a period of two years. Fannie and her husband make a 100% profit from the sale.

Critically evaluate the contract made by Fannie and her husband indicating whether she contravened any fiduciary duty according to the Companies Act?

[25 Marks]

Question 4

The main business of Steel Belts Railway Carriages (Pty) Ltd is to make and sell railway carriages. Mr Buckley, one of the directors, is authorised by the board of directors to act on behalf of the company. Mr Buckley concludes a contract with Mr Matthews for the purchase of a holiday flat.

Is the company bound by the contract concluded by Mr Buckley?

[25 Marks]

Question 5

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

Advice the company Incredible furniture Pty Ltd on its rights regarding the contract that has been concluded before it was incorporated.

[25 Marks]

Question 6

Assuming you are one of the promoters of CFN car dealership business that you are about to incorporate and you have been tasked to draft a Memorandum of Association to be ratified by the shareholders.

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

[25 Marks]