

LAIKIPIA



UNIVERSITY

UNIVERSITY EXAMINATIONS

2ND SEMESTER 2023/2024 ACADEMIC YEAR

FOURTH YEAR EXAMINATION FOR THE DEGREE OF
BACHELOR OF COMMERCE

BCOM 408: COMPANY LAW

STREAM:

TIME: 2 HRS

DAY: THURSDAY [2.30-4.30 P.M]

DATE: 11/04/2024

THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES

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INSTRUCTION: Answer Question **ONE** and any other **TWO** Questions

QUESTION ONE

- a) The main object of Treina co. is to provide training courses for office administrators and secretaries. The directors have recently decided that it would be best to diversify the company's activities and start supplying computers, office equipment and stationery, using the contacts they have made in the course of their contacts. It appears that approximately 75% of the company's shareholders support the change, although a minority will undoubtedly strongly oppose the diversification. Advise the directors;
- i) On the statutory provisions on when and how the company's memorandum may be altered to enable the diversification to occur **(10 Marks)**
- ii) Explain the rights of the minority shareholders who oppose the diversification **(10 Marks)**
- b) Explain the common law provisions on when the corporate veil may be lifted **(10 Marks)**

QUESTION TWO

- a) The prospectus of a company must contain true statements and calls for liability for any misrepresentation made therein' Discuss the statement, explaining the remedies and defenses available if any, for misrepresentation of the company's prospectus **(10 Marks)**
- b) A person dealing with a company is entitled to assume, in the absence of the facts putting him on doubt, that there has been due compliance with the all matters of internal management and procedures required by the articles. With reference to the rule in Royal British Bank vs. Turquand (1856) discuss the above statement. **(10 Marks)**

QUESTION THREE

- a) With reference to Directors, explain the provisions of the company's Act on
- i) Their appointment **(3 marks)**
- ii) Remuneration **(2 Marks)**
- iii) Disqualification **(5 marks)**
- b) In detail explain the winding up methods with regard to the Companies Act 2015. **(10 marks)**



QUESTION FOUR

With decided cases discuss the ways in which corporate veil can be lifted

- a) Through the courts
- b) By statute

(10 marks)

(10 marks)

