

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 302: COMPANY LAW

STREAMS: Y3S2

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 18/04/2018

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer ONE question and any other TWO questions.**

QUESTION ONE

- (a) Explain the circumstances when a company can alter its memorandum of association. (7 marks)
- (b) Discuss the legal consequences of registration of a company. (8 marks)
- (c) Explain the legal position of a promoter in the formation of a company. (5 marks)
- (d) Explain the stages of incorporation of a company. (10 marks)

QUESTION TWO

- (a) Discuss the classification of companies under the companies Act 2015. (10 marks)
- (b) Explain exceptions in the rule of Foss V. Harbottle. (10 marks)

QUESTION THREE

- (a) Discuss the rule in Turquand, giving the facts of the case. Explain the exceptions to this rule. (10 marks)
- (b) Discuss the circumstances in which a court can order compulsory winding up of a company. (10 marks)

QUESTION FOUR

- (a) “A prospectus is a document of outmost good faith.” Explain this statement analyzing the who bears liability in case of mis-statement of contents of a prospectus. (5 marks)
 - (b) Explain who is a member, how one can be a member and not a shareholder in a company. (5 marks)
 - (c) Explain five disadvantages of a company. (5 marks)
 - (d) State the effects of ultra vires transactions in a company by directors. (5 marks)
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