

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

BACHELOR OF COMMERCE (HONS) DEGREE

**COMPANY LAW I
FIRST SEMESTER
FINAL EXAMINATION**

**CIN 2106
APRIL/MAY 2009**

DURATION:

3 HOURS

Instructions to Candidates

1. Answer FOUR (4) questions : two questions from Section A and two questions from Section B.
2. All Questions carry equal marks
3. The marks awarded to questions should be an indication of the length and content of your answers.
4. Write clearly and legibly.

Section A

Answer Question one (1) and any other question in this section

Question 1 (Compulsory question)

Company law says ‘Companies are autonomous democracies’ governed by the principle of majority rule and that the minority shareholders have to accept the will of the majority. What then protects the minority whose rights may be infringed by decisions of the majority? [25 marks]

Total 25 marks

Question 2

- a) State the differences between a private and a public company [10 marks]
- b) State the main features that are found in the judgment of the House of Lords in the case of Salomon V. Salomon and Co. Ltd [1897] A.C.22 H.L. State their importance in company law in Zimbabwe. [10 marks]
- c) Name types of registered companies under the Companies Act (Chapter 24:03). [5 marks]

Total 25 marks

Question 3

- a) Nimrod Maseko who won a 'pick a lot' recently wants to start a business to transport timber from the Western Province of Zambia (formerly Barotseland) to Botswana and to transport hides and skins from Botswana to Zambia. He approaches you for advice on the best type of business organization for his purpose. How would you advise him? [12 marks]
- b) Fiscal Investment (Pvt) Ltd recently incorporated wishes to obtain some assistance from underwriters. Advise the type of assistance and its advantages which the underwriter can provide. [6 marks]
- c) Section 8 of the Companies Act states the contents of a company's memorandum of association. State these contents and briefly outline their purpose. [7 marks]

Total 25 marks

SECTION B

Choose and answer two (2) questions only in this section

Question 4

- a) Define and discuss the doctrine of ultra vires in relation to a company's borrowing powers. State the lender's remedies. [10 marks]
- b) Define debentures and name the various types thereof. [6 marks]
- c) Describe the status of the directors of a company. How are they appointed? [9 marks]

Total 25 marks

Question 5

- a) Define a 'prospectus' and state its purpose. List the usual contents of the prospectus. [12 marks]
- b) Section 123 of the Companies Act requires every company to file an Annual Return with the Registrar of companies. List the contents of the summary of the return. [6 marks]
- c) What are the circumstances in which a company may be wound up? [7 marks]

Total 25 marks

Question 6

- a) Sections 191 to 194 of the companies Act provide for “compromise and arrangement”, “reconstruction” and amalgamation by companies. Briefly discuss the procedure to achieve any one of these schemes. [10 marks]
- b) Describe in outline the dissolution of a partnership. [5 marks]
- c) Ngungu Zikhala wishes to be a member of the Zimbabwe Stock Exchange and to know its purpose. How would you advise him? [5 marks]
- d) Describe the purpose of Table A as set out in the First Schedule to the Companies Act. [5 marks]

Total 25 marks

*****END OF EXAMINATION*****