

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE

BCOM 302: COMPANY LAW

STREAMS: BCOM

TIME: 2 HOURS

DAY/DATE: FRIDAY 26/03/2021

2.30P.M. – 4.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO questions

QUESTION ONE

- (a) It is a fundamental principle of company law that the share capital of a company must be maintained. Discuss the legal consequences of this principle [10 marks]
- (b) Njoroge, a member of Tusonge Company Ltd, inspected the register of members of the company and noted that his name had been omitted therein. Advise Njoroge on how he should proceed to have his name entered in the register. [4 marks]
- (c) Discuss the various ways in which a member may cease being a member of a company. [8 marks]
- (d) In relation to the provisions of the Companies Act (Cap.486) of the Laws of Kenya, explain the general provisions relating to meetings and votes. [8 marks]

QUESTION TWO

- (a) Highlight the requirements to be met before a notice of meeting served on members can be held to be valid. [8 marks]
- (b) Birds limited have three directors: Peacock, Sparrow and Vulture. Explain the legal implication of each of the following situations
- (i) Vulture's son has recently come of age and vulture wishes to appoint him a director of the company. [4 marks]

- (ii) The company is considering the purchase of a substantial quantity of goods from Fly ltd, in which sparrow has a large shareholding through he is not a director Peacock and vulture are unaware of sparrow's interest in Fly ltd [4 marks]
- (iii) Because of adverse publicity about Peacock's private life, vulture and sparrow with to remove him as a director, since he refuses to resign. [4 marks]

QUESTION THREE

- (a) Discuss the restrictions that are imposed on appointment of directors [6 marks]
- (b) Discuss the legal position and duties of the company secretary [8 marks]
- (c) What are the different types of Liquidation and who may commence proceedings? [6 marks]

QUESTION FOUR

- (a) Corporate veil is a legal concept that separates the personality of a company from that of its members. With reference to this statement discuss any five circumstances under which a corporate veil may be lifted through a court order. [10 marks]
- (b) Based on company act (2015) of Kenya, promoters are free to choose a name for the proposed company. Discuss any five instances when the registrar of companies may declare a proposed name undesirable. [10 marks]
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