



**HERBERT CHITEPO LAW SCHOOL
BACHELOR OF LAW HONOURS DEGREE
EXAMINATION QUESTION PAPER**

MODULE CODE	LLB513
MODULE	BUSINESS ENTERPRISES LAW
DATE	2024
DURATION	3 HOURS

INSTRUCTIONS TO CANDIDATES

- 1. READ ALL QUESTIONS AND FOLLOW INSTRUCTIONS.**
- 2. THE EXAMINATION IS OUT OF 70 MARKS.**
- 3. SECTION A IS COMPULSORY**
- 4. ANSWER ANY 2 QUESTIONS FROM SECTION B**
- 5. THIS IS A CLOSED BOOK EXAMINATION.**
- 6. WRITE LEGIBLY.**
- 7. THIS PAPER CONSISTS OF THREE PAGES, INCLUDING THE COVER PAGE**

SECTION A (COMPULSORY QUESTION)

1. Mr Vardy is a director of Chelsea (Pvt) Ltd. The board of directors comprises of seven directors in total. Mr Vardy has, without any apology, failed to attend any meetings of the board of directors for the past year. Chelsea (Pvt) Ltd , is a company based in Bulawayo and has one hundred and fifty (150) shareholders, who are based predominantly in Cape Town, Cairo and Bulawayo. The Company's Memorandum of Association states that the quorum for a shareholders' meeting is 20 shareholders present in person or in proxy. The Company wishes to make an amendment to its Memorandum of Association. The amendment to the Memorandum of Association will provide that the quorum for a shareholders' meeting will be 25 shareholders present in person or by proxy. Chelsea (Pvt) Ltd convenes a shareholders meeting in Bulawayo to vote on this amendment. However, only eight shareholders attend the meeting.
- a) Advise the board of directors of Chelsea (Pvt) Ltd whether this is a ground for the removal of Mr Vardy as a director. If so advise them how they may remove Mr. Vardy as a director from the board of directors [15marks]
- b) Advise the board of directors of Chelsea (Pvt) Ltd if there are any options open to the company in order to overcome this problem. [10 marks]
- c) Explain the requirements and formalities that must be complied with if a Private Business Corporation (PBC) wishes to convert into a company. [5 marks]

Sub -Total: [30 marks]

Section B

Answer only 2 questions from this section

Question 2

Critically discuss the changes brought about by the new Company and Other Business Entities Act, COBE, from the Companies Act. **[20 marks]**

Question 3

Oblaak, Trent and Steven want to form a partnership. They want to buy and sell second hand motor vehicles. It is agreed that Trent will contribute \$100 000. 00 for the purchase of the first two vehicles, Oblaak will service and clean the vehicles and Steven will be the sales person. It is further agreed that the net profit derived from the sale of vehicles will be divided equally between Oblaak and Trent while Steven will be paid a stipulated salary every month. Explain whether a valid partnership exists. In the course of your answer explain the impact of the Companies and Other Business Entities Act [Chapter 24:31] on partnership agreements.

[20 marks]

Question 4

Discuss and explain the requirements and the formalities that must be complied with in order for an affected person to obtain a court order to place a company under the business rescue process. **[20 marks]**

Question 5

With reference to *Kelner v Baxter 1866 L.R. 2 C.P. 174 WLUK 81*, provide a legal analysis on whether individuals who sign a contract on behalf of a non-existent company can be personally held liable for the obligations under that contract.

[20 marks]

TOTAL MARKS: 70 MARKS

END OF EXAMINATION