



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business and Social Studies

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF BUSINESS ADMINISTRATION
BACHELOR OF COMMERCE

BMG 4303: COMPANY LAW

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2015

TIME: 2 HOURS

INSTRUCTIONS:

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

Green Lake Limited empowered its directors to manage the company's affairs. The directors commenced a case for and on behalf of the company and in the company's name in order to recover some money owed to the company. The general meeting thereafter passed a resolution disapproving the commencement of the case and instructed the directors to withdraw it.

- a) Critically advice the directors. **(10 marks)**
- b) Explain the circumstances where courts may disregard the corporate entity of a company. **(10 marks)**
- c) Discuss the differences between the Articles of Association and Memorandum of Association of a Company. **(10 marks)**

QUESTION 2

- a) Discuss the remedies for persons who subscribed for shares in a company as a result of misrepresentation in a prospectus. **(12 marks)**
- b) Explain **FOUR** common law duties of a director. **(8 marks)**

QUESTION 3

- a) Explain who may convene general meetings of a company. **(10 marks)**
- b) Discuss the rule in Turquands case. **(10 marks)**

QUESTION 4

- a) Distinguish between an ordinary and a special resolution of a company. **(8 marks)**
- b) Explain the consequences of a winding up order. **(12 marks)**

QUESTION 5

- a) Explain **FIVE** objectives of the Capital Market Authority in relation to companies. **(10 marks)**
- b) Explain the rules relating to quorum of a general meeting. **(10 marks)**