



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY – APRIL 2017 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCAC 402

COURSE TITLE: COMPANY LAW

DATE: 7 APRIL 2017

TIME: 3.00 PM – 6.00 PM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A

QUESTION ONE

Wafula and Koimett wish to have their Posho mill business registered as a company. They have come to you as a company law student for advice regarding the memorandum and articles of association;

- (a) Explain to the two friends above the major contents of a memorandum of association and articles of association (16mks)
- (b) Explain to Wafula and Koimett the differences between a company limited by shares, a company limited by guarantee and a chartered company (10mks)
- (c) Discuss the circumstances under which a company may be wound up (10mks)
- (d) Highlight any two advantages of a limited company (4mks)

SECTION B

QUESTION TWO

Honolulu timber Limited is a successful furniture manufacturer and exporter. The company is due to hold its annual general meeting in a month's time;

- (a) Describe the powers and duties of the above company's secretary (10mks)
- (b) Explain the functions and powers of the chairman of a general meeting of a company (10mks)

QUESTION THREE

- (a) Write short notes on the following terms;
 - (i) Authorized capital (3mks)
 - (ii) Issued capital (3mks)
 - (iii) Paid up capital (3mks)

(iv) Reserve capital (3mks)

(b) Discuss the different ways in which a person ceases to be a member of a company (8mks)

QUESTION FOUR

Jameson's trading limited, is a company registered in Kenya and deals in fast moving consumer goods. You have agreed to become a director of the Company,

(a) Discuss the powers and responsibilities of company directors (15mks)

(b) Describe the persons who may not be appointed as auditors even when qualified (5mks)

QUESTION FIVE

Chakula bora trading limited was formed by you and your friends to engage in outside catering. In a past meeting you agreed to use the company's assets to borrow money to accelerate its growth;

(a) Describe the advantages of floating charges (8mks)

(b) Explain the circumstances when a floating charge will "crystallize?" (12mks)