****

**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 400**

**COURSE TITLE: COMPANY LAW**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 06/04/2021 TIME: 3.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of THREE (3) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

Osman a shareholder of a company and a plaintiff alleged that Abdi a defendant had defrauded their company in various ways and in particular that the defendants had sold land belonging to themselves to the company at

An exorbitant price. The plaintiff asked the court to order that the defendant indemnify the company for the losses. The court held that since the company’s board of directors was still in existence, and since it was possible to call a general meeting of the company, there was nothing to prevent the company from obtaining redress in its corporate name, and the action by the plaintiff could not be sustained.

1. In light of above statement, discuss the proper plaintiff Role citing at least one case. [ 8 marks]
2. “While every person who deals with the company to know the contents of Memorandum and Articles of Association, it is assumed that any internal procedures required for purposes of Validating of action of the company is compiled” discuss. [7 marks]
3. A company director being an agent of the company owes it duties both at Common law and equity. Discuss [8 marks]
4. Critically examine the circumstances under which a court will lift the veil of incorporation so as to make person other than the company liable for the debt of the company. [7 marks]

**QUESTION TWO**

1. Discuss the various modes of winding up as provided in S.219 of the Companies Act [5 marks]
2. Who may present the petition? [5 marks]
3. While citing a relevant case, discuss the following statement “ The general rule is That shareholders are distinct from the company|” [10 marks]

**QUESTION THREE**

1. The mode of winding up company is generally determined by financial position and the intention of the shareholders. Do you agree? [11 marks]
2. Discuss the legal provisions for holding annual general meeting of a company and business transacted during the meeting. [9 marks]

**QUESTION FOUR**

1. Shareholders of a company have rights in the company while creditors have Rights against the company. Discuss [13 marks]
2. Give an outline of the distinction between a share and a debenture bond. [7 marks]

**QUESTION FIVE**

1. Critically analyze the legal rules that underpin the relationship between a promoter and the yet to be formed company [7 marks]
2. Define share capital and explain various types of capital. [6 Marks]
3. Explain the various ways one may acquire membership. [ 7 marks]