



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION
JANUARY 2016 SEMESTER

SUBJECT CODE : EAB31203
SUBJECT TITLE : CORPORATE LAW
LEVEL : BACHELOR
TIME / DURATION : 9:00AM – 12:00 PM / 3 HOURS
DATE : 19TH MAY 2016

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of **TWO (2)** sections; **Section A** and **Section B**.
4. Students are allowed to refer to The Partnership Act 1961 and The Companies Act 1965.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 40 marks)

SECTION A

INSTRUCTION: Answer TWO (2) questions only.

Question 1

In relation to partnership law, discuss on:

a.) The conditions that must be satisfied for a third party to hold the partnership firm and the rest of the partners liable for a breach of contract.

(14 marks)

b.) When can court order dissolution of a partnership?

(6 marks)

(20 marks)

Question 2

Using the Companies Act 1965 as a guide,

A. Explain on the types of charges and the priorities between charges.

(14 marks)

B. Discuss on the requirement to register these charges under the Companies Act 1965.

(6 marks)

(20 marks)

Question 3

In relation to company law, discuss on the rule of the maintenance of capital and the consequences to the rule.

(20 marks)

Question 4

In the context of winding up,

- a.) What is the difference between voluntary and compulsory winding up? (8 marks)
- b.) When can court orders for winding up? Discuss with relevant section from the Companies Act 1965. (12 marks)

20 marks

(Total: 60 marks)

SECTION B

INSTRUCTION: Answer THREE (3) questions only

Question 1

Ana is the promoter of Abu Sdn. Bhd. Before the formation of the company Abu Sdn. Bhd., Ana purchased a land worth RM1 million. After the incorporation of the company, Ana sold the land to the company for RM 2.5 million without revealing to the company the profit he acquired from the sale of the land. In 2016, the company is wound up and the liquidator found out about the secret profit. The company representatives, Sarah comes to you for advice whether Ana has breach his duties as the promoter of the company, and the remedies available to the company.

20 marks

Question 2

Question 2

Woody Sdn Bhd is a private limited company with ten shareholders. Its directors are Buzz and Woody. Its objects clause states as follows:

- (i) to manufacture and sell wooden toys;
- (ii) to buy and sell wooden furniture; and
- (iii) to carry on any other business, which in the opinion of the board of directors can be carried on with the above businesses of the company.

In April 2011, Woody Sdn Bhd entered into a contract with Ironman Sdn Bhd, a steel manufacturing company, for the purchase of 90,000 kilograms of steel. The steel will be delivered to Woody Sdn Bhd next month. The decision to purchase the steel was made by Buzz and Woody with the intention of making the company branch off into the manufacture of steel cabinets and other office equipment made of steel.

Dino, a shareholder, believes that the contract for the purchase of the steel is outside the scope of the objects clause of ABC Sdn Bhd. He seeks your advice in respect of this matter.

Advise Dino on:

- (a) whether the contract to purchase the steel is an ultra vires transaction; and (10 marks)
- (b) his rights in respect of the said contract, if the contract is ultra vires. (10 marks)

20 marks

Question 3

Beruk Bhd was incorporated in 1999. The company has suffered revenue losses exceeding RM10 million over the last three years. However, its subsidiary, Monyet Bhd, has made substantial profits last year. Monyet Bhd has not distributed these profits as dividends to its own members. Bonbon, the managing director of Beruk Bhd, seeks your advice on the following matters:

- (b) whether Beruk Bhd can utilise the profits of its subsidiary, Monyet Bhd, to pay dividends to its (Beruk Bhd's) members; (10 marks)
- (d) the legal position under the Companies Act 1965, if it is discovered that Beruk Bhd has paid a cash dividend out of capital. (10 marks)

20 marks

Question 4

Amy is a chartered accountant. After marrying Ali, Ali asked Amy to work at his company Amyli Bhd. In the Articles of Association of the company, it is stated that Amy will be the chartered accountant of the company forever and ever. Amy however, is not a shareholder of the company and her name was never entered into the register of member of the company. After 10 years of marriage, they divorced and Ali appoints a new accountant to replace Amy. Amy feeling dissatisfied, comes to you for advice whether:

- 1.) She is a member of the company. (10 marks)
- 2.) Whether she can assert her right as an accountant of the company under the Articles of Association? (10 marks)

(10 marks)

20 marks

END OF QUESTION PAPER

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