

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

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

**BCOM 302: COMPANY LAW**

**STREAMS: Y3S2**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 6 /07/ 2021**

**2.30 PM – 4.30 PM**

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**INSTRUCTIONS:**

- Answer Question ONE and any other TWO Questions.
- Do not write on the question paper

**QUESTION ONE**

- (a) A group of Business women from Muranga have come together to form corporation dealing with processing and export of juice products. You have been appointed as a member of the technical committee to help in registering the corporation. Explain to the committee the difference between a company and a partnership. [10 Marks]
- (b) Peter who was promoting a company which had not then been registered, made a contract on behalf of the unregistered company with Deno. After the company had been registered, it attempted to ratify the contract. Later the company due to its insolvency went into liquidation. Deno went to court to enforce the contract between him and Peter. Peter said it was the company which was liable. Decide. [4 Marks]
- (c) “ A promoter is not a trustee or an agent of the company but he stands in a fiduciary position towards it”. Discuss this statement. [10 Marks]
- (d) Explain the circumstances under which a company may be deemed to be a holding of another company? [6 Marks]

**QUESTION TWO**

- (a) Explain the circumstances when a company can alter its memorandum of association. [10 Marks]
- (b) “A prospectus is a document of out most good faith”. Explain this statement analyzing the who bears liability in case of mis-statement of contents of a prospectus.[5 Marks]
- (c) Explain who is a member, how one can be a member and not a shareholder in a company. [5 Marks]

**QUESTION THREE**

- (a) Distinguish between the Doctrine of Indoor management and Doctrine of Constructive Notice. [10 Marks]
- (b) Discuss the circumstances under which a court can order compulsory winding up of a company. [10 Marks]

**QUESTION FOUR**

- (a) Explain the how company membership can be lost. [10 Marks]
  - (b) With respect to winding up of a company, explain when it can be wound up on grounds of just and equity. [10 Marks]
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