



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

DIPLOMA IN ACCOUNTANCY

DACC 111: COMPANY LAW

DATE: 10/5/2019

TIME: 11.00-1.00 PM

INSTRUCTIONS

Answer question one and any other two questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Explain the consequences of incorporation. (5 marks)
- b) Highlight the types of companies in Kenya today (5 marks)
- c) Identify the characteristics of a company. (10 marks)
- d) Differentiate a company from a partnership (10 marks)

QUESTION TWO

- a) You desire to have your company incorporated. Explain the documents filed with the registrar in that connection. (5 marks)
- b) Mention the clauses in memorandum of association. (5 marks)
- c) In order to raise capital a meeting of board of directors convened. Outline the business that will be dealt with in that meeting. (10 marks)

QUESTION THREE (20 MARKS)

- a) State Five advantages and Five disadvantages of incorporation. (10 marks)
- b) Explain the procedures involved in winding up of a company. (10 marks)

QUESTION FOUR (20 MARKS)

- a) A promoter stands in a fiduciary position requiring confidence and trust. explain the fiduciary position of a promoter. (10 marks)
- b) Explain five rights and five duties of an auditor. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Identify the various types of capital of a company (10 marks)
- b) You have recently bought shares in a blue chip media company. However, you fear for the liabilities.
Discuss the liabilities of a member of a company (10 marks)