ST MARY’S UNIVERSITY

TWICKENHAM, LONDON

LLB LAW, LLB LAW WITH CRIMINOLOGY, BUSINESS LAW Degree Examination students registered for

Level **FIVE**

Title: **Company Law and Corporate Governance**

Code: **LAW5017**

Semester: **ONE**

Date: **January 11th 2019**

Time: **9:30 – 11:30AM**

TIME ALLOWED: **TWO** HOURS

This paper has 3 parts.

Part A has 20 multiple choice questions and all questions must be answered. Part B has **ONE** problem question and this must be answered. Part C has FOUR essay questions and students must answer **ONE** question.

Part A counts for 20% of the mark for the exam, Part B for 40% and Part C for 40%.

Please write your answers for all parts of this exam paper into the answer booklet provided.

**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 Derek French’s, Blackstones Statutes on Company Law, 2018-19, OUP*.* No other books or materials (including text books containing case law) will be allowed.**

**Part A**

All 20 of these Multiple choice questions must be answered in the answer booklet.

1. Which of the following is correct?
   1. A corporation is brought into being by operation of fact
   2. A corporation is brought into being by operation of law
   3. A corporation does not have its own legal personality
   4. A corporations members will always have unlimited liability
2. Which of the following is incorrect?
   1. Limited Liability Partnerships are governed by the Limited Liability Partnerships Act 2000
   2. A Limited Liability Partnership must be registered with the consent of the Registrar of Companies
   3. Although a Limited Liability Partnership is incorporated it is still treated as a partnership for the purposes of tax
   4. The Limited Liability Partnership does not have to present its annual audited accounts to the Registrar of Companies
3. The veil of incorporation is such that it prevents the members of the company from being held responsible for the company’s liabilities. True or False?
   1. True
   2. False
4. A promoter is never likely to be liable on a pre-incorporation contract that they have entered into on behalf of an unformed company. True or False?
   1. True
   2. False
5. The purpose of the memorandum of association is to state the intention of the subscribers to create a company and to become members of that company. True or False?
   1. True
   2. False
6. Which of the following is correct?
   1. All charges issued to secure debentures have to be registered with the Registrar of Companies within 21 days of creation
   2. All charges issued to secure debentures have to be registered with the Registrar of Companies within 28 days of creation
   3. All charges issued to secure debentures have to be registered with the Registrar of Companies within 14 days of creation
   4. All charges issued to secure debentures have to be registered with the Registrar of Companies within 7 days of creation
7. A private company must have atleast 2 directors. True or False?
   1. True
   2. False
8. In the case of Hogg v Cramphorn it was held that there was a misuse of directors powers. True or False?
   1. True
   2. False
9. A director of a company can be removed by ordinary resolution with special notice in accordance with s.168 of the Companies Act 2006. True or False?
   1. True
   2. False
10. Which of the following is correct?
    1. All private companies must have a company secretary
    2. All public companies must have a company secretary but they do not have to be appropriately qualified
    3. All public companies must have a company secretary and they must be appropriately qualified
    4. None of the above are correct
11. All private companies must have an Annual General Meeting. True or False?
    1. True
    2. False
12. What is a ‘Quorum’?
    1. The minimum number of people who must be present to enable the business of the meeting to be valid
    2. The minimum number of people needed to decide on a matter that arises in the memorandum of association
    3. The maximum number of people who must be present to enable the business of the meeting to be valid
    4. None of the above are correct.

1. Which of the follow is incorrect?
   1. Section 260 CA 2006 states that a member may issue a claim against a director of a company if there is an “actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director.”
   2. In order to take action under s.994 of the Companies Act 2006 the petitioner must be a member of the company.
   3. Shareholders may not be able to bring a derivative action to protect the company
   4. None of the above are incorrect
2. Provided the articles do not state to the contrary, a person may be both an employee and director of the company. True or False?
   1. True
   2. False
3. There are no such shares as redeemable shares. True or False?
   1. True
   2. False
4. The articles of association:
   1. Are solely the constitution of the company
   2. Are not the constitution of the company
   3. Are no longer important
   4. Are the constitution of the company together with any special resolutions and shareholder agreements amending them
5. The promoters of the company are the people who normally set up the company. True or False?
   1. True
   2. False
6. A private company needs a trading certificate before it can start trading. True or False?
   1. True
   2. False
7. A public company normally must always be listed on the stock market. True or False?
   1. True
   2. False
8. The members of a company limited by shares have limited liability and this limited liability is always intact and can never be removed. True or false?
   1. True
   2. False

**Part B**

Jeremy is the managing director of A Ltd, having served the company for 10 years in his role. Jeremy is aware of an attempt by X Ltd to take over A Ltd. Jeremy has tried his best to convince other company members that this is not a good move and that it should not be permitted. Jeremy genuinely believes that this is not in the best interests of A Ltd. Jeremy decides to issue 5000 additional shares to a trust that was made up of employees in an attempt to prevent the take over from taking place.

Jeremy has also entered into a contract with B Ltd for the purchase of a batch of computers for A Ltd. Noone at A Ltd is aware that Jeremy is also a director in B Ltd.

Critically discuss whether Jeremy has breached any of his duties as director of A Ltd.

**Part C**

1. Analyse the rules that apply to floating and fixed charges.
2. Account for the changes made to corporate governance provisions since the Cadbury Report.
3. Why do you think it is necessary to allow the lifting of the veil of incorporation? Explain your answer. Are there any dangers of doing this?
4. Distinguish between the public and private company and explain why you think there are differences between the two.

**END OF EXAMINATION**