



RIARA LAW SCHOOL
UNIVERSITY EXAMINATION FOR BACHELOR OF LAWS (LLB)
DEGREE & PRE KSL
JANUARY – APRIL 2024
RLB 308: LAW OF BUSINESS ASSOCIATION II
INSTRUCTOR: DR WILSON NGIGI

INSTRUCTIONS

1. This is the final examination in Financial Services Law. You will earn 70% of your final grade from this final examination and 30% from Continuous Assessment Assignments.
2. This examination has **THREE** questions. Please answer **ALL THREE QUESTIONS**.
3. This examination has 3 pages, including this one.
4. Time allocated for this examination is **TWO** (2) hours. You must stop writing when the time is called.
5. Please sign the roll sheet when you turn in your answer sheet. If you fail to sign the roll sheet, we shall have no way of establishing that you sat for this examination and your marks will not be reported.
6. This is a **CLOSED BOOK** examination. .
7. Read all the questions first before beginning to answer any of them. You will have **15 minutes** of reading time before you start writing. Questions about the exam should be asked before you commence writing.
8. Start with the one you feel most comfortable with, and only move on to the next problem when you are certain you have completed it perfectly.
9. It is in your best interests to write legibly. RELAX, AND ALL THE BEST!
10. This examination is governed by **Riara University Academic Honesty Regulations**. Students who violate those regulations will be penalized. Students have an obligation to report to the invigilator any incidences of academic dishonesty compromising the integrity of this examination.

QUESTION ONE

(25 Marks)

- a. Critically analyse the role of a ‘promoter’ of a company, the liabilities they may incur in relation to the company before it is formed, and the protection they may seek from such liabilities. (16 marks)
- b. Explain what should be considered when choosing the name of a new company prior to incorporation. (9 marks)

(Total:25 marks)

QUESTION TWO

(20 Marks)

Using case law and statutory provisions, analyse the circumstances in which the courts are prepared to pierce the veil of incorporation.

(Total:20 marks)

QUESTION THREE

(25 Marks)

Tantalising Toys Limited (TTL) is a company that manufactures a range of toys, including jigsaw puzzles, board games and, for very young children, sustainably sourced safe wooden toys. It has adopted unamended Model Articles for Private Companies. In its latest filed accounts, TTL’s net asset value was Kshs 7,500,000. Katerina Katana holds 12% of TTL’s shares. She has never been formally appointed as a director, but for the last five years has regularly attended and participated in board meetings. She has 18 years’ experience in the toy manufacturing industry and has been able to provide invaluable advice to TTL. TTL’s board has been seeking new office premises recently. Katerina has proposed that the company lease from her a suitable property that she owns, for an initial premium payment of Kshs 800,000. The lease would be for 10 years at an annual rent of Kshs 200,000. TTL is also proposing to appoint a new director, Abdul Hamid, with the offer of a three-year, fixed-term service contract. Advise the TTL board on:

- (a) the steps it needs to take to:
- i. appoint Abdul formally as a director;

ii. grant him the proposed service contract; **(14 marks)**

(b) whether Katerina could be regarded as a director of TTL and, if so, the consequences of her granting the proposed lease to TTL. **(11 marks)**

(Total:25 marks)