

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE**

**BACHELOR OF COMMERCE HONOURS DEGREE**

**COMPANY LAW I – CIN 2106**

**SUPPLEMENTARY EXAMINATION – AUGUST 2013**

**Duration: 3 hours**

**Instructions to candidates**

Answer **any four** questions

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**Question 1**

- a) Discuss the two forms of a company limited by guarantee. [8 marks]
- b) Outline the formalities attendant to the registration of a company. [7marks]
- c) Explain the rationale behind the regulatory requirements of a company's name.  
[10marks]

**Total 25 marks**

**Question 2**

- a)** In relation to the registration of a company under the Companies' Act (Chapter **24:03**), explain the following:
- i) Memorandum of Association. [10 marks]
  - ii) Articles of Association. [5 marks]
  - iii) Certificate of Incorporation. [5 marks]
  - iv) Company name search. [5 marks]

**Total 25 marks**

### **Question 3**

a) Explain the concept of legal personality in Company law with specific reference to the following decided cases:

**i) Salomon v Salomon 1897AC 22**

**ii) Dadoo v Krugersdorp 1920 AD 530** [15 marks]

b) Explain the concept of Lifting the Corporate Veil in company law and discuss instances where this concept is employed. [10 marks]

**Total 25 marks**

### **Question 4**

a) Explain in detail the significance of a notice in the law of meetings. [10marks]

b) Outline the voting procedure in a company meeting. [5 marks]

c) Explain why a person who represents a company in a meeting is not a proxy.  
[5 marks]

d) Discuss the binding nature of a special resolution.[5 marks]

**Total 25 marks**

### **Question 5**

a) Define a share and state any two classes of shares [5 marks]

b) Write notes on the following in company law

i) Share Certificate [5 marks]

ii) Debenture [5 marks]

iii) Share capital [5 marks]

iv) Share redemption [5 marks]

**Total 25 marks**

### **Question 6**

Miss Netsai is a director in Ngoda Diamond (Pvt) Ltd Company. The board of directors in one of its previous meetings had given Miss Netsai power to spearhead diamond selling ventures into various neighbouring countries. In one of those ventures, she entered into a transaction of exporting diamonds to Windhoek (Pvt) Ltd; a company based in Namibia which specializes in uncut diamonds. It was her arrangement with the Namibian company that, she would receive 20% proceeds of any sale per tender authorized by her as a token of appreciation.

Meanwhile, one of the directors of Ngoda (Pvt) Ltd, one Mr. Cook, agreed with two other directors to award the diamond sale tender to Midrand (Pty) Ltd Company based in South Africa, at a future meeting of the company's board of directors. Their agreement was based on the argument that, Windhoek (Pvt) Ltd was not giving lucrative returns as desired by shareholders. Furthermore, the decision was made to settle personal scores with Miss Netsai whom they felt the shareholders trusted more than them.

At the next board meeting Miss Netsai, upon request by the financial director, pointed out that, the company was performing well financially, but could not produce any documentary evidence to support this. The other directors were not pleased by Miss Netsai's response such that they immediately formed an investigative committee to inquire into the affairs of Miss Netsai and the Namibian company. A report was then compiled which revealed that, true to their suspicions, the company was actually running at a loss. Much to their desires, it was further discovered that, Miss Netsai was running a diamond company in Namibia which had a 30% shareholding in Windhoek (Pvt) Ltd. It was then resolved that, the Namibian tender be awarded to Midrand (Pty) Ltd in South Africa much to the celebration of Mr. Cook and his fellow directors.

- a) Discuss the legal issues arising from the facts, as far as the law of company directors is concerned. [15 marks]
- b) Why should a company maintain its share capital? Explain. [5 marks]

c) "A debenture may be secured or unsecured. Security may be by means of a fixed or a floating charge". Discuss.[5 marks]

**Total 25 marks**

**END OF EXAMINATION**