



The Co-operative University College of Kenya
(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

END OF SEMESTER EXAMINATION APRIL-2015

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE
BUSINESS (YR1 SEM 1)**

UNIT CODE: HCOB 2205

UNIT TITLE: COMPANY LAW

DATE: APRIL, 2015

TIME: 9.00 A.M. – 11. 00 A.M.

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) “The doctrine of ultra vires should be interpreted reasonably so that those businesses which are closely related to the main objects of the company should be regarded to be part of the company’s objects though they are not specifically mentioned in the memorandum” as per Lord Sabon in the case of A.G vs. Great Eastern Railway. In the light of the above statement discuss the doctrine of ultra vires. (10 marks)
- (b) i. Who is a promoter (2 marks)
ii. Explain the rules that apply to pre incorporation contracts between the promoter and third parties. (8 marks)
- (c) Under Sec 8 of the Companies Act, a company may be a special resolution alters the provisions of its memorandum with respect to the object clause. Discuss the circumstances under which a company may alter its object clause. (10 marks)

QUESTION TWO

Under section 19 (i) no name shall be reserved and no company shall be registered by a name which in the opinion of the registrar is unreserved. What makes a name to be unreserved? (20 marks)

QUESTION THREE

A company upon incorporation becomes a separate legal entity from its owners. However there are circumstances when the veil of incorporation is lifted by either the courts of law or by the statute. State and explain FIVE circumstances when the veil of incorporation is lifted. (20 marks)

QUESTION FOUR

- (a) “To ascertain whether any particular act is ultra vires or not the objects must first be ascertained; the special powers affecting those objects must be looked for and if the act is not within either the statute or described in the memorandum, the inquiry remains whether the act is incidental to or consequential upon the stated objects” In light of the above statement discuss the doctrine of ultra vires. (10 marks)
- (b) Explain the difference between a private company and a public company. (10 marks)

QUESTION FIVE

Section 19(i) of the business names Act Cap 499 provides for names that are not available for reservation. State the TEN names that are not available for reservation. (20 marks)