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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR FOUR**

**THIRD SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

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

**COURSE CODE: BBM 412**

**COURSE TITLE: COMPANY LAW**

**EXAMINATION DURATION: 3 HOURS**

**DATE: 07/08/18 TIME: 2.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other THREE (3) 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 TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. Define the term “prospectus” under Company Law. **[1 Mark]**
2. Give an account of the legal procedure followed in registration of a new public company **[12 marks]**
3. What are the exceptions under the rule in ***Foss v. Harbottle*** in relation to minority protection **[12 marks]**

**QUESTION TWO**

1. What are the ways of acquiring membership/shareholder of a company? **[5 marks]**
2. “A company is a legal entity distinct from its members”. Discuss by giving facts and issues raised in the case of ***Salomon v. Salomon and Co. Ltd.* [10 marks]**

**QUESTION THREE**

1. Define the term share capital and discuss its various types. **[12 marks]**
2. What are the effects of Memorandum and Article of Association to the company and to its members  **[3 marks]**

**QUESTION FOUR**

1. Differentiate between the term merger and take over as methods of joining two or more companies together. **[2 marks]**
2. A company can be liquidated by compulsory method”. Justify the grounds of compulsory liquidation of a company **[5 marks]**
3. Discuss at least five powers of the directors and four duties of a secretary in a company **[8 marks]**

**QUESTION FIVE**

1. Who is a minority shareholder? **[1 mark]**
2. Discuss various issues and challenges affecting minority shareholders. **[10 marks]**
3. Wha**t** are the various powers of a receiver of a company  **[4 marks]**

**QUESTION SIX**

Write short notes on the following:-

1. Lifting of the veil **[2 marks]**
2. Article of Association **[2 marks]**
3. Majority shareholder **[2 marks]**
4. Resolution **[2 marks]**
5. Meeting **[2 marks]**
6. Removal of auditor **[2 marks]**
7. Types of investigation **[3 marks]**