



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF SOCIAL SCIENCES

QUALIFICATION : BACHELOR OF ACCOUNTING	
QUALIFICATION CODE: 07BGAC; 07BCAC	LEVEL: 5
COURSE CODE: CLP512S	COURSE NAME: COMPANY LAW
SESSION: NOVEMBER 2025	PAPER: THEORY AND CASE STUDIES
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION	
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INSTRUCTIONS
<ol style="list-style-type: none">1. The paper has 6 main questions.2. ALL the questions are compulsory.3. Read carefully before answering.4. Number the answers clearly and according to the structure in the examination question paper.5. Use full sentences and proper paragraphs when answering questions. The inappropriate use of bullet-points will be penalised, as will poor spelling and grammar and illegible handwriting.

ANNEXURE

Selected Extracts: Companies Act 28 / 2004
(6 pages)

PERMISSIBLE MATERIAL

Calculator

THIS EXAMINATION PAPER CONSISTS OF 8 PAGES
(Including this front page, excluding Annexures)

QUESTION 1

Choose the correct answer from the given options in each of the following questions. Only write down the correct letter next to the corresponding question number. Should you write more than one answer to a question, your answer(s) will not be marked. USE BLOCK CAPITAL LETTERS.

- 1.1 A company auditor must inform the following parties in writing of his resignation during his period of office:
- A. The shareholders and the directors
 - B. The directors, officers and employees of the company
 - C. The company and the Registrar of Companies
 - D. The directors, officers, employees and the Registrar of Companies
- 1.2 A "simple majority" means:
- A. 75%
 - B. 100%
 - C. 51%
 - D. 50% plus one
- 1.3 An auditor whose negligent reporting causes damage to others may face:
- A. Civil liability
 - B. Criminal liability
 - C. Disciplinary measures
 - D. All of the above
- 1.4 The following statement is the MOST CORRECT:
- A. Any kind of company can, by means of an ordinary resolution, be converted into any other type of company
 - B. Any kind of company can, by means of a special resolution, be converted into any other type of company
 - C. With the exception of a non-profit association any kind of company can, by means of a special resolution, be converted into any other type of company
 - D. With the exception of a non-profit association any kind of company can be converted into any other type of company provided it is to the benefit of all the shareholders.
- 1.5 Information regarding the authorised share capital of a company can be found in ...
- A. The balance sheet
 - B. The memorandum of association
 - C. The articles of association
 - D. The annual financial statements

QUESTION 1 continues on the next page

- 1.6 The constitution of a company constitute a binding contract as between ...
- The company and its members
 - The company, its members and directors
 - The company, its members and the Registrar of Companies
 - All of the above
- 1.7 Okathimeti (Pty) Ltd needs to appoint an auditor for the 2024/25 financial year. All the candidates are qualified to act as auditors in terms of the respective legislation. The candidates are:
- Runner, an employee of Okathimeti
 - Clueless, a minority shareholder of Okathimeti
 - Know-it-all, a director of Trans (Pty) Ltd, a company which performs secretarial work for Okathimeti other than merely in the transfer of shares
 - Peaceman, who resigned as a director of Okathimeti in December 2023, but who is still a shareholder of Okathimeti.
- Which of the candidates can be appointed as auditors of Okathimeti (Pty) Ltd?
- Clueless, Know-it-all and Peaceman
 - Clueless
 - Know-it-all and Peaceman
 - Runner and Peaceman
- 1.8 If a company acquires its own shares in terms of Section 89 of the Companies Act without meeting the requirements of solvency and liquidity, the directors can:
- Be held jointly and severally liable for all the debts of the company
 - Be held jointly and severally liable for all the debts of the company incurred after the date of such acquisition
 - Be held jointly and severally liable for the amount paid to acquire such shares
 - Be fined up to an amount of N\$2000
- 1.9 A distinguishing feature of companies is that ...
- There is a separation between ownership and management
 - Companies are listed on the Namibian Stock Exchange
 - Companies can have up to 50 shareholders
 - All of the above
- 1.10 Choose the most correct statement:
- Directors can remove the external auditors whenever they wish to do so
 - External auditors can only ever be removed at the Annual General Meeting of a company
 - Shareholders can remove the external auditors whenever they wish to do so
 - In most instances external auditors can only be removed at the Annual General Meeting of a company

QUESTION 1 continues on the next page

- 1.11 A general meeting in terms of Section 189 of the Company Act can be called by:
- The Registrar of Companies
 - Two or more members holding not less than 10% of the company's issued share capital
 - A member / members holding not less than 5% of the company's issued share capital
 - A member / members holding not less than 5% of the capital carrying voting rights of a company
- 1.12 Ms Hamunyela is elected as chairperson of a general meeting of a company. As the chairperson she must maintain impartiality and will have a right to:
- Exercise a casting vote if authorised by the articles
 - Exercise a casting vote automatically as a chairperson
 - Dissolve and prevent members voting at general meetings
 - Veto company resolutions
- 1.13 The following statement is CORRECT:
- All shareholders are members of the company, but not all members of a company are shareholders
 - All members of the company are shareholders, but not all shareholders of a company are members of that company
 - All directors are members of a company, but not all members are directors
 - Not all directors are members of a company, but all members must be directors
- 1.14 In terms of the Companies Act shares may only be issued at a discount if:
- The market value of existing issued shares is less than their nominal value
 - All the members agree
 - Such issue is *bona fide* and in the interest of the company
 - None of the above
- 1.15 If a company acquires its own shares in terms of Section 89 of the Companies Act the consideration payable can come from:
- The proceeds of a fresh issue of shares
 - Profits available for dividends
 - The capital redemption reserve fund
 - All of the above
- 1.16 Elsheim (Pty) Ltd wants to appoint a new director. The candidates are:
- Jaime, an unrehabilitated insolvent
 - Nicola, who previously served a prison sentence of five years for assault
 - Pandeni, who is only 17 years old
- Which of the candidates can they appoint?
- Jaime
 - Nicola
 - Pandeni
 - None of them

- 1.17 The following is NOT a characteristic of a private company:
- A. Its shares are not freely transferable
 - B. It can dispense with the holding of an AGM if all the members agree in writing
 - C. Its shares and debentures may not be listed and dealt with on a stock exchange
 - D. It must have at least two directors
- 1.18 Which of the following statements is correct?
- A. The principal executive officer of a company must be a director of the company
 - B. Directors need not be shareholders of their companies
 - C. Directors may be removed only in terms of the statutorily prescribed procedure of Section 228 of the Companies Act
 - D. None of the above
- 1.19 Stetty wishes to incorporate a company in terms of section 60(b) of the Companies Act 28 of 2004. How many additional shareholders does he need?
- A. Six
 - B. Seven
 - C. Two
 - D. None of the above
- 1.20 The following will constitute a breach of a director's fiduciary duty:
- A. Entering into an unauthorised contract
 - B. Entering into a voting agreement with certain shareholders to always support their interests at director's meetings
 - C. Issuing shares in order to ensure that the majority of shareholders support the directors
 - D. All of the above

(Two marks each) [40]

QUESTION 2 follows on the next page

QUESTION 2

The following statements are FALSE. Give the correct statement.

- 2.1 The last words in the name of a public company must be “(Pty) Limited”.
- 2.2 The memorandum is by its nature a contract as between the company and its directors.
- 2.3 A special notice of 21 days must be given when the removal of the auditors to be proposed at the Annual General Meeting of a company.
- 2.4 A provision in the Articles of Association of a company takes precedence over a conflicting provision in the Memorandum of Association.
- 2.5 In order for a company to buy back its own shares in terms of section 98 of the Companies act, written consent of all members is required.

Two marks each [10]

QUESTION 3

Briefly answer the following questions:

- 3.1 List the three characteristics of a private company that must be included in its articles. (3)
- 3.2 What are the main differences is between the redemption of preference shares and a company buying back its own shares in terms of section 89 of the Companies Act, 2004? (4)
- 3.3 Name the main classes of shares generally encountered. (3)
- 3.4 What are the three common law rules on the maintenance of share capital? (3)
- 3.5 How does a change in the composition of the members of a firm of auditors affect the firm’s appointment as auditors of a company? (3)
- 3.6 Explain briefly the principle of cumulativeness in preference shares (4)

[20]

QUESTION 4 FOLLOWS ON THE NEXT PAGE

QUESTION 4

Ondekaremba (Pty) Ltd is a private company with an issued share capital of 400 ordinary par value shares with a nominal value of N\$1.00 each. It has ten members who each own 40 shares, and five directors (including John, the Managing Director). John is a shareholder but the other directors are not. John has an argument with two of the other directors and decides to have them removed as directors. On Monday 1 June 2025 he instructs his secretary to telephone the shareholders and invite them to a meeting to be held on 20 June 2025. The secretary does not inform the shareholders of the purpose of the meeting; neither does she inform the directors of the intended meeting.

All the shareholders are present at the meeting and without any discussion being permitted they proceed to vote on the matter. On a show of hands, the resolution to remove the directors is accepted by six votes against four.

Answer the following questions, providing full motivations:

- 4.1 Can John call a meeting in terms of section 188 of the Companies Act? (6)
- 4.2 Was notice of the meeting properly given? (5)
- 4.3 Was the removal of the directors valid? (4)
- [15]**

QUESTION 5

You purchase shares in Company ABC Ltd after reading their prospectus in which the auditor states that the company has made a nett profit of N\$ 100 000 during the past financial year. A few months later you hear that the company made no profit for the past five years. You realize that the information put in the prospectus by the auditor was false. Your shares are worthless.

What must you prove in order to claim your damages from the auditor?

[5]

QUESTION 6 FOLLOWS ON THE NEXT PAGE

QUESTION 6

Ndjavera, Ismael and Tuhafeni are the directors of Interiors Incorporated (Pty) Ltd.; Ndjavera being the Managing Director. The main business of the Company is interior design and the sale of exclusive furniture.

The articles of the company contain (*inter alia*) the following provisions:

- a) all contracts entered into by the company must be signed by at least two directors;
- b) no director will be held liable for any damage caused by his/her negligence or breach of trust.

In May 2025 Ismael, while on official company business, is involved in a car accident with Mr X, and the Court subsequently rules that Ismael was negligent and that Interiors Incorporated (Pty) Ltd. is vicariously liable for Mr X's damages suffered as a result of this accident.

In December 2025 Ndjavera, without consulting her fellow directors, entered into an oral contract with a well-known Namibian designer to design and manufacture an exclusive range of furniture for the Company. Her fellow directors are upset and refuse to honour the contract.

Answer the following questions:

- 6.1 Can the Company hold Ismael liable for the damages paid to Mr X or will he be protected by the provisions of clause "b" quoted above? (5)
 - 6.2 Will the Company be bound to the contract with the well-known designer? (5)
- [10]**

TOTAL MARKS 100