PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF BUSINESS LEADERSHIP

BACHELOR OF COMMERCE

SEPTEMBER-DECEMBER 2019

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: BUS2413|CAC404

COURSE TITLE: COMPANY LAW

EXAM DATE: FRIDAY 6th DECEMBER 2019

DURATION: 2 HOURS

TIME: 2:00PM-4:00PM

INSTRUCTIONS

- Read the instructions and questions carefully before you write the answers.
- Write your **STUDENT NUMBER** in the Answer Booklet given
- *Write clearly and legibly.*
- This exam script consists of **Six (6)** questions.
- Answer ALL q**uestions in SECTION A (compulsory)** and A**ny other three (3)** questions from **SECTION B**
- *ALL PAC University's examination rules and regulations apply*

SECTION ONE: ANSWER ALL THE QUESTIONS {30 MARKS}

QUESTION ONE

a) Ronald Nganga is a director at Prime Foods Limited. He recently made a procurement decision that resulted in heavy losses for the company. He has also missed all the board and committee meetings that he was expected to attend, he further delegated his work to his junior, Mark, who ended up grave financial mistakes despite being the finance manager of the company, resulting in losses to the company.

In light of the above, analyze the duties of the director in the company and advice Prime Foods Limited on its legal rights, if any, against Ronald Nganga (10 Marks).

b) Explain FIVE duties of a chair person in a company meeting [10 Marks].

c) Explain Five classifications of share capital [10 Marks].

SECTION TWO; ANSWER ANY THREE QUESTIONS EACH 10 MARKS

QUESTION TWO

a) Define the term 'Company' [2 Marks].

b) Discuss FOUR essential characteristics of a limited liability company [8 Marks].

QUESTION THREE

a) Distinguish between a share certificate and a share warrant [4 Marks].

b) "A certificate of incorporation is conclusive evidence that all the requirements of the Companies Act have been complied with". Discuss. [6 Marks].

QUESTION FOUR

a) Explain the concept 'lifting the corporate veil'. [4 Marks].

b) Discuss THREE functions of promoters under company law [6 Marks].

QUESTION FIVE

a) Explain TWO consequences of non -registration of charges [4 Marks].

b) Explain THREE differences between shareholders and debenture holders [6 Marks].

QUESTION SIX

a) Distinguish between transfer and transmission of Shares [4 Marks].

b) Discuss THREE general principles regarding allotment of shares of a company

[6 Marks].