



CPA INTERMEDIATE LEVEL

CS INTERMEDIATE LEVEL

COMPANY LAW

TUESDAY: 2 August 2022. Morning paper Time Allowed: 3 hours.

Answer any FIVE questions. ALL questions carry equal marks. Do NOT write anything on this paper.

QUESTION ONE

- (a) (i) Explain three advantages of a public company over a private company. (6 marks) (ii) Distinguish between “corporation sole” and “corporation aggregate”. (4 marks)
- (b) In relation to Company Directors:
- (i) Describe four items that constitute directors’ remuneration. (4 marks) (ii) Summarise the information on loans, quasi-loans or credit transactions in favour of directors, their controlled bodies corporate and their connected entities that is required to be included in the notes to the financial statements of a company. (6 marks)
- (Total: 20 marks)

QUESTION TWO

- (a) In relation to company accounts:
- (i) Define the term “annual financial statements”. (2 marks) (ii) Outline four financial statements prepared by a company annually. (4 marks)
- (b) The company Secretary is a senior position in a public or private company. With reference to this statement:
- (i) Explain the status of a Company Secretary. (3 marks)
- (ii) Discuss three duties of a company secretary in a quoted company. (3 marks)
- (c) All limited liability companies need to appoint an auditor whose task is to express an independent opinion on whether financial statements show a true and fair view of the financial performance and position of the company.
- Required:
Discuss four instances when it could be deemed that the financial statements present a true and fair view of the company. (8 marks)
- (Total: 20 marks)

QUESTION THREE

- (a) With reference to formation of companies:
- (i) Outline six statutory documents required to form a private company. (6 marks)
- (ii) Highlight four common law duties of a promoter. (4 marks)
- (b) In the context of share capital:
- (i) Explain three ways in which a company might raise share capital. (6 marks)
- (ii) Outline four circumstances when shares might be issued at a discount. (4 marks)
- (Total: 20 marks)

QUESTION FOUR

- (a) Highlight eight rights of a member of a company. (8 marks) Explain six rules governing shares and share capital of a
- (b) company. (6 marks) Describe the following types of share capital:
- (c) (i) Authorised share capital. (2 marks)
- (ii) Called-up share capital. (2 marks)
- (iii) Fixed and circulating share capital. (2 marks)

(Total: 20 marks)

Outline six charges that must be submitted to the registrar of companies for registration. (6 marks)

QUESTION FIVE

- (a) Highlight three particulars of an existing charge acquired by a company that requires to be submitted to the registrar of companies. (6 marks)
- (b) Describe eight preliminary guidelines to be effected before a company conducts a virtual meeting. (8 marks)

(Total: 20 marks)

(c)

QUESTION SIX

- (a) In relation to company investigations:
 - (i) Explain the legal effect of an inspector's report. (2 marks)
 - (ii) Explain two duties of the management of a company during company investigations. (2 marks)
 - (iii) Summarise three types of proceedings which might result from the inspector's report of a company's investigation. (6 marks)
- (b) Explain three circumstances under which the official receiver might apply to the registrar for the early dissolution of a company. (6 marks)
- (c) Highlight four grounds for which a company might be liquidated voluntarily. (4 marks)

(Total: 20 marks)

QUESTION SEVEN

- (a) Discuss three ways through which a casual vacancy in the office of a company auditor might be filled. (6 marks)
- (b) In the context of mergers and acquisitions:
 - (i) Explain three types of takeovers. (6 marks)
 - (ii) Highlight eight motives behind mergers. (8 marks)

(Total: 20 marks)

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