



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY – APRIL 2017 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCBA 407

COURSE TITLE: COMPANY SECRETARIAL AND ADMINISTRATIVE LAW

DATE: 4 APRIL 2017

TIME: 11.30 AM – 2.30 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

A company may be defined as an association of persons bound together for some particular object, usually to carry on a business with a view of making profits. A company is also said to be an artificial person created by law with capital divided into transferable shares and with limited or unlimited liability possessing a common seal and perpetual succession. In relation to limited companies, explain the following:

- a) Define a prospectus. When is it prepared and what are its contents? (8 marks)
- b) Define Articles of Association and explain its significance (6 marks)
- c) Explain the items set out in a Memorandum of Association and explain why this information is important (8 marks)
- d) Explain the role of promoters in formation of companies (8 marks)
- e) There are two important meetings that a company is expected to hold by law. Explain the two meetings and explain the purpose of each and the people who attend each of these meetings? (10 marks)

SECTION B

Question Two

During the last holidays, you worked as an intern at Machingeta Fabulous Fashions, a clothing company based in Nairobi which imports high end designer items like, clothes, shoes, watches, perfumes, jewelry and handbags among others, from various overseas markets and sells them to all parts of Africa. During your internship, you realized that the company has no Company Secretary and that the duties that would have been done by a Company Secretary are usually given to any available manager. This usually results to inefficiency, stress and failure. You explained to one of the directors the importance of hiring a qualified Company Secretary, and he accepted your suggestion. He asked you to prepare notes on the duties and responsibilities of the Company Secretary for discussion by the board.

- (a) Define who is a Company Secretary? (2 marks)

- (b) Explain the roles and responsibilities of the Company Secretary (8 marks)
- (c) During the internship you were required to assist in preparation of the annual returns and filing them at the Registrar of Company. Explain the procedure followed in filing the Annual Returns to the Registrar of companies (10 marks)

Question Three

- (a) Where a dividend or other sum which is a distribution is payable in respect of a share, it is usually paid in at least one of the four methods approved by law. Explain each of the FOUR methods used in paying dividends (10 marks)
- (b) Corporate governance refers to the system of structures, rights, duties and obligations by which corporations are directed and controlled. Explain in details FIVE key principles of good corporate governance. 10 marks)

Question Four

Winding up of a company essentially brings the existence of a company to an end. The winding up of a company is either voluntary or compulsory. Voluntary winding up is initiated by the members or owners of a company. Explain the following:

- (a) Under what circumstances is a company wound up compulsorily (4 marks)
- (b) Give a step by step process of compulsory winding up of a Public Limited Company (8 marks)

Most entrepreneurs start their businesses from scratch. However, it is often a better deal to take up a going-concern instead of starting a new venture. The main reason associated to this is probably the cost involved in buying an existing business, or the inheritance of liabilities which have the owners to sell out. However, buying into business is probably just as common today as starting from scratch. Explain to aspiring entrepreneurs what is meant by the following terms in regards to business acquisition:

- (c) Reconstruction (4 marks)
- (d) Mergers and acquisition (4 marks)

Question Five

In reference to the Constitution of Kenya which was promulgated in 2010, explain the roles or duties of the following arms of government;

- (a) The Executive (5 marks)
- (b) The Legislature (5 marks)
- (c) The Judiciary (5 marks)
- (d) Explain the procedure of converting a private company into a public company (5marks)