



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

THIRD YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH INFORMATION TECHNOLOGY

MAIN CAMPUS

ABA 302: COMPANY LAW

Date: 22nd February, 2018

Time: 12.00 - 3.00pm

INSTRUCTIONS:

- Answer Question ONE and any other THREE



- 1(a) Explain the objectives of the Companies Act, 2015. (10 marks)
- 1(b) Discuss the effects of ultra-vires transactions. (10 marks)
- 1(c) A telephone company did not have powers to pay telephone lines in a particular area as per its memorandum. The company laid down the lines and Mr. Otoyoy Marach cut them down. Can the company sue Otoyoy Marach for damages done to the wires? Discuss. (5 marks)
- 2(a) Explain the doctrine of indoor Management and its exceptions. (10 marks)
- 2(b) The seal of a company has been affixed by the company on a document without due compliance with the provisions of the Companies Act. Does this affect the validity of the document? If the answer is in the affirmative, can the infirmity be removed by ratification by the Board of Directors. (5 marks)
- 3(a) Discuss how a person will cease to be a member of the company. (10 marks)
- 3(b) Directors forfeit fully paid shares of "B" to recover some amount due from "B". The articles of Association provide for forfeiture of shares in such a case. The shares are resold at much higher amount than the amount due from "B" and the company retains the excess as provided in the article. Advise "B". (5 marks)
- 4(a) Explain the manner of appointment of directors. (10 marks)
- 4(b) A public company has got a director who is a partner in a share brokers firm. In a recent public issue made by the company the said firm also acted as brokers to the issue. Can the appropriate brokerage be paid to such a firm by the company? If so, in what circumstances? (5 marks)

5(a) Explain the contents or particular of the directors report. (10 marks)

5(b) Mr. Vala Bhai Patel, a dismissed employee of Vikram Cements L.t.d seeks for a copy of the register of members of the company. Will it make any difference, if Mr. Vala Bhai Patel happens to be the shareholder of that company? Decide. (5 marks)

6(a) Explain the consequences of the dissolution order by court. (10 marks)

6(b) "B", a shareholder is a company is adjudicated bankrupt and the official assignee applies to be registered as a member in place of "B". The company refused to register him. Thereupon, the official assignee petition for dissolution of the company. Will the court accept his petition? (5 marks)