

**CHUKA**



**UNIVERSITY**

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**UNIVERSITY EXAMINATIONS  
EMBU /THARAKA**

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

**BCOM 302: COMPANY**

**STREAM: BCOM Y3S2**

**TIME: 2 HOURS**

**DAY/DATE: FRIDAY 10/08/2018**

**11.30 A.M – 1.30 P.M**

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**INSTRUCTION:**

- **Answer question one and any other two questions.**

1. (a) Distinguish between a partnership and a registered company. [10marks]  
(b) Mutwiri wants to register a new company by the name “ kuleta machafuko kwa nchi ya Kenya limited” Advise him on any five rules that are applicable in choosing a company name. [10marks]  
(c) Under what circumstances a company may be deemed to be subsidiary of another company? [3marks]  
(d) X co. ltd had a memorandum that gave the company powers to make and sell railway carriages. The director entered into a contract to lay a railway in Uganda and the company in a general meeting subsequently purported to ratify the act of the directors by a special resolution to that effect. The company later repudiated the contract and the other party sued for breach of contract. State the relevant case and explain the effect of the above transaction. [7marks]
2. (a) Discuss five powers of a company director. [10marks]  
(b) Explain the principle of indoor management, what are its exceptions? [10marks]
3. (a) Explain the rule in *foss vs harbottle*, what are its exceptions? [12marks]  
(b) Explain the stages of formation a company. [8marks]

4. (a) Explain the various modes of winding up a company as provided in companies Act 2015. [10marks]
- (b) Explain the ways in which membership is acquired in company. [10marks]
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