

CHUKA



UNIVERSITY

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UNIVERSITY EXAMINATIONS

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

BCOM 302: COMPANY LAW

STREAMS: BCOM (Y3S2)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 15/04/2020

2.30 P.M. – 4.30 P.M.

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INSTRUCTIONS: Answer question ONE and any other TWO questions

QUESTION ONE

- (a) A group of business and management students of Mwea University have come together to form a small business firm dealing with processing and export of juice products. You have been appointed as a member of the technical committee to help in registering the firm. Explain to the committee the below issues that will guide you in successful registration of the firm.
- (i) The consequences of incorporating a company [10 marks]
  - (ii) The reasons for appointing and using the services of a promoter [6 marks]
  - (iii) The advantages of the firm being 'limited' [6 marks]
- (b) A who was promoting a company which had not then been registered, made a contract on behalf of the unregistered company with B. after the company had been registered, it attempted to ratify the contract. Later the company due to its insolvency went into liquidation. B went to court to enforce the contract between him and A. A said it was the company which was liable. Decide [8 marks]

**QUESTION TWO**

- (a) It is mandatory for a public ltd company to hold meetings whenever necessary to discuss company matters relating to the business of the company. Discuss the advantages of proper plaintiff principle. [8 marks]
- (b) Explain the doctrine of Ultra Vires, its effects stating the relevant case law. [12 marks]

**QUESTION THREE**

- (a) John wants to register a new company but is facing a challenge in the selection of an appropriate name. Advise him on the legal formalities and rules applicable in choosing a company name. [10 marks]
- (b) Winding up of a company represents the proceedings by which a company is dissolved. Explain voluntary winding up. [10 marks]

**QUESTION FOUR**

- (a) Explain the circumstances in which the separate legal existence of a company will be modified or is disregarded by statute under the provision of the companies Act 2015. [10 marks]
- (b) With respect to acquisition of membership in a company, explain;
- (i) Ways in which a person may acquire membership in a company without being a shareholder. [4 marks]
- (ii) Ways in which such membership is lost or terminates. [6 marks]
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