UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2024 SEMESTER

COURSE CODE	:	EIB20803
COURSE NAME	:	COMPANY LAW
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	4 FEBRUARY 2025
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 **ONE (1) Section; Section A**.
4. Answer **ALL** questions in **Section A**.
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 result to the unannotated **Companies Act 2016** while answering questions during the examination.

THERE ARE TWO (2) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 100 marks)

INSTRUCTIONS:

1. **Answer ALL questions.**
2. **Please write your answers in the answer booklet provided.**
3. **Students are allowed to refer to the unannotated Companies Act 2016 when answering their questions during the final examination.**

Question 1

Veritas Sdn Bhd is a construction company established by Misha and her three siblings. The company owns several assets, including a piece of land in Shah Alam. Recently, Veritas Sdn Bhd borrowed RM500,000.00 from Bank Garuda. The loan agreement was signed by Misha on behalf of the company. Misha assured the bank that the loan would be repaid through the sale of the land owned by the company. However, instead of selling the land, Misha transferred the land to another company, Diamond Estates Sdn Bhd, owned by her friend, without proper consideration. When Bank Garuda demanded repayment of the loan, Misha claimed that the company, not her personally, was liable for the debt.

a) Discuss the concept of "separate legal entity" and how it applies to Veritas Sdn Bhd.

(10 marks)

b) Examine whether Bank Garuda can lift the corporate veil to hold Misha personally liable for the company's debt.

(15 marks)

Question 2

La Mode Royale Sdn Bhd is a high-fashion and haute couture company founded by Zara, Ali, and Mei. The company's constitution explicitly states that its primary objective is "to produce and sell high-quality fashion products" and that decisions on significant changes to the business require approval through a special resolution. Recently, Zara proposed amending the company's constitution to include "investment in real estate" as an additional objective, arguing that this would diversify the company's income streams. Ali and the company's minority shareholders supported the said proposal. However, Mei opposed it, claiming it would divert resources away from the company's fashion business. The special resolution to amend the constitution was eventually passed at the general meeting. However, Mei believes the amendment was not made in good faith and intends to challenge it in court, arguing that the real motive was to benefit Zara's real estate company, which would manage the investments.

a) Explain the legal requirements for amending a company's constitution under the Companies Act 2016.

(10 marks)

b) Discuss whether Mei can challenge the amendment on the grounds of lack of good faith.

(15 marks)

Question 3

a) Azman is the newest member of Rekayasa Sdn Bhd, and he is still clueless on how resolution is reached in a company. Explain to him the difference between "written resolution", "ordinary resolution", and "special resolution".

(10 marks)

b) "It is the duty of an auditor to bear on the work he has to perform that skill, care, and caution which a reasonably competent, careful, and cautious auditor would use. What is the reasonable skill, care, and caution must depend on the particular circumstances of each case. An auditor is not bound to be a detective, or, as was said, to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watchdog, but not a bloodhound."

Re Kingston Cotton Mill (1896)

Explain the above quotation and support your explanation with a relevant provision from the Companies Act 2016.

(15 marks)

Question 4

a) What is your understanding of the term "director" in a company, and how would you differentiate between an "executive director" and a "non-executive director"? Provide examples, where necessary.

(10 marks)

b) Datuk Imran was the managing director of Merbau Sdn Bhd. In 2024, he was involved in a negotiation of contracts between Merbau Sdn Bhd and Cengal Sdn Bhd. The Board of Directors of Cengal Sdn Bhd felt that Merbau Sdn Bhd was not competent enough to undertake these contracts. They were, however, very impressed with Datuk Imran's performance during the negotiation and offered those contracts to him personally. Datuk Imran then resigned from Merbau Sdn Bhd and set up his own company. The Board of Directors of Merbau Sdn Bhd was frustrated when they discovered that Datuk Imran procured the contracts for himself and made profits out of this event. They have also discovered that while working with Merbau Sdn Bhd, Datuk Imran has used the company's fund for an insurance policy which has been subscribed in favour of his wife. Munirah, one of the members came to see you and seek your advice on these events.

(15 marks)

END OF EXAMINATION QUESTIONS