KENYATTA UNIVERSITY

EXAMINATION FOR THE DEGREE OF BACHELOR OF LAWS

LCC 307: LAW OF BUSINESS ASSOCIATIONS 1

1ST SEMESTER 2021/2022 **TIME: 2 HOURS**

INSTRUCTIONS

1. Answer **ALL** questions
2. Support your answer with relevant illustrations from case law, statutory provisions and any other references
3. Your writing must be **NEAT** and **LEGIBLE**.
4. Your answer booklet must bear your assigned **REGISTRATION NUMBER**, both on the cover and every written page therein.
5. Do not scribble or draft answers on the inner or outer cover pages or your answer booklet.
6. Do not write anything except your **REGISTRATION NUMBER** on this question paper.
7. **ALL** Kenyatta university Examinations rules apply as if they were contained herein.

Question One

a) You are working as an intern at Tevin Advocates LLP. The Managing Partner at the firm has invited you to Client meeting at the firm's boardroom. During the meeting, it becomes apparent that Joanne, the client wishes to register a business enterprise but she knows very little about business associations. She mulls over various choices, however Joanne is unable to make up her mind on the type of business to establish and seeks advice. As the meeting comes to an end, the Managing Partner tasks you to draft a legal opinion on the possible forms of businesses for Joanne's consideration.
Citing relevant authorities draft the legal opinion. [20 marks]

b) Dede is a director at Bailey's limited. He recently made procurement decisions that resulted in heavy losses to company. He has also missed board and committee meetings that he was expected to attend. He further delegated work to his junior Bill, who ended up making grave financial mistakes despite being the finance manager of the company, resulting in losses to the company.

In light of the above, and with the aid of relevant authorities, analyze the duties of a director in a company and advise Bailey's of its rights, if any, against Debe.

[10 marks]

Question Two

a) A company is a legal person and is distinct from its members. This principals is regarded as a curtain, a veil or shield between the company and its members. This veil can be lifted by the courts and statutes. Describe the circumstances for lifting of the veil by:

   i. Statute [6 marks]

   ii. Court [6 marks]

b) With reference to formation of companies

   i. Explain the meaning of the term 'promoter'. [2 marks]

   ii. Discuss **THREE** (3) duties of a promoter of a company. [6 marks]

Question Three

a) With reference to company meetings discuss **FOUR** purposes for holding company general meetings. [4 marks]

b) Discuss how Companies Act, 2015 has ensured that minority shareholders are protected from high-handedness of the majority shareholders. [16 marks]