

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**THARAKA CAMPUS**

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

**BCOM 302: COMPANY LAW**

**STREAMS: BCOM Y3S1**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 06/08/2019**

**8.30 A.M. – 10.30 A.M.**

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**INSTRUCTIONS:**

- **Answer question ONE and any other TWO**
- **Do not write on the question paper**

**QUESTION ONE**

- (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) Discuss any five clauses contained in a Memorandum of Association as stipulated in the company's Act. (10 marks)
- (c) Briefly explain any six instances thorough which a person may cease to be a member of a company by act of the parties. (6 marks)
- (d) Discuss four functions of promoter during a company formation. (4 marks)

**QUESTION TWO**

- (a) Define the term “prospectus” and highlight four defenses a director of a company may establish to avoid a liability with respect to issue of prospectus. (6 marks)
- (b) Based on company act (2015) of Kenya, promoters are free to choose a name for the proposed company. Discuss any four instances when the registrar of companies may

declare a proposed name undesirable. (6 marks)

- (c) Discuss any four salient features of a company based on Company's Act (2015) of Kenya. (8 marks)

**QUESTION THREE**

- (a) Explain any five documents that ought to be presented to the registrar of companies during the incorporation of a company. (10 marks)
- (b) Discuss any five exceptional cases with regard to application of the doctrine of indoor management. (10 marks)

**QUESTION FOUR**

- (a) Discuss the powers of a liquidator with respect to dissolution of a company. (6 marks)
- (b) A retiring company auditor is deemed reappointed without any such resolution being passed during the annual general meeting. Discuss the exceptional circumstances to this statement. (6 marks)
- (c) Explain any 4 types of capital in a public limited company. (8 marks)
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