



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN ACCOUNTANCY

BMG 2213 : COMPANY LAW

END OF SEMESTER EXAMINATION

SERIES:AUGUST2019

TIME:2HOURS

DATE:Pick DateAUGUST 2019

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.

Question ONE

- a. What is meant by derivative action and state the condition under which a member can allowed to sue on behalf of the company (10mks)
- b. What is meant by the doctrine of indoor management explain the exemptions of this rule (10mks)
- c. Discuss the differences between statutory corporations and registered companies (10mks)

Question TWO

- a. Briefly discuss the doctrine of constructive notice (10mks)
- b. Define a company and explain four of its characteristics (10mks)

Question THREE

- a. Explain the principle of majority rule and explain the exemptions in the rule of Foss vs Harbottle (10mks)
- b. Explain the differences between club/societies and companies (10mks)

Question FOUR

- a. Enumerate the information to be maintained by the company (10mks)
- b. What is the rule in Foss vs Harbottle explain its advantages (10mks)

Question FIVE

- a. Discuss what may be entailed in the auditor's report (10mks)
- b. Explain the constitutive documents in incorporation of a company (10mks)