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CPA INTERMEDIATE LEVEL

CS INTERMEDIATE LEVEL

COMPANY LAW

MONDAY: 4 April 2022. Morning paper

Time Allowed: 3 hours.

Answer any FIVE questions. ALL questions carry equal marks. Do NOT write anything on this paper.

QUESTION ONE

- (a) Highlight six ways in which a person might become a member of a company. (6 marks)
- (b) Identify four types of particulars to be registered with respect to a company's beneficial owner. (4 marks)
- (c) A person dealing with a company is entitled to assume in the absence of facts putting him in doubt that there has been due compliance with all matters of internal management and procedure required by articles of association.

With reference to the rule in **Royal British Bank v. Turquand**, summarise five exceptions to the above statement. (10 marks)
(Total: 20 marks)

QUESTION TWO

- (a) Summarise five circumstances under which a company might be liquidated under the just and equitable ground. (10 marks)
- (b) State four particulars found in a certificate of registration of a foreign company. (4 marks)
- (c) Highlight six rules governing payment of dividends. (6 marks)
(Total: 20 marks)

QUESTION THREE

- (a) Summarise six grounds for disqualification of directors. (6 marks)
- (b) Explain four grounds for disqualification from being registered as a company secretary. (4 marks)
- (c) Outline five rights of auditors under the Companies Act, which relate to company meetings. (5 marks)
- (d) Explain five circumstances under which a company might decide to undergo corporate restructuring. (5 marks)
(Total: 20 marks)

QUESTION FOUR

- (a) (i) In reference to mergers and acquisitions, explain the meaning of the term merger. (2 marks)
- (ii) In a take-over situation, the acquiring company is called the predator while the company being acquired is called a target.
- With reference to the above statement, discuss four methods which the predator might use to pay for the purchase price of the target company. (8 marks)
- (b) With respect to audit of company accounts, state four grounds which might disqualify a person from being appointed as an auditor of a company. (4 marks)
- (c) Describe three characteristics of a debenture which creates a floating charge on the assets of the company. (6 marks)
(Total: 20 marks)

QUESTION FIVE

(a) Every public company is required to have at least one corporate secretary.

In view of the above statement:

(i) Highlight seven particulars that must be stated in the register of secretaries of a public company where the corporate secretary happens to be a company or a firm. (7 marks)

(ii) Explain three ways through which the Corporate Secretary’s function might be discharged in the event that the office falls vacant or the Secretary is unable to act. (3 marks)

(b) In relation to company meetings, outline six documents which might be annexed to the notice of an annual general meeting. (6 marks)

(c) Highlight two rules to be complied with when drafting the minutes of company meetings. (4 marks)

(Total: 20 marks)

QUESTION SIX

(a) David is a director of a registered company that does not have a share capital. The company has proposed to vary the rights of a certain class of members, some of whom have bitterly resisted the proposal prompting David to seek your legal advice.

Advise David on five ways through which the proposed variation of class rights might be effected. (5 marks)

(b) Summarise five provisions governing amendment of articles of association of a company. (5 marks)

(c) Members of a company might remove an auditor from office at any time by an ordinary resolution at a meeting.

Discuss three legal requirements for such removal. (6 marks)

(d) Distinguish between a “private” and a “public” company. (4 marks)

(Total: 20 marks)

QUESTION SEVEN

(a) Explain four circumstances that would give rise to the appointment of an inspector to investigate the affairs of a company. (8 marks)

(b) Analyse six circumstances under which the accounts of a subsidiary need not be incorporated into the group accounts. (6 marks)

(c) Describe six grounds under which the veil of incorporation might be lifted. (6 marks)

(Total: 20 marks)

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