**ST MARY’S UNIVERSITY**

**TWICKENHAM, LONDON**

LLB, CRIMINOLOGY & BUSINESS LAW Degree Examination students registered for Level **FIVE**

Title: **Company Law & Corporate Governance**

Code: **LAW5017**

Semester: **One**

Date: **13th January 2020**

Time: **9:30 am – 11:30 am**

TIME ALLOWED: **TWO** HOURS

The examination for this module is open-book. This means you will be able to take into the exam an **unmarked** and **un-annotated** copy of Derek French’s, Blackstones Statutes on Company Law, 2019-20, OUP. **No other books or materials (including text books containing case law) will be allowed.**

This paper is in **THREE** parts. You must attempt all parts of the paper.

Part A contains 20 multiple choice questions. Each question carries equal marks and all questions must be answered. There is only one correct answer to each question in Part A. This Part is worth 20% of the final mark.

Part B contains **ONE** problem question. This question is a mandatory question and therefore must be answered. This part is worth 40%.

Part C contains four essay questions. You must attempt **ONE** question from this section. This part is worth 40% of the final mark. Each question carries equal marks.

PART A - MCQ’s

1. Which of the following was the ground used for lifting the veil of incorporation in the case of Gilford Motor Co Ltd v Horne (1933)?
   1. On the grounds of agency.
   2. In the interests of national security
   3. On the grounds the company is formed as a façade
   4. None of the above is correct
2. As a general rule, a company cannot acquire rights or obligations under a pre-incorporation contract. Is this true or false?
   1. True
   2. False
3. What is the peculiar feature of a floating charge which distinguishes it from a fixed charge?
   1. The company cannot continue to deal with the assets in the ordinary course of business
   2. The company can continue to deal with the assets in the ordinary course of business
   3. The company can dispose of assets with the permission of the creditors and shareholders
   4. None of the above are correct
4. It is not permitted for shares to be issued at a discount to their nominal value. Is this true or false?
   1. True
   2. False
5. There are no such things as ‘shareholders agreement’. Is this true or false?
   1. True
   2. False
6. Which of the following is correct?
   1. A non executive director is a full time director in a company
   2. There is no such thing as a shadow director
   3. De facto directors are properly appointed directors
   4. A de jure director is a properly appointed director
7. How much notice is required for the removal of a director by ordinary resolution?
   1. 14 days
   2. 21 days
   3. 28 days
   4. 7 days
8. Directors’ duties are to be found only in the body of case law and nowhere else. Is this true or false?
   1. True
   2. False
9. The UK’s approach to Corporate Governance has been rules based as opposed to principles based. Is this true or false?
   1. True
   2. False
10. Which of the following is correct?
    1. The minimum age for a director is 16 years of age
    2. The minimum age of a director is 18 years of age
    3. The minimum age of a director is 21 years of age
    4. None of the above are correct
11. Which of the following business does not have a separate legal personality?
    1. The Limited Liability Partnership
    2. The General Partnership
    3. The Private Company Limited by shares
    4. The Public Company Limited by shares
12. In order to amend a company’s articles of association special resolution is required. Is this true or false?
    1. True
    2. False
13. The Corporate Manslaughter and Corporate Homicide Act 2017 imposes liability for corporate manslaughter based upon the identification doctrine. Is this true or false?
    1. True
    2. False
14. A company can never be created by Royal Charter. Is this true or false?
    1. True
    2. False
15. Directors can bind a company to a transaction that they have entered into on the grounds of apparent authority. Is this true or false?
    1. True
    2. False
16. When a company acts for a purpose outside its objects the contract is said to be:
    1. Intra vires
    2. Ultra Vires
    3. Permitted
    4. None of the above
17. Written resolutions can be passed by public companies limited by shares. Is this true or false?
    1. True
    2. False
18. A member of the company can bring a claim on behalf of the company in respect of a right to sue which the company has. Is this true or false?
    1. True
    2. False
19. A floating charge always ranks higher than a fixed charge. Is this true or false?
    1. True
    2. False
20. Partnership property does not belong to individual partners. Rather it belongs to all of the partners who hold it on trust for each other.
    1. True
    2. False

Part B

This question must be answered.

James is the managing director of A Ltd, a company that specialises in the sale of iron. He is under a service contract of six years’ duration. James is approached by Bena; a representative for B Ltd. Bena has asked James if he wishes to purchase a consignment of iron. James agrees to purchase this. Elizabeth is a director of A Ltd. Elizabeth is a director of B Ltd also, but has not declared this to anyone in A Ltd.

Elizabeth has recently been offered 100 shares in B Ltd if she helps with any contracts with A Ltd.

Discuss the legal issues that arise.

Part C

1. Critically explain the value in lifting the veil of incorporation in appropriate circumstances.
2. Do you think the UK’s approach to Corporate Governance is a suitable model? Explain your answer.
3. Explain the different types of shares that a company can issue to prospective shareholders. What are the differences between share capital and loan capital?
4. Analyse the nature of and effect of the articles of association.

**END OF EXAMINATION**