

COUNCIL OF LEGAL EDUCATION



DIPLOMA IN LAW (PARA-LEGAL STUDIES)

KENYA SCHOOL OF LAW  
LIBRARY

COMPANY LAW

WEDNESDAY 2<sup>ND</sup> FEBRUARY, 2011

DURATION: 2 HOURS

Instructions to Candidates

- (a) Answer Question ONE and ANY OTHER THREE Questions
- (b) Question ONE carries 25 marks
- (c) All other questions carry 15 marks each

PLEASE TURN OVER

## QUESTION ONE

- (a) "The word company has no strict legal meaning' *Anonymous*.

Attempt a definition of a company. {3 marks}

- (b) Highlight the functions which a modern day company seeks to achieve. {6 marks}

- (c) Draw a distinction between the various forms of limited companies that may be registered under the Companies Act (Cap 486, Laws of Kenya). {6 marks}

- (d) 'In carrying out their businesses, it is preferable that such business be carried out by way of a legal outfit christened company. This is fundamentally so, because of the numerous advantages that may be derived from such an outfit' *Anonymous*

Discuss briefly FIVE advantages derived from incorporation of a company. {10 marks}

## QUESTION TWO

The procedure for incorporation of a company is embodied in Part II of the Companies Act (Cap 486, Laws of Kenya).

You are a senior clerk in the firm of Ngawa & Co. Advocates. A client walks into your offices and wishes to instruct the firm to incorporate a company for him. However, Ngawa the proprietor of the firm is away attending to court matters. The client wants to be briefed on the procedure for incorporating a Company. Brief the client on the procedure. {15 marks}

## QUESTION THREE

- (a) The doctrine of *ultra vires* is important in company law. With the aid of decided case(s) elaborate the meaning and import of the said doctrine. {9 marks}

- (b) Highlight the meaning of the following as understood in company law:

- (i) Disclosure
- (ii) Constructive Notice
- (iii) Rule in *Turquand's case*

{6 marks}