



MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRI-BUSINESS AND COMMERCE

DEPARTMENT: BUSINESS MANAGEMENT

MODULE: CORPORATE LAW AND PRACTICE

CODE: BMAN 213

SESSIONAL EXAMINATIONS

MARCH 2022

DURATION: 3 HOURS

EXAMINER: MR S. SIZIBA

INSTRUCTIONS

1. Answer **All questions** in Section A
2. Answer **any** question in Section B.
3. Start a new question on a fresh page
4. Total marks 100

Additional material(s): Companies Act 24:31

SECTION A:

(Answer all questions in this section. Section A carries 40 marks)

Question 1

Tapiwa is a non- executive director of Lorimark Ltd, a human resources consultancy firm, and she runs her own management firm KCMG Ltd. Lorimark Ltd engages KCMG Ltd to provide consultancy services for a fee of \$500 000.00. Tapiwa sat on the Procurement Committee of Lorimark Ltd, which awarded the tender to KCMG Ltd. She did not disclose her personal interest in the company. Two minority shareholders, Lax and Sly, of Lorimark Ltd have discovered Tapiwa's situation and they wish to know if the company has any claims against Tapiwa.

- a) **Explain** the **various types** of directors found in a registered company. (10 marks)
- b) Explain the duties of directors, like Tapiwa, in accordance with the Companies and other Business Entities Act 24:31. (10 marks)
- c) Advise Lorimark Ltd of its rights and the remedies available to it against Tapiwa. (10 marks)
- d) Critically discuss the majority rule as it relates to the action to be taken by the minority shareholders. (10 marks)

[Total Marks: 40]

Section B: (60 marks)

Attempt any three questions

Question 2

Critically discuss the *Turquand* rule (indoor management) as it relates to company administration in Zimbabwe. **[20 marks]**

Question 3

In relation to companies and other business entities Act 24:31, a registered company can raise its capital through the issue of shares.

a) Explain the various classes of shares that are available to a company as sources of capital. (10 marks)

b) State and discuss the major statutory provisions which seek to protect the share capital structure of a registered company in Zimbabwe. (10 marks)

[Total Marks: 20]

Question 4

The effect of a statement of the objects of a company whether in its memorandum or elsewhere, shall be to invalidate any transaction which exceeds those objects.

Discuss the importance of the *ultra vires* doctrine in company management.

[20 Marks]

Question 5

- a) In relation to Zimbabwean company law, what are the major differences between judicial management and winding up? (8 marks)
- b) Explain the different types of meetings in relation to management of companies. (12 marks)

[Total Marks: 20]

Question 6

Demonstrate your understanding of the following corporate law concepts:

- i. Lifting the corporate veil (4 marks)
- ii. Company liquidation (4 marks)
- iii. Audit committee (4 marks)
- iv. Articles of association (4 marks)
- v. Pre-incorporation contracts (4 marks)

[Total Marks: 20]

END OF EXAMINATION