



**Riara School of Business**  
*Nurturing Business Innovators*

**SEPTEMBER-DECEMBER 2023 TRIMESTER  
EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION & BACHELOR  
OF BUSINESS INFORMATION**

**DAY PROGRAMME**

**RBA 304: COMPANY LAW**

**DATE: DECEMBER 2023**

**TIME: 2 HOURS**

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**GENERAL INSTRUCTIONS:**

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Text book/Reference books/notes are not permitted.

**SPECIAL INSTRUCTIONS:**

1. Write your REGISTRATION NO. Clearly on the answer booklet(s).
2. Answer Question One and ANY other TWO questions.
3. Questions in all sections should be answered in answer booklet(s).
4. Marks allocated to each question are shown at the end of the question.
5. PLEASE start the answer to EACH question on a NEW PAGE.
6. For the questions, write the number of the question on the answer booklet(s) in the order you answered them.
7. Write your answers in paragraph form unless stated otherwise.
8. Keep your phone(s) SWITCHED OFF at the front of the examination room.
9. Keep ALL bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.
10. You are only allowed to leave the examination room 30minutes to the end of the Examination.

## QUESTION ONE (Compulsory)

### Case Study

Mary, James and John opted to venture into business upon completing their Bachelors degree from a local university. They opted to name the company *Kitu Kidogo Limited* subject to approval by the Registrar of Companies though James had some misgivings and reservations about the name! Their core business would be *marketing support services, computer services and cleaning services*- this would inform the objects of the company. They engaged a fresh graduate in law (Ms. Grace), with a Bachelor of Law Degree, to do the necessary documentations for the company to be registered and incorporated eventually. However, Ms. Grace had not yet been given a practice license though she had actually graduated! Mr. John Pesa is appointed as the Company Secretary though James did not think it was important to have the position.

The three individuals would become the Directors of the company; they opted to engage Mrs. Jane Kiwanuka to become the fourth Director despite her being declared bankrupt following her failure to settle a bank loan for over five years. However, Mrs. Kiwanuka had served as a Director in several companies. After the registration process had been completed, Mr. John (one of the Directors) convinced the other Directors to venture into supply of goods to County Government X following his connections with the Governor! The company went ahead to do business with the County Government. Before long, the Directors would opt to raise capital by selling preferred stock shares at the national stock market: a Prospectus would be needed for regulatory approval. Despite starting off with capital of sh. 1,500,000, the Directors had a long-term vision of raising the capital to sh. 23,000,000 in two years!

**Having read through the Case study above, you are required to answer the following questions:**

- a) Explain any **THREE** possible Objects of the Company **(6 marks)**
- b) Describe **THREE** contents of the company's Prospectus **(6 marks)**
- c) Explain **THREE** aspects of the company's Memorandum of Association **(6 marks)**
- d) Discuss **THREE** roles/responsibilities of the Company Secretary **(6 marks)**
- e) Describe the Doctrine of *Ultra Vires* in relation to the Company's activities **(6 marks)**

## QUESTION TWO

- a) Discuss the principle of limited liability in the context of a company by citing at least two appropriate examples **(8marks)**
- b) Describe **THREE** key steps in the liquidation process of a company **(6 marks)**

- c) Explain the appointment of statutory auditors of a public company (6 marks)

**QUESTION THREE**

- a) Describe statutory management in the context of a financially troubled company which has struggled to settle its obligations to creditors (8 marks)
- b) Explain **THREE** powers of Directors of a public company (6 marks)
- c) Describe **THREE** differences between a private and public Company (6 marks)

**QUESTION FOUR**

- a) Describe **THREE** corporate governance best practices that a Board of Directors of a Company could embrace as part of Duty of Care and Fiduciary Duty owed to the Shareholders (6 marks)
- b) Explain the process of registration of a private company (right from coming together of promoters to receiving the legal document) by citing an example (6 marks)
- c) Describe **FOUR** ways in which one can become a member of a company (8 marks)