



CS PART II SECTION 4

CORPORATE SECRETARIAL PRACTICE

FRIDAY: 27 November 2020. Time Allowed: 3 hours.

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

QUESTION ONE

Maendeleo Self-help Group has been undertaking a number of business ventures for the last five years. During an empowerment seminar organised by a local non-governmental organisation, the group members were advised to register the group as a company in order to avoid personal liability and easily access credit from financial institutions.

Required:

- (a) Advise Maendeleo Self-help Group on five measures they could take to avoid liability on pre-incorporation contracts. (10 marks)
 - (b) Explain to Maendeleo Self-help Group on five post-incorporation requirements. (10 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Outline eight roles of the company secretary with regard to shareholders. (8 marks)
- (b) XYZ, a public limited company is facing a potential takeover and some shareholders want to convert the company into a private limited company.

With regard to the Companies Act, describe the procedure of converting a public limited company into a private limited company. (6 marks)

- (c) Describe three offences on use of the common seal of a company in accordance with Section 38 of the Companies Act. (3 marks)
- (d) If satisfied that a public company is failing to appoint at least one company secretary, the Attorney General may give the company a direction.

In addition to stating that the company appears to be failing to comply with section 244 of the Companies Act, what other three matters should be included in the directive. (3 marks)

(Total: 20 marks)

QUESTION THREE

- (a) As the corporate secretary of Wepesi Group you have been given the responsibility to induct a new board.
Outline to the Board members six types of registers that a company is required to maintain by law. (6 marks)
- (b) JKL Investments Limited which was established three years ago has not yet paid its members dividends. The Board of Directors is considering a proposal to pay the first dividends to the members. They have invited you to advise them on the payment of dividends.

Required:

Summarise to the directors the general legal provisions relating to the payment of dividends. (8 marks)

- (c) The directors of Fadhili Limited, a listed company have approached you for advice on setting up an Employee Share Ownership Plan (ESOP) according to the Capital Markets Authority regulations.

Explain to them the contents of an ESOP Trust Unit Scheme rules.

(6 marks)
(Total: 20 marks)

QUESTION FOUR

- (a) Suggest seven objectives of a board evaluation exercise. (7 marks)
- (b) With reference to relevant laws, discuss four general obligations of trustees and managers of a Retirement Benefits Scheme. (8 marks)
- (c) As the secretary of XYZ County Public Service Board, outline five contents of a board pack to be sent to members in preparation of a subsequent meeting of the board. (5 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) The role of the corporate secretary is moving beyond the traditional duties as a statutory officer to more strategic role in a company.
Summarise seven governance and advisory roles of a present day corporate secretary. (7 marks)
- (b) Maombi Ministries is a religious organisation in Kenya. The organisation is in the process of establishing a charitable trust through which it will rehabilitate street children. The organisation has outsourced your secretarial firm for registration of a charitable trust.
Required:
Explain the procedure for registration of the charitable trust in Kenya. (10 marks)
- (c) A company being incorporated in Kenya could prepare its own articles of association or adopt the model articles.
List three types of model articles prescribed by the Companies (General) regulations 2015 in the schedules. (3 marks)

(Total: 20 marks)