



SCHOOL OF LAW

NLLB302 COMPANY LAW

END OF FIRST SEMESTER EXAMINATIONS

NOV/DEC 2024

LECTURER: DR SIPHETHILE PHIRI

DURATION: 3HRS

GENERAL INSTRUCTIONS TO CANDIDATES

1. Write legibly.
2. Answer **ALL** questions.
3. Refer to **RELEVANT** authorities to support your arguments.
4. You may start with any question.
5. **This question paper carries 100 marks.**

QUESTION 1

State and explain three corporate governance theoretical approaches and identify if any of these approach(es) have been followed under Zimbabwean company law. **[20 marks]**

QUESTION 2

(a) With reference to authority, state and discuss any five legal consequences of incorporating a company. **[15 marks]**

(b) Kudzi and his four friends incorporated the KJ Ltd Company. Kudzi and Thatho are appointed to serve as directors. The sole purpose of this company is to deal in manufacturing and supplying NGOMA, an illegal addictive drug that is prohibited in the State. They deceived the government and presented the company as dealing with youth development. In addition to drug dealing, there have been fraudulent activities in which this company is involved. On a fateful day, the State Police received a tipoff of what was really happening behind the KJ Limited. The drugs and prohibited substances task Team busted the KJ Ltd premises and found huge quantities of substances used to manufacture NGOMA and the manufactured NGOMA products. Kudzi and his friend Thatho were arrested and appeared in court on a charge of dealing with illegal and prohibited drugs. In their defence, they informed the court that they cannot be held liable for the conduct of KJ Limited, on whose behalf they were acting.

To what extent can their argument be sustained in court? Support your answer with relevant authority. **[20 marks]**

QUESTION 3

a) The Insolvency Act [*Chapter 6:07*] 2018 introduced corporate rescue. The Mac & Bree Company has been unable to pay its debts for the past two years due to financial distress. A financial adviser has advised the company directors that given the financial position, the best option is to liquidate the company. The company, however, passed a resolution to commence business rescue proceedings.

Advise the directors on their prospects of success. **[15 marks]**

b) Discuss the statutory duty of the directors of a company to cooperate with and assist business rescue practitioners. **[10 marks]**

QUESTION 4

Write brief notes on the appraisal rights of dissenting shareholders. **[10 marks]**

QUESTION 5

Outline the evidence that needs to be present when striking off a defunct company from the register of companies and the consequence of striking off. **[10 marks]**

❖ END OF THE EXAMINATION