

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 FOUR

- (a) Explain the main sources of funds for a company for carrying out its undertaking. {3 marks}
- (b) In company law, the word 'capital' is used in a very restricted sense. Explain this meaning. {4 marks}
- (c) 'Common law jurisdictions have generally adopted the approach that, because separate legal personality and limited liability are privileges conferred by the State, all companies must be regulated by the State in the interests of creditors and the investing public' – Cassim, FHI 'The Reform of Company Law and Capital Maintenance Concept' 2005 (122) SALJ at 284.

With the aid of case law explain the mechanisms available in company law for the protection of creditors against depletion of capital. {8 marks}

#### QUESTION FIVE

- (a) Explain the major classes of shares available in company law. {8 marks}
- (b) Discuss a distinction between debentures and shares. {7 marks}

#### QUESTION SIX

- (a) Highlight the various types of general meetings of companies. {5 marks}
- (b) Explain the various ways in which a general meeting may be convened. {10 marks}

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