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**University Examinations 2015/2016**

THIRD YEAR, SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

**BFB 3400: COMPANY LAW**

**DATE: AUGUST, 2016 TIME: HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions.*

**QUESTION ONE (30 MARKS)**

1. Explain the statement “ A company is a legal entity quite apart from the persons who constitute it”. (10 Marks)
2. Summarize the advantages from a legal point of view, of converting a business carried on in partnership into a company limited by shares under the companies Act. (8 Marks)
3. Discuss the ways a shareholder can cease from being a member of a company by an act of the parties. (8 Marks)
4. Explain what you understand by a one-man company. (4 Marks)

**QUESTION TWO (20 MARKS)**

1. Discuss the disadvantages of incorporation . (10 Marks)
2. Explain the circumstances when certificate of incorporation can be withdrawn.(10 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the effects of ultra vires transaction. (10 Marks)
2. The “doctrine of indoor management” imposes an important limitation on the “doctrine of constructive notice” . Discuss the exceptions to the doctrine of indoor management.

(10 Marks)

**QUESTION FOUR (20 MARKS)**

1. Explain the cases when the right to rescind a contract induced by a fraudulent statement or withholding of some material fact is lost. (8 Marks)
2. Discuss six ways a person may become a member of a company. (12 Marks)

**QUESTION FIVE (20 MARKS)**

1. Explain the requisites of a valid meeting. (10 Marks)
2. Discuss the circumstances under which the company would wound up subject to supervision of the court. (10 Marks)