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CPA PART II SECTION 3

CS PART II SECTION 3

CCP PART II SECTION 3

COMPANY LAW

WEDNESDAY: 1 September 2021.

Time Allowed: 3 hours.

Answer any FIVE questions.

ALL questions carry equal marks.

QUESTION ONE

- (a) Tom Jerry and Marsha Bear are purposing to form a joint business venture. They are debating whether to form a limited liability company (LLC) or a limited liability partnership (LLP). Their knowledge on these forms of business associations is limited and they have thus approached you for guidance.

Required:

Advise Tom Jerry and Marsha Bear on five differences between a limited liability company (LLC) and limited liability partnership (LLP). (10 marks)

- (b) With reference to debt capital, describe five types of securities that must be registered as registrable charges. (10 marks)
- (Total: 20 marks)**

QUESTION TWO

In the context of formation of companies:

- (a) Highlight five ways through which a promoter might receive remuneration. (5 marks)
- (b) Explain five legal effects of registration of articles of association of a company. (5 marks)
- (c) John bought shares from Kibao Company Limited. Later on, he discovered that his name was missing from the register of members of the company. The Corporation Secretary has refused to rectify the omission. John is aggrieved and seeks your advice.

Advise John on the following:

- (i) Two persons who could sue for rectification of the register of members. (2 marks)
- (ii) Four orders that the court might issue with respect to an application for rectification of the register. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Describe five circumstances under which the issuer might refuse to register a transfer of a share certificate in the name of a central depository system. (10 marks)
- (b) Summarise ten rules governing declaration and payment of dividends that might be provided for in the company's articles of association. (10 marks)
- (Total: 20 marks)**

QUESTION FOUR

The rule in **Royal British Bank vs Turquand** is a modification of the normal agency principle of actual, usual and apparent authority.

- (a) With reference to the above statement, discuss five circumstances under which a company might not be held liable to an outsider for the actions of its officer. (10 marks)
 - (b) Explain seven requirements necessary for the passing of a special resolution in company meetings. (7 marks)
 - (c) Highlight three conditions which a company that is giving notice of a general meeting through the company's website is required to comply with. (3 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Outline four reasons why a company might undertake corporate restructuring. (4 marks)
 - (b) Distinguish between "external reconstruction" and "internal reconstruction". (4 marks)
 - (c) In relation to share capital:
 - (i) Explain three exceptions to the rule that a company might not purchase its own shares. (6 marks)
 - (ii) Highlight three circumstances under which a company might give financial assistance for purchase of, or subscription for, its shares. (6 marks)
- (Total: 20 marks)**

QUESTION SIX

- (a) With regard to companies incorporated outside the country:
 - (i) Outline three offences which might be committed by a foreign company. (3 marks)
 - (ii) State three provisions that might be contained in the foreign companies regulations governing the registration of specified charges over a property in your country which belongs to a foreign registered company. (3 marks)
 - (b) With reference to liquidation of companies:
 - (i) Enumerate four grounds for liquidation under the just and equitable ground. (8 marks)
 - (ii) Summarise three consequences of a winding up order. (6 marks)
- (Total: 20 marks)**

QUESTION SEVEN

- (a) (i) Indicate four instances when a public company's register of secretaries might not contain particulars of a person's former name. (4 marks)
 - (ii) Outline five contents of the register of company secretaries of public companies. (5 marks)
 - (b) Summarise the procedure of filling a casual vacancy in the office of a company auditor. (6 marks)
 - (c) With reference to a quoted company, identify five contents of its annual financial statements and reports for a financial year. (5 marks)
- (Total: 20 marks)**
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