



# TECHNICAL UNIVERSITY OF MOMBASA

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## SCHOOL OF BUSINESS

### DEPARTMENT OF BUSINESS ADMINISTRATION

#### UNIVERSITY EXAMINATION FOR:

#### DEGREE IN BACHELOR OF BUSINESS ADMINISTRATION, BACHELOR OF COMMERCE

BMG: 4303: COMPANY LAW

END OF SEMESTER EXAMINATION

**SERIES:** AUGUST2019

**TIME:** 2HOURS

**DATE:** Pick Date Aug2019

#### Instructions to Candidates

You should have the following for this examination

*-Answer Booklet, examination pass and student ID*

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

**Do not write on the question paper.**

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#### QUESTION ONE COMPULSORY

- a) Red Basin limited articles of association empowered its directors to manage the company's affairs. The directors commenced a case of fraud 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. Critically advise both the directors and the Red Basin limited on their respective rights and remedies on the above case (15 Marks).
- a) Discuss the contents of a statement of companies officers as required by law ( 10 Marks)
- b) Explain the effects of lifting a corporate veil ( 5 Marks)

#### QUESTION TWO:

- a) What is the rule in Royal British Bank – Versus – Turquand ( 1856) 6 E & B 327 (15 Marks)
- b) What are the legal effects of Articles of Association of a Company ( 5 Marks)

**QUESTION THREE:**

- a) Discuss the liability of promoters for pre – incorporation Contracts (10 Marks)
- b) What are the consequences of a winding up order ( 10 Marks)

**QUESTION FOUR:**

- a) Discuss the duties of a Director and a company secretary ( 10 Marks)
- b) Discuss the law relating to Notices of general meetings of a company ( 10 Marks)

**QUESTION FIVE:**

- a) When is a company deemed unable to pay its debts (5 Marks)
- b) What are the disadvantages of Incorporation ( 15 Marks)