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CERTIFIED PUBLIC ACCOUNTANT INTERMEDIATE LEVEL EXAMINATIONS

11.3: COMPANY LAW

DATE: WEDNESDAY 28, MAY 2025

INSTRUCTIONS:

1. Time Allowed: **3 hours 15 minutes** (15 minutes reading and 3 hours writing).
2. This examination has two sections **A** and **B**.
3. Section **A** has **two compulsory questions, 1 & 2** and **one choice question**, (3 or 4) not both.
4. Section **B** has **two questions** (5 & 6) to choose **one**.
5. In summary answer **four questions**, **three** in section **A** and **one** in section **B**.
6. Marks allocated to each question are shown at the end of the question.
7. The question paper should not be taken out of the examination room.

SECTION A

QUESTION ONE

a) Kigali Computer Software Public Limited Company was incorporated in 1995 with its main objects of being the manufacture and distribution of computer software accessories in Rwanda and within East Africa. The company performed very well during its formative years because competition was minimal. As time went by the company started experiencing stiff competition and its fortunes started to dwindle. The articles of association of the company provided that the shareholders through a special resolution at the general meeting of the company could initiate the liquidation process. During the Annual General Meeting of the company in 2020, all the members in unison passed a resolution to liquidate the company before the company would start experiencing financial constraints. Amahoro Grace who was a member of this AGM, having been convinced to vote for the liquidation, did not fully understand the law relating to liquidation.

Required:

- i) **Explain briefly to Amahoro Grace the type of liquidation undertaken in the above case scenario.** (2 Marks)
- ii) **Explain to Amahoro Grace any four effects of liquidation outlined by law.** (10 Marks)

b) Nkubara Chris, Mutazindwa David, Uwimana Teddy and Mugabo Agnes are all shareholders of Kibagabaga Central Public Limited Company, dealing with high quality imported furniture. Since its inception in the year 2010 the company has performed very well and members continue to appreciate the high returns over their investment through dividends. While discussing the reasons, which would be attributed to the excellence performance, Nkubara suggested that it was because of the professional skills of the directors, Mutazindwa on his side attributed the excellent performance on the exercise of the shareholders powers by resolutions, together with the understanding of the directors for the objects of the company. Uwimana, on her side attributed the excellent performance on the quality of furniture imported. Mugabo appreciated all the attributes except that she did not understand how shareholders exercise powers through resolutions.

Required:

Explain to Mugabo Agnes four ways through which the shareholders exercise their powers through resolutions (8 Marks)

c) The Directors of Nyabarongo Public Limited Company and Rulindo Public Limited Company were discussing how they can overcome the challenges that they are facing, namely the scarcity of coffee cherries for processing. In their discussion, they strongly felt that if they could combine their synergy and skills, they might excel more as opposed to working independently.

The directors of Nyabarongo Public Limited suggested that it would be better if Rulindo Public Limited Company can close down their business and then transfer their assets to Nyabarongo and the business should operate as Nyabarongo Public Limited Company. On their side the Directors of Rulindo Public Limited Company suggested that that the two companies should find a more agreeable name of the company separate from their existing names. They will then transfer their assets to the new company and agree on the period of time upon which both companies can remain together in business. On overcoming the challenges, which brought them together, each company should get back and continue with its business as it was established.

After a lengthy discussion, the directors of Nyabarongo Public Limited Company accepted the proposal of Rulindo Public Limited Company. They formed Nyabalindo Public Limited Company, and they agreed that the new company should start the operation without wasting much time. When word reached the shareholders of the two respective companies, they both vehemently opposed the arrangement.

Required:

- i) **Identify the arrangement proposed by Nyabarongo and Rulindo Public Limited company's directors.** (2 Marks)
- ii) **Explain any two pre-requisites for the arrangement proposed by Rulindo Public Limited Company and explain the position of law on incorporation documents of the proposed arrangement by Rulindo Public Limited Company.** (3 Marks)

(Total: 25 Marks)

QUESTION TWO

a) Rwamagana Public Limited Company was incorporated in 2018 with its main object being the provision of consultancy services on environmental matters. Because of the high level of skills and professionalism of the directors, the company has won many government and World Bank tenders and thus increasing the fortunes of this company. In December 2023, it was rumoured that the directors are siphoning out huge amount of money. There is no proof to the effect of the said rumours on the financial statements and even the auditor's report does not point to any irregular financial activity by the directors. Mutesi Yvonne, who is one of the shareholders of the company, holds the view that because the company is making huge profits it may be difficult for one to detect the anomaly but with time, it may be discovered by which time a great damage might have been caused to the company. Ten other shareholders share her views. Notwithstanding Mutesi Yvonne and the ten shareholders are not conversant with the law governing companies with regard to issues of the nature outlined.

Required:

- i) Assume that the financial statements and the auditor's report indicated that not all was well, and huge sums of money missing are not well explained, **what would naturally happen in order to find out the underlying cause of the matter. Advise Mutesi Yvonne and these other ten shareholders accordingly.** (2 Marks)

ii) **Explain to Mutesi Yvonne the two responsible officials and the four circumstances according to law in which they will be forced to deal with the issues raised in the scenario above conclusively.** (6 Marks)

b) The directors of Kimironko Public Limited Company were having a serious discussion with the directors of Remera Public Limited Company on the possibility of amalgamating the two companies to exploit the economies of scale through the combined synergy. The discussions are in the initial stages and there are a number of conflicting issues, which need to be settled before a consensus is reached. In the meantime, word reached the office of the Registrar General to the effect that the two companies had concluded their discussions and signed an agreement to amalgamate. Consequently, the Registrar General went ahead and removed the two companies from the register of companies. The communication to the effect was sent to the respective companies whose directors were surprised because they had not even communicated the proposed discussion on the impending amalgamation to the shareholders. Jean Pierre and Joyce Batamuliza who are the shareholders of Remera Public Limited Company got confused when they heard that the company was removed from the register of companies since they are not conversant with the law governing companies.

Required:

i) As a student of company law, **explain to Jean Pierre and Joyce Batamuliza if the Registrar General acted within the law by removing the two companies from the register of companies based on proposed amalgamation.** (2 Marks)

ii) **Explain to Jean Pierre and Joyce Batamuliza the grounds upon which the Registrar General can remove a company from the register of companies as provided by law.** (4 Marks)

c) The directors of Muhanga Public Limited Company instructed the auditor to undertake an audit after six months following the end of the financial statements, any director did not sign the said audit report, and the report has not been submitted to the Registrar General. Furthermore, the board of directors did not provide such information and explanations as are necessary for the auditing process to be conducted on the basis that the auditor understand his responsibilities. Finally, the financial statement was forwarded to the office of the registrar General for registration who declined to accept the financial statement with other documents accompanying it.

After eight months following the preparation of the financial statements, the Board of Directors finalized the annual report. The report was distributed to shareholders only ten (10) days prior to the scheduled date of the company's Annual General Meeting. However, the report was poorly prepared, lacking essential information, and it was not dated, thereby failing to meet the standard disclosure requirements expected in such documents

Required:

i) **Analyze the above case scenario, explain if the financial statements were prepared as provided by law, and outline any two contents of financial statements prepared in accordance to international standards.** (3 Marks)

ii) **Analyze the above case study, explain if the annual report was prepared as required by law, and outline any two contents of the annual report.** (3 Marks)

d) Nyambene Public Limited Company was incorporated in 2020 and since then the company has been doing very well, its shares are in the stock market and are in great demand. In February 2024, the Managing director and his assistant resigned from the company citing a conflict with other directors of the company. By December 2024, the company did not pay five creditors who were owed each, one million Rwandan Francs (FRW 1,000,000). On the inquiry from the shareholders as to whether the company is bankrupt the directors refuted the assertion and confirmed that the company was solvent and that in due course it will pay all the creditors. With time, it was noticed that the company was borrowing much and chances were that the liabilities of the company exceeded its assets. Subsequently, one creditor Rukundo Mpenzi took the company to court for refusing to pay him two million francs (FRW 2,000,000) owed to him and the court issued a judgement in his favor and ordered the company to pay but the company was not able to pay. Some members have demanded that the company carry out a solvency test.

Required:

i) **Analyze the scenario above, explain if the demand to have a solvency test carried out is justified and explain any two features of a company that satisfies the solvency test.** (3 Marks)

ii) **Explain any two circumstances that can make a company to be declared unable to pay its debts.** (2 Marks)

(Total: 25 Marks)

QUESTION THREE

a) Nkusi Norbert, Mutagoma Nils, Ishimwe Justine and Kangabe Alice are all students pursuing a degree of Bachelor of Business Administration at the University of Kamonyi. In one of the group discussions, they explored the various ways in which they may engage and manage a business. Nkusi was of the opinion of four or five people coming together and contributing money towards a common basket and undertake a business agreeable to them all, and that each of the members shall also be the managers or the directors with the name they may desire to be identified with. Kangabe Alice suggested that after being employed, they can start the business of keeping the dairy cows for milk individually but they should find a way of collecting the milk together and find the market together or else see how they can add value to the milk collected before selling and earning good money. Mutagoma on his part felt that because they have been taught well on how to administer business it will be better if each would open his/her own business, manage it professionally, and grow into an empire of successful business. Ishimwe on her part supported the opinion of Nkusi and she felt that it is the best alternative.

Required:

- i) **Identify the types of business suggested by Nkusi Norbert, Mutagoma Nils, Ishimwe Justine and Kangabe Alice.** (3 Marks)
 - ii) **Explain any two advantages of the business suggested by Nkusi and two disadvantages of the business suggested by Mutagoma.** (2 Marks)
- b) Nyabisare Jane is the largest shareholder of Nyabugogo Public Limited Company with 70% shares leaving the remaining 30% of shares to other 20 members of the company. The company is dealing with importation of fish products for the manufacturer of animal feeds. Due to the fall in price of the fish products in many countries from which they imported, the company took advantage and bought excessively, the company stores were full, and Nyabisare on her own accord as the managing director took a substantive amount of the fish products to her home in Gatsata. The products stored in her home were worth twenty million Rwandan francs (FRW 20,000,000). Last Monday due to power outage the store caught fire and all the imported fish products were burnt down. Nyabisare Jane was shocked and devastated by this happening. In the meantime, the other 20 members of the company are demanding that Nyabisare Jane should bear the loss individually because the loss happened in her store and that she is the largest shareholder.

Required:

- i) **Nyabisare Jane and the 20 other members of the company have approached you for advice concerning the scenario above. Advise them accordingly as to who shall bear this loss occasioned by fire.** (2 Mark)
 - ii) **Explain to them the legal position as to why you identified the person who shall bear the loss.** (3 Marks)
- c) Nsigaye James recently bought shares worthy ten million Rwandan francs (FRW 10,000,000) from BRALIWA PLC and was very excited because the company always makes good profit. He expects that at the end of every year; he will receive dividends to the tune of two million Rwandan francs (FRW 2,000,000). One fine evening, Nsigaye was encouraging his colleagues at work on the importance of investing in shares. To his surprise bertha Mukisa, stood up and surprised Nsigaye that she too has contributed towards the capital of the company to the tune of ten million Rwandan francs (FRW 10,000,000). She explained that she did not buy the shares and that for her she gets interest on her investment whether the company makes profit or not. She encouraged her colleagues to invest as she did but not like Nsigaye. At this level, Nsigaye was confused and unable to speak further.

Required:

- i) **From the analysis of the case scenario, do you agree that Nsigaye James and Bertha Mukisa are investors of BRALIWA PLC? Justify your answer.** (2 Marks)
- ii) **Explain any three differences between Nsigaye James and Bertha Mukisa if you agree that they are investors of BRALIWA PLC.** (3 Marks)

d) Rwamagana Public Limited Company was incorporated in 2015. Since then the company has performed very well attracting more investors. The memorandum and the articles of association of the company provided that the shares of the company were the property of the shareholders. In the Annual General Meeting of the company held in December 2024, an amendment was made to the Memorandum and the articles of association making the shares the property of the company, but this information was never communicated to the Registrar General as the company planned to acquire its own shares and the reissue them afresh. In February 2025, the directors took a decision to acquire its owns shares without affording the shareholders any option on the basis that the memorandum and articles allow such acquisition. A good number of shareholders are contemplating taking the directors of the company to court because they did not follow the law.

Required:

- i) **Do you justify the alteration of the memorandum and the articles as the basis of the said acquisition? Do you think that the directors acted within the law?** (2 Marks)
 - ii) **Explain the position of law with regard to the powers of the directors to acquire shares.** (3 Marks)
- (Total: 20 Marks)**

QUESTION FOUR

a) Gasabo Public Limited Company was incorporated in 2018 with the main object being real estate development. The company buys land, develops it, and eventually sells it out for profit. The company has been doing very well and the company shares are very attractive to the public. The shareholders of the company are very excited about the prospects of the company and they desire to be made active in company decision making. Recently the directors removed the two auditors of the company and replaced them with auditors who were friendly to them. They went ahead and made alteration to the articles of association and inserted clauses which many shareholders opposed vehemently. On January 2025 the directors made a decision to sale 25% of the total assets of the company so that they can get more capital to invest and the shareholders went to court and the court stopped the impending sale of the 25% assets of the company.

Required:

- i) **Analyze the scenario above and explain if the directors acted within their powers in removing and replacing the auditors of the company, alteration of the articles and the sale of the 25% of the total assets of the company.** (2 Marks)
 - ii) **From the above case scenario, explain any three rights of the shareholders of Gasabo Public limited Company.** (3 Marks)
- b) Nyamirambo Public Limited Company was incorporated in January 2024. It issued a prospectus, the public subscribed for the shares, and it raised enough capital for the business. The company was given a certificate of commencement of business then before the business would start, the directors developed a conflict among themselves. Up to date the conflict is ongoing and the shareholders are confused on what to do to enable the company to start the

business. Many of the shareholders are holding the view that a meeting of the shareholders be convened in order to remove the directors and replace them with fresh ones. An extra-ordinary meeting was convened and a special resolution was passed declaring the company's inability to operate and such decision was communicated to the Registrar General within 30 days after passing the resolution. Umotoni Marie one of the shareholders is worried about the status of a company as to whether it remains or it has ceased to exist on the basis that it has never started the business.

Required:

- i) As a candidate of company law, **analyze the case study above and explain the status of Nyamirambo Public Limited Company to Umotoni Marie.** (2 Marks)
- ii) **Define the status identified in (i) above and explain the position of law when the company is considered in the status mentioned above and if the communication to Registrar General within 30 days was valid in law.** (3 Marks)
- c) Nyamata limited company was incorporated in 2019 with the sole objects of transport business. The promoters of the company entered into a contract with one Kagame Celestin on behalf of Nyamata Public Limited Company for the sale of land worthy fourth million Rwandan francs (40,000,000) in October 2018. On incorporation of the company, the company was not willing to be bound by the contract and they were reluctant to pay Kagame Celestin. Upon the inquiry by Kagame Celestin, the company indicated that it was not willing to buy the said land but did not disclose the reasons. Kagame Celestin is contemplating to take the company to court for breach of contract.

Required:

- i) **Kagame Celestin has approached you as a student of company law for advice if he can succeed to recover the fourth million Rwandan francs (FRW 40,000,000) for the said land. Advise him accordingly.** (1 Mark)
- ii) **Explain at least two position of law with regard to the relationship envisaged by the above case scenario.** (4 Marks)
- d) Mbangutse Bill and Mutimura Joshua formed a company by having their names subscribed in the memorandum and articles of association and having provided all other requirements they received the certificate of incorporation and argued that the company they formed was the best for doing the business. In the meantime, Byaruhanga Charles, Gasana Christian, Mucyurabuhoro Edwin, Rusanga Esperance, Ngamiye Eunice, Mugabo Felix and Gasirikare Michael had in the previous day subscribed their name in the memorandum and articles of association and having submitted all the required documents for the formation of the company their company was registered and they argued that the company is the best and it has more advantages than the company formed by Mbangutse Bill and Mutimura Joshua. Byaruhanga Charles and Gasana Christian are confused and they wonder why one company can was better than the other.

Required:

- i) As a student of company law, **identify the companies formed by Mbangutse Bill and Mutimura Joshua and Byaruhanga Charles, Gasana Christian, Mucyurabuhoro Edwin, Rusanga Esperance, Ngamije Eunice, Mugabo Felix and Gasirikare Michael respectively.** (2 Marks)
- ii) **Explain any three differences between the company formed by Mbangutse Bill and Mutimura Joshua and Byaruhanga Charles, Gasana Christian, Mucyurabuhoro Edwin, Rusanga Esperance, Ngamije Eunice, Mugabo Felix and Gasirikare Michael.** (3 Marks)

(Total: 20 Marks)

SECTION B

QUESTION FIVE

a) Kisumu Public Limited Company is a company registered in Kenya but doing business in Rwanda with its registered office at Kigali city. The company is in the export of fresh sea fish and fresh fish from Lake Victoria. The company has operated in Rwanda for the past ten (10) years and it has complied with the law governing companies in Rwanda from time to time. In November 2024, the only director of the company residing in Rwanda was replaced. The newly appointed director came to know that he was expected to submit the balance sheet to the office of the Registrar General at the end of the financial year. The director prepared the balance sheet showing, the number of shares, names of shareholders with their shares, names of debenture holders, the expenditure of the company for the year ending and the profits the company made for the year ending. When he submitted this copy of the balance sheet the registrar General declined to accept it.

Required:

- i) **Was the Registrar General justified in declining the copy of the balance sheet of Kisumu Public Limited Company? Justify your answer.** (2 Marks)
- ii) **According to the law what are the contents or information contained in the copy of the balance sheet submitted to be the Registrar General.** (3 Marks)

b) The Directors of Gicumbi Public Limited company, Nyaruguru Public Limited Company and Kirehe Public Limited Company have come together to discuss the future prospects of their respective companies which are both dealing with the processing of tea leaves for export as a result of the declining foreign market and the climate impact affecting the quantity and quality of the said Products.

The directors of Gicumbi Public Limited Company proposed that Nyaruguru and Kirehe Public Limited Company should close their factories and direct all the green tea leaves to Gicumbi Public Limited Company for a period of five years and after which if the market and the climate improves then each company shall return to their respective companies.

The Directors of Nyaruguru opposed the proposal and rather suggested that all the three companies should all close their offices but all the factories to continue to operate but should form a new company in which all the assets of the three respective companies can be transferred to upon which they shall cease to operate completely.

On their side, Kirehe suggested that because it has huge investment the two other companies should allow Kirehe to anchor all the business and it should incur higher financial responsibility where it will invest 70% of the investment and the rest combine shall invest 30% of the investment and in that way, Kirehe can protect them from going to liquidation.

Required:

i) **Analyze the case scenario above and bring out the arrangement suggested by the directors of Gicumbi, Nyaruguru and Kirehe Public Limited Company respectively.**

(3 Marks)

ii) If the directors accept the proposal of Gicumbi Public Limited Company, explain the position of law on the arrangement.

(1 Marks)

iii) Explain any two rights of the creditors of all the companies involved if the arrangement proposed by Gicumbi Public Limited Company is actualized.

(2 Marks)

iv) Explain briefly how the proposal of Nyaruguru and Kirehe can be put to practice.

(4 Marks)

c) Nyamaseke Public Limited Company was incorporated in 2015. Over a period of seven years, the company performed very well. At the beginning of January 2023, the company started having some financial constraints and there were no valid reasons attributed to the issue. Mucyurabuhoro Emmanuel, Fabiola Gabo and Gasumba Esther are the shareholders of the company and have never taken keen interest on the affairs of the company. They came to learn in the course of time that all the company's records are available for inspection by the shareholders. They both went to the company's office to inspect the documents. The following documents were made available to them, the company incorporation documents, the share register, the index of shareholders, the accounting records, a register of interests of directors, minutes of all general meetings and resolutions of shareholders for at least the last ten (10) years. This document did not provide enough information to these shareholders for the to understand the problem that the company is facing.

Required:

i) As a candidate of company law, **do you think that these are all the documents that are supposed to be kept in the office for inspection?**

(1 Mark)

ii) **If your answer is no in (i) above outline any other four records that are missing which would have provided crucial information to Mucyurabuhoro Emmanuel, Fabiola Gabo and Gasumba Esther respectively.**

(4 Marks)

d) Mukisa Agnes, Manzi Diana and Rusindana Elina are all students of Bachelor of Business Management at the university of Mount Kigali. In one of their group discussions about the formation of the company, they learned that a company is a contract entered by its members with the purpose of making profit. Manzi Diana was not clear in her mind, as to whether each company formed must be profit oriented. She tried to get the answer but it seems that every member was of the opinion that every company that is formed is profit oriented.

Required:

i) **Do you agree that every company that is formed is profit oriented? Justify your answer.**

(2 Marks)

ii) **What is your understanding of the term profit from the viewpoint of vocation to profit sharing?**

(3 Marks)

e) Nairobi Public Limited Company has been doing business in Rwanda for the past twelve years and for the said period of time the company has been fully compliant with the law governing companies in Rwanda. From January 2023, the company started to face financial constraints because of stiff competition. In the year ending, 2023 and 2024 the company did not submit the annual balance sheet and the annual accounts to the office of the Registrar General. On this basis, the Registrar General removed Nairobi Public Limited Company from the register of companies.

Required:

i) **Do you think that the removal of Nairobi Public Limited Company from the register of companies was justified? Justify your answer.** (1 Mark)

ii) **Outline any two contents contained in the annual returns Public Limited Company.** (2 Marks)

iii) **Explain the any two positions of law regarding cessation of business by Nairobi Public Limited Company.** (2 Marks)

(Total: 30 Marks)

QUESTION SIX

a) Sandra Esta, Fiston Gashumba and Gloria Kayumba are all candidates of the institute of Certified Public Accountants of Rwanda. They are on their tail end towards completing their studies. Recently they sat in a meeting and discussed how to harness resources and form a public limited company to engage in business. Among them, there was a signed agreement to form the company but they were lacking four members who would sign on the articles and the memorandum of association in order to form the company. Sandra suggested that she would bring his two brothers while Gashumba and Kayumba will each bring in their sisters. After preparing the incorporation documents the brothers for Sandra and the sisters to Gashumba and Kayumba were made to sign the documents without knowing what the document were meant for. The company, which they formed, was to smuggle gold and silver from Congo and process them for export. The company was eventually registered and is considered as a contract.

Required:

Analyze the case scenario above and explain if the company formed is a contract as provided by law. (3 Marks)

b) Umohoza Joyce and Kigabo Patrick in January this year formed a company by subscribing their names to the articles and memorandum of association. In the articles of association, they indicated that the shares of the company were freely transferable and that the company after one year will be enlisted in the stock market. Having received their incorporation certificate, they circulated the prospectus inviting the public to subscribe for the shares. One evening Umuhoza Joyce and Kigabo Patrick were having a casual chat when the two informed their friends how they have registered the company and how they issued the prospectus and many people have subscribed for the shares and what awaits them is the process of allotment. The two friends have no idea of what is subscription nor allotment of shares.

Required:

- i) **Analyze the above case study and bring out all the issues arising from the said company.** (5 Marks)
 - ii) **Explain the position of law in relation to special provisions relating the above formed company and justify if the process undertaken by Umuhoza Joyce and Kigabo Patrick is correct.** (5 Marks)
 - iii) **If the process followed by Umuhoza Joyce and Kigabo Patrick was not correct, then explain the special provision upon which the otherwise company with similar characteristics would come to bear.** (5 Marks)
- c) Ruhango Public Limited Company was incorporated in 2014. The company is considered one of the best performing companies in the country. The company attracted very high demand for its shares and other securities. Notwithstanding the good performance, the company started to experience some financial problems from March 2022. The creditors took the company to court and cases have been going on but significant changes were noticed as per from January 2024. Among such changes include, someone taking custody and control of the company's property. The company's officers remain in office but cease to have any powers; functions or duties other than those required or permitted to be exercised by Law. No enforcement of court order, other legal process, may be commenced or continued against the company or its property except with the written consent or with the order of the court. No share of the company may be transferred or other alteration made in the rights or liabilities of any shareholder. No shareholder may be allowed to exercise any power under the company's incorporation document or the Law governing companies and finally the incorporation document of the company may not be altered, except that the said 'someone' may change the company's registered office or full address.

Required:

- i) **Analyze the above case scenario and explain the position of Ruhango Public Limited Company.** (1 Mark)
 - ii) **Who from the scenario above is this 'someone' who takes custody and the control of the company's property and explain any three pre requisite for him to be released.** (4 Marks)
- d) Ngororero Public Limited Company and Nyabihu Public Limited Company have been having a serious discussion on amalgamating the two companies and have a strong entity that can exploit the economies of scale and the combined synergy of skills. The Registrar General has not received a request, in a form approved by him or her, from any shareholder authorized to make the request by a special resolution of shareholders entitled to vote and voting on the question. The two companies have not failed to file their annual returns as provided by law. There is no application that has been submitted to the registrar General to the effect that the company is insolvent nor any liquidators' final report that liquidation has been completed. The Registrar General acting on hearsay believed that the two companies had amalgamated and

proceeded to remove them from the register of companies. When the Directors of the two companies received the information about their removal from the register, they are contemplating to take the Registrar General to court.

Required:

- i) **Do you think the Registrar General was justified to remove the two companies from the register on the basis that they had amalgamated? Outline any two grounds upon which a company can be removed from the register of companies. (3 Marks)**
- ii) **Explain briefly two position of law on the notice of intention to remove the company from the register of companies (4 Marks)**

(Total: 30 Marks)

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