



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2017/2018

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

CITY CAMPUS -EVENING

ABA 302: COMPANY LAW

Date: 16th January, 2018

Time: 5.30 - 7.30pm

INSTRUCTIONS:

- Answer Question ONE and any other THREE
- Question one carries 25 marks and the rest 15 marks each



- 1(a) Discuss special privileges available to independent private companies. (10 marks)
- 1(b) Give arguments to support the proposition that the identity of a company is quite distinct from the identity of its members. (10 marks)
- 1(c) "A", a furniture dealer, entered in to a contract with the company for furnishing of the offices of the company. The company went into dissolution before it could obtain certificate of commencement of business. Can "A" prove in winding up for the price of furniture supplied to the company? (5 marks)
- 2(a) Discuss clauses of the memorandum of Association. (10 marks)
- 2(b) The plaintiff carried on business under the name of Buttercup Dairy Company as a result and wholesale provision merchant in Kisumu and the defendant was incorporated with its registered office at Kakamega with the main object of manufacturing and selling margarine under the name "Buttercup Margarine Co. Ltd" after ascertaining that there was no similar name on the company register. What relief, if any, can the plaintiff get? (5 marks)
- 3(a) Discuss the difference between a share certificate and a share warrant. (10 marks)
- 3(b) "A" shareholder transferred by way of gift his shares in a company to "B". By the time the transfer deed and relative share certificate were submitted by "B" to the company, "A" was dead. The company refused to register the transfer on the ground that the share transfer was no longer valid. What is the remedy available to "B" to enforce the share transfer? (5 marks)
- 4(a) Discuss modes of acquiring membership in a public limited company. (10 marks)

4(b) A company amends its articles of Association to provide for expulsion of a "member" by the Board of Directors, if in the opinion of the Board of Directors the conduct of the person concerned is prejudicial to the interest of the company, and thereafter the Board of Directors expels the "member" by passing a resolution. Is the expulsion valid? Give reasons to your answer.

(5 marks)

5(a) Discuss facts which must be contained in the statutory report. (10 marks)

5(b) Mr. Onyango Otoyoy, the chairman of the Board of M/s Otoyoy & Co. L.t.d, presided over the company's annual general meeting as chairman and immediately thereafter went abroad on company's work and was expected to return only after 50 days. How will the minutes of the annual general meeting be signed and dated?

(5 marks)

6(a) Discuss the statutory powers of an auditor of a public company. (10 marks)

6(b) The auditors of Co-operative Bank of Kenya L.t.d failed to report to the members that certain assets in the balance sheet were overvalued. As a result of which the dividends were paid out of capital. Explain the liability of the auditors, if any.

(5 marks)