

TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF FINANCE AND ACCOUNTING

END OF SEMESTER EXAMINATION

COMPANY LAW: BMG 2213

APRIL 2016 SERIES

TIME: 2 HOURS

INSTRUCTIONS

Answer Question One which is **compulsory** and any other **two** questions

1. a) What is meant by derivative action and state the condition under which a member can be allowed to sue on behalf of the company (10 mks)
- b) What is meant by the doctrine of indoor management, explain the exemptions to this rule (10 mks)
- c) Discuss the differences between statutory corporations to be entailed in the and registered companies. (10 mks)
2. a) Briefly discuss the doctrine of constructive notice (10 mks)
- b) Define a company and explain four of its characteristics (10 mks)
3. a) Explain the principle of majority rule and explain the exemptions in rule of Foss vs Harbottle (10 mks)
- b) Explain the differences between club/societies and companies (10 mks)
4. a) Enumerate the information to be maintained by a company (10 mks)
- b) What is the rule in Foss vs Harbottle? Explain its advantages (10 mks)
5. a) Explain five advantages of partnership as opposed to ltd liability company (10 mks)
- b) Discuss the directors report as provided under the company's Act (10 mks)