



**(KNOWLEDGE FOR DEVELOPMENT)**  
**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2021/2022 ACADEMIC YEAR**  
**FOURTH YEAR FIRST SEMESTER**  
**MAIN EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF COMMERCE**  
**COURSE CODE: BCO 413**

**COURSE TITLE: COMPANY LAW**

**DATE: 25/01/2022**

**TIME: 2.00 – 4.00PM**

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**INSTRUCTIONS TO CANDIDATES**

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

TIME: 2 HOURS



## **SECTION A**

### **QUESTION ONE (Compulsory).**

- (a) Distinguish between an ordinary resolution, a special resolution and an extraordinary resolution. **(6 Marks).**
- (b)
- (i) Discuss the promoter's legal position in relation to the Company he forms. **(4 Marks).**
- (ii) What remedies are available to the Company should the promoter fail to make full disclosure. **(4 Marks).**
- (c) With specific reference to debt capital:
- (i) State four advantages of a trust deed. - **(4 Marks).**
- (ii) Explain two instances when a floating charge is deemed to crystallize **(4 Marks).**
- (d) Sunrise Ltd. is a private Ltd. Company which was incorporated in 2000. The last annual general meeting (AGM) was held in 2008 and the directors of the company have refused to convene one. The company is in a Management crisis as the directors have become sworn enemies. David Njoroge, Alex Ngure and Francis Kamau have filed compulsory winding up petition which has been objected to by John Wafula, Richard Simiyu and Peter Musamali.  
Alex Ngure and Francis Kamau are children of the deceased shareholders while David Njoroge and Peter Musamali are the only surviving shareholders.  
John Wafula and Richard Simiyu are the legal representatives of their deceased parents.  
You are required to advise on the following matters.
- (i) The validity of the mode of winding up adopted by the petitioners. **(4 Marks).**
- (ii) The persons entitled to petition for compulsory winding up. **(4 Marks).**

## **SECTION B.**

### **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) Discuss five advantages of a Private Company over a Public Ltd Company. **(10 Marks).**
- (b) Discuss the procedure for removal of a Company director from office. **(10 Marks).**

### **QUESTION FOUR.**

Write short notes on the following:

- (a) Effect of Incorporation. - **(5 Marks).**
- (b) Alteration of the Memorandum of Association. - **(5 Marks).**

- (c) Voluntary Winding up. - (5 Marks).  
(d) Pre-Incorporation contracts. - (5 Marks).

**QUESTION FIVE.**

- (a) Describe five ways in which a liquidator could distribute the assets of a Company in a compulsory winding up. **(10 Marks).**
- (b) Who may become a member of a Company? Explain the ways in which a person ceases to be a member of a company. **(10 Marks).**