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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE.

COURSE CODE : BCO 413
COURSE TITLE : COMPANY LAW

DATE: 20/02/2021

TIME: 2.00PM-4.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 HOURS

KIBUCO observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

SECTION A

QUESTION ONE (Compulsory).

- (a) Explain the circumstances under the companies Act and case law that prompt courts to lift the veil of corporate entity. **(8 Marks).**
- (b) Outline the procedure for calling and holding of the following meetings:
- (i) Statutory Meeting.
 - (ii) Extraordinary meeting. **(8 Marks).**
- (c) Describe the procedure and documents involved when Josephine who is the holder of 1,000 shares in ABC Co.Ltd transfers 500 shares to Rose. **(6 Marks).**
- (d) Outline the power given by the companies Act to the Registrar to carry out an investigation into a Company's affairs. **(8 Marks).**

SECTION B.

QUESTION TWO.

State the modes of winding up of a company. When will the courts order the winding up of the Company? **(20 Marks).**

QUESTION THREE.

- (a) Enumerate the advantages from a legal point of view of converting a Partnership into a limited company under the Companies act. **(8 Marks).**
- (b) Define a private company. What advantages does it have over a Public Company? How can it be converted into a Public Company? - **(12 Marks).**

QUESTION FOUR.

- (a) Explain the meaning of a floating charge and distinguish it from a fixed charge. When does a floating charge cease to float? - **(8 Marks).**
- (b) (i) Explain three ways by which a person ceases to be a member of a company. **(6 Marks).**
- (ii).In what circumstances can the liability of a member of a limited company become unlimited and several for the debts of the Company. **(6 Marks).**

QUESTION FIVE.

Write short notes on the following:

- (a) Remedies available to a company if a promoter fails to make full disclosure. **(5 Marks).**
- (b) Restriction on alteration of the Articles of Association. - **(5 Marks).**
- (c) Liability for false statement in the prospectus. - **(5 Marks).**
- (d) Duties and rights of an auditor. - **(5 Marks).**