

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B. COMM ACCOUNTING AND FINANCE**

**COMPANY LAW I CIN 2106**

**JANUARY 2004 FIRST SEMESTER EXAMINATION**

**INSTRUCTIONS TO CANDIDATES**

- 1. ANSWER ANY FOUR (4) QUESTIONS.**
  - 2. EACH QUESTION CARRIES EQUAL MARKS - 25 MARKS**
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**Question 1**

- a) 'The principle of corporate legal personality is an important basic fundamental of law in Zimbabwe.'

Briefly explain this statement. **[10 Marks]**

- b) The general legal principle is that a company has a separate legal existence from that of its members. In what circumstances does that general principle **NOT** apply? Give examples of such situations. **[15 Marks]**

**[Total 25 marks]**

**Question 2**

Tom and Harry, who run a business buying and selling antiques, have been advised to form a private company to run the business. They seek your advice on the major differences between their present partnership and the proposed company, and in particular as to the rules relating to company names, contracts entered into prior to the formation of the company. **[25 Marks]**

**Question 3**

'Directors' duties, it is agreed, are owed to the company and the company alone. The legislation and cases have, however, given different interpretations as to who exactly comprises the company for this purpose, depending on the particular situation in question.'

Discuss. **[25 Marks]**

**Question 4**

Write critical notes on the following:

- a) A directors fiduciary duties are owed to the company and not to individual shareholders.
- b) Disqualification of directors **[25 Marks]**

**Question5**

The Companies Act 24:03 envisages a constitution of a company contained in two documents, the memorandum and the articles of association.

Describe in detail the contents and purpose of these documents. **[25 Marks]**

**Question 6**

- a) Mr Thomas has recently been invited to become the secretary for the ‘Bulawayo Legal Society’. The society is currently in the process of formation.

You are asked to advise Mr Thomas on the qualities required of the chairman and the duties and privileges which go with such a position. **[10 marks]**

- b) For a meeting to take place there must be a plurality of persons (Sharpe v Dawes 1876D 29). Explain fully the requisition of a valid meeting and outline any exceptions to the above statement. **[15 marks]**

**[Total 25 marks]**