



**REFORMED CHURCH UNIVERSITY**

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**FACULTY OF COMMERCE**

**BACHELOR OF COMMERCE HONOURS DEGREE IN BUSINESS  
MANAGEMENT**

**COMPANY LAW & PRACTICE**

**HBUM 232**

**PART 2 SEMESTER 1**

**Total Marks [100]**

**DATE: APRIL 2024**

**Time: 3 Hours**

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**INSTRUCTIONS**

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

### **Question 1**

- (a) What is lifting of corporate veil? (5 marks)
- (b) Explain the circumstances under which the corporate veil of a company may be lifted highlighting relevant cases. (20 marks)

### **Question 2**

In relation to Company Law, explain the theory of juristic personality and the consequences of separateness. Support your answer with relevant authorities. (25 marks)

### **Question 3**

- a. For the purpose of insider dealing, who is an 'insider'? (5 marks)
- b. What is a 'pre-incorporation contract'? Explain why a company is generally not liable under such a contract. (5 marks)
- c. When will a company be treated as a subsidiary of a holding company? (5 marks)
- d. Distinguish between a company limited by shares and a company limited by guarantee. (10 marks)

### **Question 4**

"The company is at law a different person altogether from the subscribers...the company is not in law the agent of the subscribers or trustee for them. Nor are the subscribers, as members liable, in any shape or form, except to the extent and in the manner provided by the Act" per Lord McNaughten at p.51 in *Salomon v Salomon & Co Ltd* [1897] AC 22 (HL)

- a) Assess the validity of the above assertion with reference to decided cases and the Companies Act (Chapter 24:03) [10 marks]
- b) Discuss the concept of piercing the corporate veil. [15 marks]

### **Question 5**

- a) In terms of section 305 of the Companies Act (Chapter 24:03) the court may grant a final judicial management order if it appears to it that there is a reasonable probability that the company will become a successful concern. What factors are taken into consideration by the court to come to such a decision? [10 marks]
- b) Explain the purpose of a security given by a provisional judicial manager on his appointment by the Master of the High court. [5 marks]

c) According to the case of *Jourbert v Tarry* 1925 TPD 227 the presence of essentially in a contract would demonstrate whether it is a partnership agreement or not. Giving relevant examples where applicable, distinguish between the essentially and naturally of a partnership contract. [5 marks]

d) Explain five ways through which a partnership agreement is dissolved. [5 marks]

### **Question 6**

(a) Explain the circumstances when a court can make a disqualification order against a director. (20 marks)

(b) Explain the consequences of such an order being made. (5 marks)

**END OF PAPER**