



DCM LEVEL II

LAW GOVERNING CREDIT PRACTICE

WEDNESDAY: 27 November 2019.

Time Allowed: 3 hours.

Answer any FIVE questions.

ALL questions carry equal marks.

**QUESTION ONE**

- (a) Highlight eight contents of a charge instrument. (8 marks)
- (b) Describe three circumstances under which a floating charge might crystallise. (6 marks)
- (c) Explain the following types of debentures:
- (i) Bearer debentures. (2 marks)
  - (ii) Unsecured (naked) debentures. (2 marks)
  - (iii) Redeemable debentures. (2 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) Define the following terms with reference to intellectual property:
- (i) Collateral. (2 marks)
  - (ii) Intangible asset. (2 marks)
  - (iii) Patent. (2 marks)
  - (iv) Copyright. (2 marks)
  - (v) Trademark. (2 marks)
- (b) Discuss five advantages of protecting intellectual property. (10 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) Identify two forms of land tenures. (2 marks)
- (b) Define the following types of mortgages:
- (i) Equitable mortgage. (2 marks)
  - (ii) Simple mortgage. (2 marks)
  - (iii) Mortgage by conditional sale. (2 marks)
  - (iv) Usufructuary mortgage. (2 marks)
  - (v) English mortgage. (2 marks)
- (c) Describe four duties of the chargor in a charge. (8 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) With reference to the formation of guarantees, highlight ten items which should be captured in the contents of the contract instrument. (10 marks)
  - (b) (i) Explain three types of liens. (6 marks)
  - (ii) Describe two duties of the bailor in a contract of bailment. (4 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Explain four advantages of treasury bills to an investor. (8 marks)
  - (b) Explain two conditions that must be met by a county government before borrowing. (4 marks)
  - (c) Summarise four grounds for winding up of a company by the Court. (8 marks)
- (Total: 20 marks)**

**QUESTION SIX**

- (a) Describe three main objectives of bankruptcy laws. (6 marks)
  - (b) Highlight four qualifications that an insolvency practitioner must meet. (4 marks)
  - (c) Explain three consequences of a bankruptcy order. (6 marks)
  - (d) Describe two circumstances under which the Court might refuse to adjudge a debtor bankrupt. (4 marks)
- (Total: 20 marks)**

**QUESTION SEVEN**

- (a) Identify five persons who might make an application for liquidation of a company by the Court. (5 marks)
  - (b) Outline three ways through which a liquidator might be removed from office. (3 marks)
  - (c) (i) Define the term “cross border insolvency”. (2 marks)
  - (ii) Discuss five objectives of cross border insolvency. (10 marks)
- (Total: 20 marks)**
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