



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A MAIN EXAMINATION

AUGUST – DECEMBER 2018 TRIMESTER

FACULTY OF LAW

REGULAR PROGRAMME

CLS 227: COMPANY LAW

P.O. Box 62157
00200 Nairobi - KENYA
Telephone: 891601-6
Fax: 254-20-891084
E-mail: academics@cuea.edu

Date: DECEMBER 2018

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions

- Q1. “A Company has the implied powers to do anything reasonably incidental to its declared objects unless such act is expressly prohibited by the memorandum. Thus a trading Company must always have implied powers to borrow money for its trading business”. *Rolled steel product Ltd-vs- British Steel Corporation*. As you reflect on the above statement, discuss the various instruments a company will use to secure or borrow funds. **(17.5 Marks)**
- Q2. Ultra vires simply means beyond the powers. With the support of various authorities discuss the various situations when this concept is applicable and what is the effect of ultra vires transactions. **(17.5 marks).**
- Q3. A Director takes the form of various categories and same is replicated to each director’s duties. Analyze various categories of directors and discuss the multiple reasons that may lead to the disqualification of a director from the board. **(17.5 Marks)**
- Q4. “When the Memorandum is duly signed and registered, the subscribers are a body corporate. The Company is at law a different person altogether from the subscribers to the Memorandum and though it may be that after incorporation the business is precisely the same, it was before and the same persons are managers and the same hands receive the profits, the company is not in law the agent of the subscribers or trustee for them” Lord Mac naghten in the *Salmons’* case.
As you analyze the aforesaid statement, discuss with the support of Authorities the various types of Companies that can be incorporated, and their

characteristics

(17.5Marks)

- Q5. S.102 (1) of the Companies Act states that if any business of a company is carried out with intent to defraud creditors of the Company or any person who knowingly participates in carrying on the business in the manner commits an offence. Discuss the concept entailed in this provision and under what instances it is applicable. **(17.5 Marks)**

END