

KASNEB

CS PART II SECTION 4

CORPORATE SECRETARIAL PRACTICE

THURSDAY: 26 November 2015.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) Define the following terms as used in the law of trusts and executorships:
- (i) Estate administration. (2 marks)
 - (ii) Exemplification. (2 marks)
 - (iii) Intestate. (2 marks)
 - (iv) Probate. (2 marks)
- (b) Differentiate between "ordinary resolution" and "special resolution" in relation to meetings. (4 marks)
- (c) Explain the consequences of reduction of the number of members of a company below the legal minimum. (4 marks)
- (d) Summarise four circumstances under which the certificate of incorporation could be withdrawn. (4 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Explain four circumstances under which the object clause of memorandum of association might be altered. (4 marks)
- (b) The Companies Act prohibits the appointment of a person who has attained the age of 70 years as a director of a company.
In relation to the above provision, explain three exceptions to the rule. (6 marks)
- (c) The provisions of the Companies Act have placed final responsibility for declaration of dividends on directors.
Justify the above statement. (6 marks)
- (d) Highlight four benefits to the employer of setting up an employee share ownership scheme. (4 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Discuss four statutory provisions which govern the payment of compensation to directors for loss of office. (8 marks)
- (b) Distinguish between "winding up" and "dissolution" of a company. (4 marks)
- (c) The Companies Act makes provision for removal of a company secretary.
Advise the board of directors on the procedure to be followed when removing a company secretary. (4 marks)
- (d) Explain the following terms:
- (i) Insider trading. (2 marks)
 - (ii) Bank run. (2 marks)
- (Total: 20 marks)**

QUESTION FOUR

(a) A qualified and trained corporate secretary is an asset to the company.

Justify the above statement.

(10 marks)

(b) Argue the case against merging of companies.

(10 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Describe five exceptions to the rule in Foss Vs Harbottle.

(10 marks)

(b) Discuss five factors that might lead to corporate boards to take a greater interest in business ethics.

(10 marks)

(Total: 20 marks)

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