



**kasneb**

**CPA INTERMEDIATE LEVEL**

**CS INTERMEDIATE LEVEL**

**COMPANY LAW**

**WEDNESDAY: 15 December 2021.**

**Time Allowed: 3 hours.**

**Answer any FIVE questions.**

**ALL questions carry equal marks.**

**QUESTION ONE**

- (a) With reference to formation of companies:
- (i) Summarise four ways through which a company might alter its status. (8 marks)
  - (ii) Outline two ways through which company documents might be validly executed. (2 marks)
- (b)
- (i) Explain the meaning of the term derivative action. (1 mark)
  - (ii) Identify three possible defendants in a derivative claim. (3 marks)
  - (iii) Determine three possible orders that the court might issue upon hearing an application for permission to continue a derivative claim. (6 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) The Board of Directors of Bull's Eye Limited, a private company, has resolved to allocate shares in the company and has sought your legal guidance on the requirements to be satisfied before they can engage in the allotment of shares exercise.
- Advise the directors of Bull's Eye Limited on five circumstances under which they might exercise the powers of the company to allot shares. (10 marks)
- (b) In the context of virtual general meetings, highlight five key considerations that a company should put in place for the virtual conduct of general meetings. (10 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a)
- (i) Define the term "holding company". (2 marks)
  - (ii) Outline four purposes of group accounts. (8 marks)
- (b) Highlight four particulars that must be registered where the Secretary of a public company is a firm. (4 marks)
- (c) Explain three items that the Registrar might include in a direction issued by him against a public company that fails to appoint a Corporation Secretary. (6 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a)
- (i) Describe the term company's return date. (2 marks)
  - (iii) Summarise eight components of a company's annual return. (8 marks)

- (b) Identify two management areas of operation that might be affected by post-merger reorganisation. (2 marks)
- (c) Describe four types of corporate restructuring. (8 marks)
- (Total: 20 marks)**

#### QUESTION FIVE

- (a) With reference to registered foreign companies in your country.
- (i) Explain the obligations of a foreign company. (4 marks)
- (ii) Describe the liability of a local representative. (2 marks)
- (iii) Identify four changes in information or documentation that a foreign company must notify the registrar within a period of one-month time of their occurrence. (4 marks)
- (b) Describe five circumstances under which the registrar may order an investigation into the affairs of a company. (5 marks)
- (c) Describe five powers of an inspector appointed to investigate the affairs of a company. (5 marks)
- (Total: 20 marks)**

#### QUESTION SIX

- (a) (i) Identify two circumstances when a debenture is redeemable. (2 marks)
- (ii) Outline four rights of secured debenture holders. (4 marks)
- (b) John and Peter are in partnership business. They have decided to incorporate their business. Please advise them on the following matters:
- (i) Three differences between a private company limited by shares and a public one. (3 marks)
- (ii) Three requirements in order for their articles of association to be registered. (3 marks)
- (c) A company shall not apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance to any person.

With reference to the above statement, explain four circumstances when a company may pay a commission to a person from capital. (8 marks)

**(Total: 20 marks)**

#### QUESTION SEVEN

- (a) With specific reference to Company Directors:
- (i) Summarise four categories of persons who are deemed by law to be connected with a director. (5 marks)
- (ii) Every company must keep a register of directors. Identify five types of particulars that must be kept with respect to a director who is a natural person. (5 marks)
- (b) On forming the view that the company is or will be unable to pay its debts, the liquidator shall among other things prepare a statement setting out the financial position of the company.
- Describe five categories of information that a company's statement of financial position should contain. (10 marks)
- (Total: 20 marks)**
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