



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMMS 210/NMAC 205: COMPANY LAW

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2021

LECTURER: MRS MAGWAGWA

DURATION: 5 HOURS

INSTRUCTIONS

You are required to answer question/s as instructed below :

Answer Any Three (3) questions

Credit will be awarded for logical, systematic and neat presentations

1. Directors of a company may personally become liable to outside parties even when they enter into contracts on behalf of the company.

Write a legal opinion on the above statement and include case law in your response.

[20 marks]

2. A consortium of Italian businessmen has decided to register a Private Limited Company in the country dealing with renewable energy. However, they are not familiar with applicable laws in Zimbabwe and seek your advice. Write a report advising them on the following:
 - a) The duties, obligations and liabilities (if any) of the person(s) they may engage to promote their yet to be registered company;
 - b) The laws in place (if any) to hold to account directors for engaging in reckless, grossly negligent or fraudulent business activities.

[20 Marks]

3. Greg, Misheck and Allen are the directors of Triumvrate Ltd and own the majority of its shares. For the past three years, they have realised that the company was not making profits. Last year the three agreed to increase their remuneration by 10 per cent. They also sold two of the company's vehicles for RIGS \$45 000 which they agreed to distribute as dividend. The company owes RTGS \$90 000 to its creditors one of whom Posh Ltd has written to the company's registered office claiming RTGS \$60 000, a debt which Triumvrate Ltd wishes to dispute. The remaining debts are incontestable. The three directors are now keen to put Triumvrate Ltd into liquidation because they feel unable to make the company profitable again.

Write a report to the directors and advise them on the aspect of liquidation and judicial management of a company.

[20 Marks]

4. You are a company secretary of Lincon events, you are required to advise the shareholders, board of directors and the management on the meetings that the company is supposed to hold from their incorporation.

Write a memo discussing the key meetings, procedures and composition required for them. In your memo include the following

- a) The difference between Board meeting and General meeting of shareholders
- b) Statutory meeting
- c) amendment of the articles of association.

[20 Marks]

5. 'One of the most apt pieces of advice that can be given to any minority shareholder in a company is to conform or bail out'.

Write a concept note advising the minority shareholders with your observations to the above statement. In your report include the following

- a) Case law
- b) Remedies in the Company and other Business Entities Act Chapter 24:30

[20 marks]

END OF EXAMINATION
