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: **Resit**

Date: **1st July 2019**

Time: **09:30 -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, 2015-16, 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 from this part. 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 and ONE must be answered. Each question carries equal marks.

You must attempt ONE question from this section. This part is worth 40% of the final mark.

Part A

1. In the absence of agreement to the contrary, s.24 of the Partnership Act 1890 sets out nine terms which are implied into the contract which the partners make. True or False?
   1. True
   2. False
2. The maximum number of partners permitted in a traditional partnership is 20. True or False?
   1. True
   2. False
3. In the case of Macaura v Northern Assurance Ltd [1925] AC 619 (House of Lords) it was held that Macaura could not claim on the insurance policies because he had no insurable interest in the timber. True or False?
   1. True
   2. False
4. A company does not come into existence until the Registrar of Companies issues its certificate of incorporation. True or False?
   1. True
   2. False
5. Promoters of companies are not fiduciaries and do not owe duties of loyalty and good faith to thee company. True or false?
   1. True
   2. False
6. Which of the following is incorrect?
   1. A company is a legal person and has its own identity
   2. Members of companies are not liable to pay the companies debts
   3. A company can never be guilty of a crime
   4. A company can be guilty of a crime
7. Which of the following is incorrect?
   1. There are no special qualification to hold office as a director
   2. A director must be at least 16 years of age
   3. Directors are subject to a range of statutory duties
   4. A director must be at least 18 years of age
8. The powers of the directors will not be contained in the company’s articles of association. True or false?
   1. True
   2. False
9. Which of the following is incorrect?
   1. Share Capital is not the same as Loan Capital
   2. There are a number of rules that apply to companies to ensure the maintenance of capital levels
   3. The Companies Act 2006 does not require every share to have a fixed nominal value
   4. A company can have different classes of shares.
10. There are no such things as pre-emption rights when it comes to shares. True or False?
    1. True
    2. False
11. There is no such thing as a derivative action. True or False?
    1. True
    2. False
12. Which of the following is not one of the 3 characteristics of a floating charge according to Romer J in the case of Re Yorkshire Woolcombers’ Association Ltd [1903] 2 Ch 284?
    1. It is a charge on a fixed asset, present and future
    2. It is a charge on a class of assets, present and future
    3. The class is one in which , in the ordinary course of the company’s business, would change from time to time
    4. It is contemplated that the company will carry on business in the ordinary way as far as far as the particular class of assets charged
13. A private company is required by law to have an AGM. True or False?
    1. True
    2. False
14. The rule in Foss v Harbottle provides that only a company can sue in respect of a wrong done to that company. True or false?
    1. True
    2. False
15. There is no real difference between the liquidation of a company and when a company goes into administration. True or False?
    1. True
    2. False
16. The Limited Liability Partnership does not have a separate legal personality. True or False?
    1. True
    2. False
17. A Sole trader is an example of an unincorporated business. True or False?
    1. True
    2. False
18. The Insolvency Act 1986 applies to LLP’s in the same way that it applies to companies. True or False?
    1. True
    2. False
19. Which of the following is correct?
    1. The affairs of the general partnership are completely private
    2. Individuals and companies are taxed in the same way.
    3. Companies do not continue in existence until they are wound up
    4. Upon liquidation the liquidators remuneration and the costs of winding up are paid at the end.
20. Which of the following is correct?
    1. The Companies Act 2006 has been repealed by the Companies Act 2008
    2. The Companies Act 2006 runs alongside the Companies Act 1985 and 1989
    3. The Companies Act 2006 is the main piece of legislation that deals with the regulation of companies.
    4. None of the above are correct

**Part B**

James wishes to set up a business called X Ltd. He wishes to be the sole director of the said company and specialise in the sale of cars. He wishes to trade with a company called A Ltd which specialises in the sale of cars also but he is also a director of A Ltd and has 600 shares in the company.

Elizabeth is the director of Bilbo Ltd and whilst negotiating on behalf of Bilbo Ltd with B Ltd she has been asked if she would like to trade with B Ltd by setting up her own company. Elizabeth has given much thought to this and finally decides that she would like to make the most of this opportunity. She tenders her resignation to Bilbo Ltd and sets up a company y herself and takes up the contract with B Ltd.

Advise X Ltd and B Ltd.

**Part C**

1. Provide an analysis of the Corporate Governance provisions and explain how, if at all, the complement the rules that apply in Company Law.
2. Critically explain the importance of the articles of association.
3. Provide an analysis of the case of Adams v Cape Industries plc [1990]CH 433.
4. Critically explain the different ways in which a company can raise capital.

**END OF EXAMINATION**