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**University Examinations 2014/2015**

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

**BFB 3400: COMPANY LAW**

**DATE: AUGUST 2015 TIME: 2HOURS**

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

**QUESTION ONE (30 MARKS)**

1. With decided cases discuss four ways in which corporate veil can be lifted through the courts (10 Marks)
2. “The principle established in Solomon Vs Solomon & Co. Ltd has been followed in a number of cases and has become the basic principle of the company form of organization”. Explain the ways a one-man company can be formed under companies Act, Cap 486 (8 Marks)
3. Discuss the circumstances under which the objects of a company can be altered by a special resolution (6 Marks)
4. Explain the meaning and importance of company meetings (3 Marks)
5. Discuss three duties of directors (3 Marks)

**QUESTION TWO (20 MARKS)**

1. Explain the fiduciary position of a promoter (10 Marks)
2. Discuss the exceptions to the doctrine of indoor management (10 Marks)

**QUESTION THREE (20 MARKS**

1. Explain the conditions that would make a subscriber for shares or debentures to rescind the contract if the prospectus contain misleading statement or non-disclosure of any material facts (12 Marks)
2. Discuss the circumstances when a person may become a member of company without being shareholder (8 Marks)

**QUESTION FOUR (20 MARKS)**

1. Explain the general principles regarding offer and acceptance to a contract involving application for and allotment of shares (10 Marks)
2. The statute (Cap 486) together with articles of association gives the power to Board of Directors to manage the company. Discuss when the members have a right to intervene and take away such management (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. Explain the three ways in which a company may be wound-up (12 Marks)
2. Discuss the disadvantages of incorporation (8 Marks)