

# **UGANDA MARTYRS UNIVERSITY**

## **NKOZI MASAKA CAMPUS**

### **BACHELORS OF BUSINESS ADMINISTRATION AND MANAGEMENT**

#### **END OF SEMESTER ONE**

#### **THIRD YEAR EXAMINATION**

#### **LAW OF BUSINESS ORGANISATION**

#### **DURATION: 3HOURS**

#### **EXAMINATION**

#### **INSTRUCTIONS:**

1. This is a closed book examination
2. Question one is compulsory
3. A candidate shall attempt three questions in total
4. Well illustrated and thought out answers shall earn a candidate bonus marks.
5. Answers must be written in legible characters.

1. A company as a type of a business organization is a mystery to MR. AMERICAN HEIGHT. He recently learnt that you are now very well grounded in the field of the law of Business organizations. Help Mr. Ndiwalana understand what a company is and its pertinent features.
2. Article 80 Table A provides that directors are in charge management of the company. In the discharge of this role, they owe the company certain duties. Discuss (15 marks)
3. Decisions by companies are comprised in resolutions made through properly convened company meetings. Discuss (15 marks)
4. Write short notes on any three of the following
  - (a) Partnerships (5 marks)
  - (b) Corporate Personality (5 marks)
  - (c) Private company (5 marks)
  - (d) Public company (5 marks)
  - (e) Membership of a company (5 marks)
5. (a) Mr. Kato Herbert was involved in the incorporation of Mayanja & Company Limited. He was also involved in the raising of capital for the company. After incorporating the company, Mr. Kato Herbert bought two cars on behalf of the company. He declared to the directors a cost price of 100,000,000/=, yet the actual price of the two cars was 80,000,000/=. Mr. Mayanja the director has recently learnt about the actual price of the cars and was very annoyed. He has now come to you for advice. Advise Mr. Mayanja on whether the company can recover the 20,000,000/= from Kato Herbert. (5 marks)  
  
(b) In the meantime, Kato Herbert before the company was incorporated agreed with AROCHA JOSEPH the manager of MASAKA DEPOT DEPTROL STATION in the name of Mayanja and Kato 'Company Limited to supply 100 litres of Petrol. AROCHA JOSEPH supplied the said 100 litres of Petrol and has not received any money from the company. AROCHA JOSEPH has now written to Mayanja and Kato Company Ltd demanding 3,000,000/= as the price for the supply of Petrol.
  - (i) Advise Mayanja and Kato company limited (5 marks)
  - (ii) Advise Arocha Joseph on his remedies in the circumstances. (5 marks)