



CS PART II SECTION 4

CORPORATE SECRETARIAL PRACTICE

THURSDAY: 2 September 2021.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) Using an example from your own country, highlight four functions of the body which is in charge of incorporation of non-governmental organisations in your country. (4 marks)
- (b) The law governing registration of companies requires promoters to submit a Memorandum of Association. With reference to the above statement, list four information items that should be included in a Memorandum of Association. (4 marks)
- (c) Summarise six contents of a company's annual return. (6 marks)
- (d) The company you work for has recently concluded a successful floatation of shares and the company is yet to allot the shares. Some of the shares applicants have complained that the allotment exercise has taken too long. Explain to the directors of the company three general provisions regarding valid allotment of shares. (6 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) When shares are sold at a premium, the amount of premium is transferred to a share premium account and treated as share capital. Katitu Ltd. is seeking an advisory from your Corporate Secretarial firm on share premium proceeds. Advise the directors of Katitu Ltd. on five permitted uses of the share premium proceeds. (5 marks)
- (b) With reference to Board performance, discuss the scope of a Board evaluation. (5 marks)
- (c) The role of the Corporate Secretary is transitioning from being a support position to one of the key governance and management position in an organisation. With reference to the above statement, suggest five core competencies required of a Corporate Secretary. (5 marks)
- (d) Discuss the professional requirement on publicity and advertisement conduct of certified secretaries in practice. (5 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Suggest five factors which have contributed to the growth of the retirement industry in your country. (5 marks)
- (b) Affixing a company seal signifies that a document is an act and deed of the company:
- Required:**
- (i) Analyse three legal provisions regarding the use of a company's seal. (3 marks)
- (ii) As a Company Secretary, explain three precautions you could take to ensure proper use and custody of the company seal. (3 marks)
- (c) Outline the contents of a dividend warrant. (9 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Pakawa Ltd. which is a private limited company provides in its articles that a resolution in writing signed by all directors for the time being entitled to receive notice of a meeting of directors shall be as valid and effectual as if it had been passed at a meeting of directors duly convened and held.

Required:

Prepare a document for circulation to the directors containing the following resolutions:

- (i) Board meeting resolution format for special resolution to increase the authorised capital of the company from Sh.1,000,000 to Sh.5,000,000 divided into 50,000 ordinary shares of Sh.100 each. (2 marks)
- (ii) Board meeting resolution format for purchase of land and building and the authorisation of the secretary to execute the purchase. (2 marks)
- (b) The board of directors of Vepimo Ltd. which is a listed company is considering the question of making a distribution of the company's surplus being either paying a dividend to the shareholders or making an issue of capitalisation of shares.

Required:

Advise the Board on the factors which should be taken into account when making a distribution of the profit.

(6 marks)

- (c) A client wishes to incorporate a company limited by guarantee and not having a share capital. As a certified secretary in practice (CSP), you are instructed to draft a letter to your client advising her of the features and requirements of a company limited by guarantee and not having a share capital.

Required:

Draft the letter to advise your client.

(10 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) The directors of a public limited company must prepare a report containing, as a minimum, the names of those persons who were directors of the company during the financial year and the principal activities of the company in the course of the year.

Required:

Discuss five contents of directors report of a public limited company.

(10 marks)

- (b) The board of directors of ABC Ltd. is planning to introduce an Employee Share Ownership Plan (ESOP).

Required:

Advise the board of ABC Ltd. on the following:

- (i) Types of Employee Share Ownership Plans (ESOPs). (3 marks)
- (ii) Specific areas which should be addressed by the company before adopting ESOP. (3 marks)
- (iii) The legal issues which could arise when dealing with ESOPs. (4 marks)

(Total: 20 marks)

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