



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR SECOND SEMESTER EXAMINATION FOR

DIPLOMA IN ACCOUNTING

COMPANY LAW

DATE: 27/3/2020

TIME: 2.30-5.30 PM

INSTRUCTIONS:

ANSWER ANY FIVE QUESTION

1. a) Outline six circumstances under which a director may be disqualified from holding office. (12 marks)
- b) Explain four conditions that should be fulfilled before a public limited company can commence business. (8 marks)
2. a) Outline six documents that should be delivered to the registrar of companies for the purpose of registering a company. (12 marks)
- b) With reference to the doctrine of ultra vires
 - i. State two purposes of the doctrine. (4 marks)
 - ii. Explain two exceptions to the doctrine. (4 marks)
3. a) Explain five advantages of a private company over a public company. (10 marks)
- b) Outline five rights of members of a company under the companies Act. (10 marks)
4. a) Explain five circumstances under which a company may by special resolution alter the objects of the memorandum of association. (10 marks)
- b) Explain five ways in which a person may become a member of a company. (10 marks)
5. a) Explain five ways of termination of membership by act of the parties. (10 marks)
- b) Outline the contents of the register of members. (10 marks)
6. a) Explain four reasons for closure of the register. (8 marks)
- b) Highlight six qualifications of a company secretary. (12 marks)
7. a) Outline the procedure in transfer of shares. (12 marks)
- b) Explain the effect of transfer of shares. (8 marks)