



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION JULY 2024 SEMESTER

COURSE CODE	: EAB31203
COURSE NAME	: CORPORATE LAW
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 23 SEPTEMBER 2024
TIME	: 2.00 PM – 5.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **TWO (2) Parts; Part A and Part B**.
4. Answer **TWO (2) Questions in Part A and ONE (1) Question in Part B**.
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.**
8. Students are allowed to refer to the unannotated **Partnership Act 1961, Limited Liability Partnership Act 2012** and **Companies Act 2016** when answering their questions during the examination.

THERE ARE THREE (3) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

INSTRUCTIONS:-

1. Answer THREE (3) QUESTIONS only;
2. TWO (2) questions from PART A and ONE (1) question from PART B.
(TOTAL: 100 Marks).

PART A

Question 1

The Courts may, when the justice of the case demands, lift the corporate veil. By illustrating through decided cases discuss the various judicial lifting of the corporate veil.

(30 marks)

Question 2

The traditional view is that a director must act on the best interest of the company and no one else. With references to the Company Act 2016 and decided cases, discuss the above statement.

(30 marks)

Question 3

Megat leased and managed a theatre in which a touring company under the management of one Ukasya was performing a play (a theatre). The financial arrangements (the sharing of the gross return) were that Ukasya received 40 percent of the gross box office receipts (ticket sales) with the remaining 60 per cent going to Megat. During a particular performance, Kim, a member of the audience, was injured when a gun being used as a prop in the performance (and which should not have been loaded) accidentally discharged. Kim sued Megat and the court had to decide whether Megat, who had not been directly concerned with the specifics of the performance, could be made liable for the incident.

Advise as to whether Megat could be made liable as a partner and support your answer with relevant provision of the Partnership Act 1961 and relevant decided cases.

(30 marks)

PART B**Question 4**

Danish established a sole proprietorship motorcycle crop spraying business since he left school at the age of 18 year old. Danish then married Daniela and together they formed a company known as DD Sdn Bhd where he held 2999 shares of the company's 3000 shares and Daniela held the other 1 share. Danish and Daniela was also the governing directors of the company. Danish then applied the position of rider in the company and became the chief rider in the company. His work was to spray fertilizer from the modified motorcycle provided by the company. Every months Danish received salary from the company and the company also contributed to his employee provident fund and other statutory requirements and also insured the employee under the company's special workmen compensation scheme. One day, the motorcycle he was riding crashed and Danish died as a result. His wife, Daniela, made a claim from the insurance company on behalf of her deceased husband. The insurance company refused to pay because the insurance company considered that Danish and the company were one of the same person. The insurance company argued that a person cannot be both a director and major shareholder of a corporation on the one hand, and also an employee of the corporation on the other.

Advice Daniela on whether she can successfully claim the insurance money under the principles of Malaysian company law and support your answer with three (3) decided cases.

(40 marks)

Question 5

Mr. Toyote and Mrs. Seiko are members of Maraston Bhd., each holding 10% shares in the company, respectively. In January 2024, due to dissatisfaction with the managerial decisions of the company, Mr. Toyote and Mrs. Seiko decided to withdraw from Maraston Bhd. They come to you for advice on their right to commence legal action against the controllers of Maraston Bhd. They claim that they had been treated unfairly based on the following grounds:-

- A. Jenny a majority shareholders who are also director of Maraston Bhd. had repeatedly withdrawn substantial funds from the company and had deposited the same in fixed deposit accounts in her individual name.

(20 marks)

- B. Although Maraston Bhd. had been making substantial profits for the past 4 years, they were denied their rights to share in such profits as the directors had not declared any dividend during such period of time.

(20 marks)

Advise Mr. Toyote and Mrs. Seiko on whether they should take legal action against the directors.

[Total: 40 marks]

END OF QUESTION PAPER.