

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE

DEPARTMENT OF LAW

SUPPLEMENTARY EXAMINATION, JULY 2018

TITLE OF PAPER : COMPANY LAW II

COURSE CODE : LAW 312

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS :

- 1. ANSWER FOUR (4) QUESTIONS INCLUDING QUESTION ONE.**
- 2. QUESTION ONE IS COMPULSORY.**

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR TO DO SO.

QUESTION 1 (Compulsory)

Siza, Veli and Vusi are Directors of Wakha (Pty) Ltd, a company which is involved in the construction industry. The company's board of directors has moved that a piece of land be purchased so as to expand their business premises, so that they can operate a block yard. Six months later it comes to the Board's attention that Veli made a secret profit of E60,000.00 because he made a deal with the seller of the land which they bought, that he would convince the other members of the Board of Directors to buy the land at an inflated price, if the seller will pay him half the difference between the price that the land actually cost, and the amount which the company eventually paid for the land (E420,000.00).

Discuss the rights and duties of the company. Discuss the company's rights of recourse against Veli in terms of both the common law, and statutory law. (25 marks)

QUESTION 2

- a) Write on the allotment of shares. (10 marks)
 - b) Discuss the "Just and Equitable" ground for liquidating a company. (15 marks)
- (25 marks)

QUESTION 3

- a) Discuss the distinction, if there is one, between the legal requirements pertaining to the validity of ordinary resolutions, and those that relate to special resolutions in terms of the Companies Act, 2009. (15 marks)
 - b) Discuss the types of meetings a Company may have and the proceedings to be adopted prior to the meetings. (10 marks)
- (25 marks)

QUESTION 4

- i) Discuss the difference between par value shares and no par value shares. (5 marks)
 - ii) Distinguish between investing in shares and investing in debentures. (5 marks)
 - iii) Discuss the types of meetings that a company may hold, and the legal requirements pertinent thereto in terms of Section 155 of the Companies Act, 2009. In your response, go on to explain voting and proxies in terms of the same Act. (15 marks)
- (25 marks)

QUESTION 5

Give an indepth exposition on the declaration of dividends in a company. In your discussion, explain the rules that govern the determination of profits available for declaration of dividends. State also which of these rules you deem to be the most favourable for the sustainability of the enterprise. (25 marks)