1. (a) Define a Company. “A Company has a separate legal entity from its member”.
Examine this statement.
Ans: A company, abbreviated as co., is a legal entity made up of an association of people, be they natural, legal, or a mixture of both, for carrying on a commercial or industrial enterprise. Company members share a common purpose, and unite to focus their various talents and organize their collectively available skills or resources to achieve specific, declared goals. Companies take various forms, such as:

- voluntary associations, which may include nonprofit organizations
- business entities with an aim of gaining a profit
- financial entities and banks

A company or association of persons can be created at law as a legal person so that the company in itself can accept limited liability for civil responsibility and taxation incurred as members perform (or fail to discharge) their duty within the publicly declared "birth certificate" or published policy.

Companies as legal persons may associate and register themselves collectively as other companies — often known as a corporate group. When a company closes, it may need a "death certificate" to avoid further legal obligations.

With the incorporation of a Company as per the Law in force, it becomes a Separate Legal entity meaning an entity which has a distinct identity from its owners (i.e. shareholders / members).

A Company as referred above must be a registered company i.e. it must have been registered as a Company under the Corporation! Companies Act of that country.

Generally a Limited liability company enjoys the distinction of separate Legal entity.

The Company is an Artificial Independent Person in the eyes of Law represented by the Board of Directors.

In the past there have been many deliberations on this matter including cases in the Court of Law be it local or in foreign countries.

(b) Explain the principle of “lifting of the corporate veil”.
Ans: Company enjoys a separate position from that of position of it’s owners. It is artificial but yet a person in eyes of law. Problems arise when this position of the company is misused. It is not incorrect to say that, though the company is an unreal person, but still it cannot act on its own. There has to be some human agency involved so that company is able to perform its functions. When this human agency is working, in the name of the company, for achieving goals approved by law, the social order is not disturbed. But when this medium of operations begins to be tainted, conflicts arise. This authority rather becomes firing of bullets from someone else’s gun.

When directors, or whosoever be in charge of the company, start committing frauds, or illegal activities, or even activities outside purview of the objective/articles of the company, principle of lifting the corporate veil is initiated. It is disregarding the corporate personality of a company, in order to look behind the scenes, to determine who the real culprit of the committed offence is. Thus, wherever this personality of the company is employed for the purpose of committing illegality or for defrauding others, Courts have authority to ignore the corporate character and look at the reality behind the corporate veil in order to ensure justice is served. This approach of judiciary in cracking open the corporate shell is somewhat cautious and circumspect.

2. (a) Explain the various types of resolutions.
Ans: Types Of Resolutions
All resolutions must be passed in accordance with the requirements of the Companies Acts and the articles of association.

Ordinary Resolutions
An ordinary resolution requires seven days clear notice to those entitled to attend and vote. It is passed by a simple majority of those voting, in person and by proxy, or of shares voted by way of a poll. Most standard business conducted at AGMs is carried out by an ordinary resolution.

Examples of other decisions passed by ordinary resolution are:
- Renewing directors’ authority to allot shares;
- Giving authority for a company to purchase its own shares; and
- Increasing the authorised share capital of a company.

Special Resolutions
A special resolution requires twenty-one days clear notice to those entitled to attend and vote. It is passed by a majority of not less than 75% of those voting, in person and by proxy, or of shares voted by way of a poll.

Examples of decisions passed by special resolution are:
- Amendments to memorandum and articles of association;
- Change in company name;
- Reduction in share capital;
- Voluntary wind up of a company; and
- Varying of class rights attaching to classes of shares.

Extended Notice Resolutions
Certain ordinary resolutions require extended notice before they may be properly passed, such as:
- To remove a director before his period of office expires or to appoint someone else in his place at a meeting at which he is removed;
- To remove an auditor before his term of office expires, to appoint an auditor other than the retiring one, to fill a casual vacancy in the office of auditors or to provide expressly that a retiring auditor shall not be reappointed.