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SUBJECT: COMPANY LAW
CLASS: HDSECMGT JAN 2015 B – LUNCH TIME CLASS
LECTURER: EDWIN NYAENCHA
DATE: 22nd MAY 2015
TIME: 2 ½ HRS

Instructions

- 1. Attempt question 1 and any other three questions**
- 2. Cite case law or give relevant practical examples**

Question 1

(a) Witstransit Co. Ltd was incorporated in 1990 to do business in transport services. The memorandum of association also contained other objects. To date the company has not carried out any activity in transport services. Joseph as a member of the company is not satisfied that the company is doing things according to the law and wishes to petition for a winding up.

Discuss the relevant legal issues that Joseph may advance for his petition to succeed. **(10 marks)**

(b) Outline the consequences or characteristics of incorporated company. Cite at least two decided cases **(15 marks)**

(c) Framing of the prospectus must be done accurately, otherwise certain liabilities may arise. In connection with this statement explain what the golden rule refers to **and** set out the defenses that a person involved in the issuing of prospectus may avail him/her **(15 marks)**

Question 2

a) Distinguish between the memorandum of association and articles of association.

(10 marks).

b) What is directors' qualification and under what circumstances may a person not be qualified to be a director? **(10 marks)**

Questions 3

(a) Write detailed explanatory notes on the following:-

(i) The ordinary business of a company annual general meeting **(5 marks)**

(ii) Circumstances under which one (1) person may constitute a valid meeting that can transact business validly **(5 marks)**

(b) The majority of the shareholders always carry the day. However, the minority are also protected. Discuss fully this statement citing the relevant decided case(s) **(10 marks)**

Question 4

- (a) Promoter may sometimes enter into contracts for the company they are promoting. The same promoter may be a director of the company. If a company is incorporated on December 2009, what would be your advice to a third party who has supplied goods/services to the company, on a contract entered into by the promoter before incorporation?

Can the company ratify each contract? Cite relevant decided case **(10 marks)**

- (b) Write short explanatory notes on any **Two (2)** of the following

- i) Ordinary business of an annual general meeting of a company
- ii) Modes of cessation of company membership
- iii) Contents of a statutory meeting
- iv) Duties of the chairman in company meeting.

(10 marks)

Question 5

- (a) Describe the various classes/ types of resolutions that a company may make in its meetings

(10 marks)

- (b) Directors of a company must perform their duties otherwise they will be liable. Discuss the duties

(10 marks)