



*(University of Choice)*

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY  
(MMUST)**

**WEBUYE CAMPUS  
UNIVERSITY EXAMINATIONS**

**2021/2022 ACADEMIC YEAR**

**FOURTH YEAR FIRST SEMESTER  
SPECIAL/SUPPLEMENTARY EXAMINATIONS**

**FOR BACHELOR OF COMMERCE**

**COURSE CODE: BCB 425**

**COURSE TITLE: COMPANY SECRETARIAL AND ADMINISTRATIVE  
LAW**

**DATE: MONDAY, 25<sup>TH</sup> JULY 2022 TIME: 11:00 – 1:00PM**

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**INSTRUCTIONS TO CANDIDATES**

1. Answer question **one** and any **other TWO** Questions
2. Do not write anything on the question paper

**TIME: 2 HOURS**

**MMUST observes ZERO tolerance to examination cheating**

**This Paper Consists of 2 Printed Pages. Please Turn Over.**



### QUESTION ONE

Benj Company was registered five years ago as a private company. Its main object was to offer humanitarian services to the less privileged members of the society. The company has since grown into a large undertaking. The members wish to convert the company into a public company and seek your legal advice. Advise members on the following issues:

- a. The procedure to be followed in converting the company from a private to a public company. (4 marks)
- b. Distinction between private and public companies. (4 marks)
- c. Highlight the requirements to be met before a notice of meeting served on members of Benj company can be held to be valid. (4 marks)
- d. Make an analysis on the position of Benj companies company secretary. (6 marks)
- e. Enumerate on the documents ordinarily kept at a company's registered office. (4 marks)
- f. Elaborate on any four powers of a chairperson in company meetings. (8 marks)

### QUESTION TWO

- a. Before a statutory meeting is held a company's officers must see to it that the statutory report is sent out to members and filed with the registrar. Explain the Contents of the statutory report. (5 marks)
- b. Discuss why it is imperative for companies to comply with the corporate governance principles. (10 marks)
- c. In *Ooregum Gold Mining Company of India Ltd V. Roper* (45) the House of Lords held that it is illegal for a limited company to issue its shares at a discount. This decision was made on the basis of what is now of the Act which provides that the memorandum shall state the amount of capital with which the company will be registered and "the division thereof into shares of a fixed amount". Since the nominal value of a share is fixed by the memorandum the company cannot issue the share at a discount. However exceptions to this general rule have been introduced. Highlight the exceptions. (5 marks)

### QUESTION THREE

- a. According to the Companies Act a registered company has statutory power to alter or add to its articles. such alteration or addition is as valid as if originally contained in the articles and is alterable. It was so held in *Walker v London Tramways Co. Ltd* However, this power is subject to certain restrictions. Explain (10 marks)
- b. Amalgamation takes place when two or more companies combine into one company, the shareholders in the amalgamating companies becoming substantially the shareholders in the amalgamated company. Briefly explain the amalgamation procedure. (5 marks)
- c. Every public company shall hold a general meeting as its annual general meeting within six months from and including the day following its accounting reference date in each year, whether or not it holds other meetings during that period. Explain why it is important for companies to hold the AGM (5 marks)

### QUESTION FOUR

- a. what is insider trading? Argue the case for and against regulation of insider trading. (14 marks)

b.Examine the legal provisions governing quorum in a company meeting.

(6 marks)

**QUESTION FIVE**

In relation to administration order

i.who can apply for administration order?

(4 marks)

ii.What orders may the court make on such application?

(4 marks)

b. A corporation is regarded as a legal person, distinct from its members. The fact that a person holds all or substantially all of the shares in a company does not make the company's business that person's business in the eyes of law. Discuss the above statement in the light of Salomon's case analyzing the corporation's attributes.

(12 marks)

