



KENYA SCHOOL OF LAW

DIPLOMA IN LAW [PARALEGAL STUDIES]

COMPANY LAW; COURSE OUTLINE

ACADEMIC YEAR 2010/2011; TERM 2

LECTURER: DENNIS K. KIURA

COURSE DESCRIPTION:

Law as a discipline is not unique in its tendency to reflect the ideology of society at whatever place or time. It permeates in all spheres of life, and the general company processes and practice not being an exception to the phenomena. Against this background, this course will endeavour to facilitate a clear understanding of the basic principles of company law. Accordingly the students will be required to understand the basic concepts and principles that attend to the company law. The student will be able to acquire a general understanding of the various laws and principles, whether statutory or common law-based, that governs the general processes and practice of companies.

COURSE EVALUATION:

The course will be evaluated as follows:

Continuous Assessment Tests	30%
Final Examination	<u>70%</u>
Total marks	100%

CONTACT HOURS:

The subject lecturer will deliver two lecture hours a week for the entire term. Alternative arrangements will be organized for any contact hours that are lost for whatever reasons.

STATUTORY REFERENCES:

1. The Constitution of Kenya
2. Companies Act, Chapter 486
3. Capital Markets Authority Act, chapter 485A
4. Accountants Act, chapter 531
5. Banking Act, Chapter 488

RECOMMENDED TEXTS:

1. Davies PL *Gower and Davies' Principles of Modern Company Law* 17th ed. (Sweet & Maxwell London 2003)
2. Magnas S.W Eastin M *Companies Law and Practice 4th & 2nd Butterworths*
3. Perrins R.E.G Jeffrey A *Company Law 11th HFL Pub. 1969*
4. Farrar *Company insolvency* Sweet & Maxwell 1979
5. Topham & Ivamy *Company Law 16th Butterworths 1978*
6. Pennington *Company Law 4th Butterworths 1979*
7. Ann Ridley *Company Law Hodder & Stoughton*
8. Alan Digman & John Lowry *Company Law Oxford University Press*
9. John Joseph Ogola *Company law 2nd Focus Publication 2006*
10. Ferran Eilis *Company Law and Co-operate Finance Oxford University Press*
11. *Palmer's Company law 22nd Stevens & Sons London*
12. Cilliers HS *et al Cilliers and Benade Corporate Law 3rd ed. (Butterworths Durban 2000)*
13. Bowen and Michael Fox & Bowen *on the Law of Private Company* (Sweet & Maxwell London 1995).
14. MacIntyre E *Business Law* (Longman Education Harlow 2005).
15. Gibson JTR *South African Mercantile and Company Law* (Juta Landsdowne 2003).

NB: There are other texts that are instructive in this area of law that are in the library and others not necessarily in the library. They generally bear the titles of **commercial law, business law or mercantile law**. You may also look at local text books by Ashiq Hussein and J.J. Ogola that will be instructive for grasping the basic concepts of commercial law.

SPECIFIC TOPICS:**1. TYPES AND FUNCTIONS OF COMPANIES**

- Uses to which companies may be put
- Types of registered companies
 - Public company
 - Private company

2. ADVANTAGES AND DISADVANTAGES OF INCORPORATION

- Legal entity distinct from its members
- Limited liability
- Property ownership
- Suing and being sued
- Perpetual succession
- Others
 - Transferable shares
 - Management under a board structure
 - Borrowing
 - Taxation
 - Formalities, publicity and expense

3. FORMATION PROCEDURES {INCORPORATION}

- Statutory companies - statutes
- Registered companies – memorandum and articles of association

4. DOCTRINE OF ULTRA-VIRES

- The doctrine
- Disclosure and constructive notice
- *Turquand* rule

5. SHARE CAPITAL AND DEBENTURES

- Meaning of capital
- Authorised, minimum and increase of capital
- Classes of shares
- Capital maintenance and other capital rules
- Debentures and other loan funds

6. DIVIDENDS

- Meaning of profit and income
- Profit available for dividend

7. MEETINGS OF SHAREHOLDERS AND DIRECTORS

- Kinds of meetings of shareholders
- Convening meetings of shareholders
- Proceedings of shareholder meetings
- Meetings of board of directors

8. WINDING-UP

- Initiation of winding-up
- Administrative procedure
- Accounting and finalisation

<The End – Good Luck>