



UNIVERSITY EXAMINATIONS: 2010/2011

**SECOND YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF
COMMERCE**

CFU 200: COMPANY LAW (d+e)

DATE: APRIL 2011

TIME: 2 HOURS

INSTRUCTIONS: Answer one and any other TWO questions

QUESTION ONE

- a) Salim Ruto is a real estate developer. He has joined 8 other business persons intending to form a public company limited by shares, to enable them purchase a 500 acre parcel of land to be subdivided into residential plots. Advise him on the requirements for the registration of a public company, and the process it has to follow to ensure that it obtains a trading certificate to enable it to commence business. (10 Marks)
- b) Explain the advantages of a business carried on in partnership into a company limited by shares under the Companies Act. (10 Marks)
- c) Explain various ways in which a promoter may be remunerated. (10 Marks)

QUESTION TWO

Write explanatory notes on the following

- a) Subsidiary Company
- b) Pre- Emption clause
- c) Pre- Incorporation contracts
- d) Preference Shares

(20 Marks)

QUESTION THREE

Rashid Ouko has purchased shares from a Public limited Company.

He has discovered that the prospectus issued by the said company contains false statements. Discuss the remedies available to him against:-

- a) The Company
- b) The Directors (20 Marks)

QUESTION FOUR

- a) Explain what is meant by a company's Memorandum of Association (6 Marks)
- b) Explain the contents of or Clauses which must be contained in a Company's Memorandum of Association. (10 Marks)
- c) Explain how a company may change its name (4 Marks)

QUESTION FIVE

- a) Explain the proprietary rights of a member in a company (10 Marks)
- b) Discuss the various methods by which membership of a company may be acquired. (6 Marks)
- c) Jane and Jennifer jointly own shares in Uzuri Ltd. They are seeking your advice regarding their legal position as joint holders of the shares. Advise them. (4 Marks)