



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY**
SCHOOL OF BUSINESS AND ECONOMICS

COMPANY LAW (ABA 302)

MAIN CAMPUS

DURATION: 2HOURS

Answer question One (1) and any other Two (2) questions

1)

- a. A Company registered under section 2(i) of cap 486(as it were) and a company registered under company act 2015 is at Law a different legal person altogether from the subscribers of the Memorandum of Association and Articles of Association.
- b.
 - i. In light of the foregoing enumerate the characteristics of a company under the aforementioned acts of parliament.
(10 marks)
 - ii. Explain the concept of “Capital” in relation to a Limited Liability company and state the various senses in which term capital is used in the Law of Business Association [Company Law].
(5 marks)
 - iii. What are the different shares that may be issued by a Public Company?
(5 marks)

2)

- a. The memorandum of association of a company shall, when registered, binds the company and the members to the extent as if they respectively had signed and sealed by each member and contained covenants on the part of each member to observe all the provisions of the memorandum of Association and Articles of Association. Explain the effect of this section on the relationship between

shareholders and their company and between shareholders themselves.

(10marks)

- b. Discuss the circumstances when the court considers winding up of a company “Just and Equitable” (10 marks)

3) Kwach Ratego Public Company Limited wishes to raise capital in order to finance expansion of the activities and is considering the following alternative methods of attracting capital in a highly competitive market by public issue.

- i. A series of debenture with a nominal value of KShs (1) one, the debenture will be issued at Kenya Shillings Eighty (KShs.80/=) redeemable at nominal value on 1st January 2022.
- ii. A series of debentures with a nominal value KShs one(1) also issued at KShs(80) and redeemable at a nominal value on 1st of January,2022,one of the terms of issue is that debenture holders will be entitled at any time after July 2019 to convert their debentures into fully paid KShs (1)ordinary share.
- iii. A series of KShs (1) one shares to be issued at KShs 95/= fully paid. This issue will be underwritten.

Advice Kwach Ratego Public Company Limited on the Legal Validity of the above proposals. (20 marks)

4)

- (a) Explain the doctrine of ultra-vires transaction in relation to the company and describe the Liability of a company and its agents for an ultra-vires transaction. (10marks)

- (b) Discuss the powers and duties of a Director of a company under the Company’s Act 2015

(10 marks)

5)

- a. Distinguish between floating charges and fixed charges.

i. (5 marks)

- b. What are the classes of a general meeting held by companies?

i. (5marks)

- c. What are the duties of a Liquidator?

i. (5marks)

- d. What is the effect of not holding a Statutory Meeting?

(5marks)