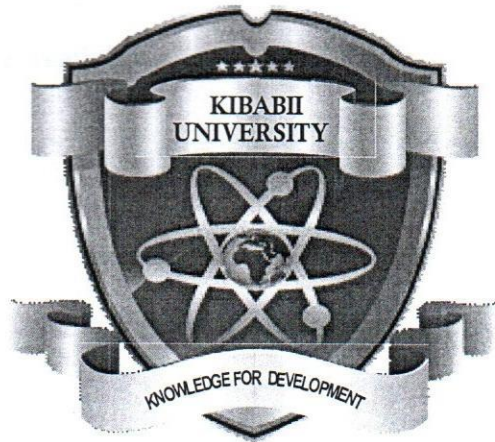


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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR
FOURTH YEAR FIRST SEMESTER
SPECIAL/SUPPLEMENTARY EXAMINATION**

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCB 403

COURSE TITLE: COMPANY LAW

DATE: 04/02/2021

TIME: 8.00AM-10.00AM

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

SECTION A

QUESTION ONE (Compulsory).

- (a) Explain the remedies available to a company if the promoter fails to make full disclosure. **(6 Marks).**
- (b) Explain the procedure for the declaration of a dividend, indicating at what stage it becomes a debt due to the shareholder. **(8 Marks).**
- (c) What is a statutory meeting? Which companies are required to hold one and what business is transacted in it? **(10 Marks).**
- (d) Explain briefly the duties and rights of an auditor. **(6 Marks).**

SECTION B.

QUESTION TWO.

- (a) State the present position of law as to:
- (i) The issue of shares at a discount.
 - (ii) The issue of shares at premium.
 - (iii) The issue of shares at no par value. **(12 Marks).**
- (b) Briefly discuss the procedure relating to appointment of directors and how they can lose their office. **(8 Marks).**

QUESTION THREE.

- (a) Discuss the procedure used to effect a transfer of shares. **(10 Marks).**
- (b) What rules are put in place for restriction of transfer of shares? **(10 Marks).**

QUESTION FOUR.

Write short notes on the following:

- (a) Promoter's liability. **(5 Marks).**
- (b) Alteration of the Memorandum. **(5 Marks).**
- (c) Crystallization of floating charges **(5 Marks).**
- (d) Take-over bids **(5 Marks).**

QUESTION FIVE.

Describe some of the methods by which a reconstruction of a company may legally be effected. **(20 Marks).**