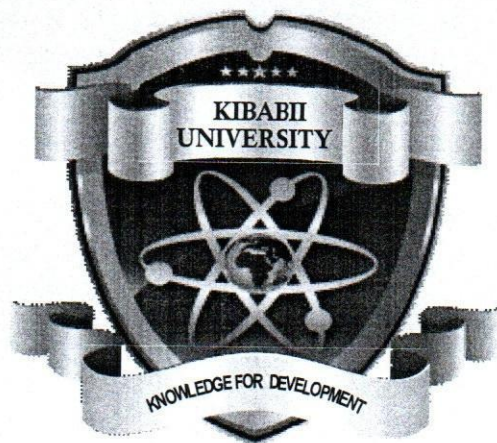


KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR
FOURTH YEAR FIRST SEMESTER
MAIN EXAMINATION**

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCB 403

COURSE TITLE: COMPANY LAW

DATE: 11/11/2020

TIME: 9.00 – 11.00AM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

QUESTION ONE (Compulsory).

- (a) With specific reference to the Companies Act (CAP 486), explain four rights of creditors in the winding up proceedings. **(8 Marks).**
- (b) Outline six benefits of corporate restructuring to a company. **(6 Marks).**
- (c) When can a Company commence business? Distinguish between the requirements of:
(i) A Private Company and
(ii) A Public Company. **(8 Marks).**
- (d) Explain the concept of a company charge and distinguish between fixed and floating charges. **(8 Marks).**

QUESTION TWO.

- (a) Outline and briefly explain the power given by the Companies Act to the Registrar to carry out an investigation into a Company's affairs. **(6 Marks).**
- (b) What action may be taken following an inspector's report upon the affairs of a company? **(6 Marks).**
- (c) Explain briefly the duties and rights of an auditor. **(8 Marks).**

QUESTION THREE.

- (a) Explain briefly the statutory provisions regarding the holding of the annual general meeting. Within what periods must the annual general meetings be convened? **(6 Marks).**
- (b) Distinguish between an ordinary resolution, a special resolution and an extraordinary resolution. **(6 Marks).**
- (c) Explain the allotment of shares and distinguish between rights issue and bonus issue of shares. **(8 Marks).**

QUESTION FOUR.

Write short notes on the following:

- (a) Lifting the veil of incorporation - **(5 Marks).**
- (b) Voluntary winding up - **(5 Marks).**
- (c) Disqualification of directors - **(5 Marks).**
- (d) Effect of Incorporation. - **(5 Marks).**

QUESTION FIVE.

- (a) Distinguish loan capital from share capital and explain the different rights held by shareholders and debenture holders. **(12 Marks).**
- (b) What is a prospectus? Discuss the consequences of misstatements in a prospectus. **(6 Marks).**