BUS2413|CAC404: COMPANY LAW

ONLINE CLASS

Instructions

i) **This exam paper contains SIX questions containing 10 marks each.**

ii) **Answer Question 1 (COMPULSORY) and any other THREE questions**

iii) **Read each question carefully before attempting.**

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QUESTION 1

a) Ronald Dela is a director at Valleys 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 work to his junior Mark, who ended up making grave financial mistakes despite being the finance manager of the company, resulting in further losses to the company. In light of the case, analyze three duties of a director in a company and advise Valleys Limited on its legal rights, if any, against Ronald Dela (6 Marks).

b) Describe two circumstances under which the veil of incorporation of a company might be lifted under company law (4 Marks).

QUESTION 2

a) Discuss the concept of 'Borrowing intra vires of the company but ultra vires of the Directors' (4 Marks).

b) The name of X is found entered in the register of a company. But X contends that he is not a member of the company. The company maintains that X had orally agreed to become a member and hence his name was entered in the register and so he is a member. Elaborate whether the contention of the company is valid (6 Marks).

QUESTION 3

a) Discuss two distinguishing characteristics between a memorandum of association and an articles of association (4 Marks).

b) 'A certificate of incorporation is conclusive evidence that all the requirements of the Companies Act have been complied with'. Explain three conditions that a public company is required to fulfil in order to obtain a certificate of incorporation (6 Marks).

QUESTION 4

a) Explain two modes of winding up of a company (4 Marks).

b) A company can issue debentures either secured or unsecured by a charge on its property. Explain the following terms;

   i. Fixed charge (2 Marks).
   ii. Floating charge (2 Marks).
   iii. Crystallization of a floating charge (2 Marks).

QUESTION 5

a) Distinguish between a share warrant and a share certificate (4 Marks).

b) Before a meeting of a company can start its business, it is required to have a Chairman. Discuss three duties of a chair in a meeting (6 Marks).

QUESTION 6

a) Distinguish between transfer and transmission of shares (4 Marks).

b) The provisions of the law of contract regarding the acceptance of an offer apply to the allotment of shares by a company. Discuss three general principles relating to the allotment of shares of a company (6 Marks).