



CHARTERED TAX INSTITUTE OF MALAYSIA (225750 T)
(Institut Percukaian Malaysia)

PROFESSIONAL EXAMINATIONS

FINAL LEVEL

COMPANY & BUSINESS LAW

JUNE 2017

Student
Registration No.

Date

Desk No.

Examination Centre

Time allowed: 3 hours

INSTRUCTIONS TO CANDIDATES

1. You may answer this paper **EITHER** in English **OR** in Bahasa Malaysia. Only **ONE** language is to be used.
2. This paper consists of **TWO** sections, **SECTION A** contains **THREE** Questions and **SECTION B** contains **THREE** Questions.
3. Answer **FIVE** Questions. **TWO** Questions from each section and **ONE** from either **SECTION**.
4. Each answer should begin on a separate answer booklet.
5. All your answers should be written in either black or blue ink.
6. No Question paper or answer booklet is to be removed from the examination hall.

DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR

SECTION A
COMPANY LAW

Question 1

Jennifer has just joined as a management trainee in a public company listed on the main board of Bursa Malaysia Securities Berhad. The company is diversified in its business operations and being a conglomerate has many companies under its Group of Companies. Jennifer seeks your assistance on the following:

- (a) Briefly explain to Jennifer the definition of the following companies under the Companies Act 1965.
- (i) **Holding and subsidiary companies;** (2 marks)
 - (ii) **Ultimate holding company;** (2 marks)
 - (iii) **Wholly owned subsidiary;** (2 marks)
 - (iv) **Exempt Private Company;** and (2 marks)
 - (v) **Company limited by guarantee.** (2 marks)
- (b) Briefly explain further to Jennifer what the following capital and shares mean:
- (i) **Nominal capital** (2 marks)
 - (ii) **Issued capital** (2 marks)
 - (iii) **Ordinary shares** (2 marks)
 - (iv) **Preference shares** (2 marks)
 - (v) **Redeemable preference shares** (2 marks)

[Total: 20 marks]

Question 2

Michael, Robert and Matthew had just formed a public company. They were informed by the company secretary on the need for the company to have a Statutory Meeting, the Annual General Meeting and the company's Ordinary Shareholders Meeting. The company secretary further explained that these meetings were held from time to time throughout the year to seek shareholders' approval on certain company matters.

Michael, Robert and Matthew would like to seek your assistance to explain to them based on the Companies Act 1965, the:

- (a) **Statutory Meeting and the contents of the statutory report** (10 marks)
- (b) **Annual General Meeting and the matters or business to be carried out at an Annual General Meeting** (10 marks)

[Total: 20 marks]

Question 3

- (a) **State the ways in which a company may be dissolved.** (5 marks)
- (b) **State five (5) grounds on which an order may be made by the court for the compulsory winding up of a company.** (10 marks)
- (c) **What consequences would a company face in the event of a petition being made to the court for its compulsory winding up?** (5 marks)

[Total: 20 marks]

SECTION B

BUSINESS LAW

Question 4

On 3rd May 2016, Ah Chong wrote to Ben that he wanted to sell to Ben his yacht, for RM1 million. The letter expressly stated that if Ben did not reply by 10th May 2016, he was deemed to have accepted the offer. On 9th May 2016, Ah Chong sent a letter to Ben withdrawing his offer. On 10th May 2016 Ben posted a letter to Ah Chong accepting Ah Chong's offer. Ah Chong's letter of withdrawal reached Ben on 11th May 2016. Ben's letter of acceptance reached Ah Chong on 12th May 2016. Ben wishes to know whether there is a valid contract between him and Ah Chong for the sale and purchase of the yacht.

Advise Ben under the Law of Contract.

[Total: 20 marks]

Question 5

- (a) On the 1st November 2014 the accounting firm of Smith and Associates entered into an agreement with a building contractor to renovate their office. On the 1st January 2015, Azman joined the firm as a partner. He signed a partnership agreement which amongst others, states that he agrees to be liable for the existing debts of the partnership at the time of his admission. Azman however, never read the agreement prior to signing it. The firm later faced some financial difficulties and failed to pay the building contractor. The contractor sues the partnership as a whole as well as the individual partners, including Azman.

Advise Azman, whether he is liable for this particular debt of the firm. (10 marks)

- (b) **State two (2) methods where a partnership may be dissolved by operation of law (unless otherwise agreed by the partners).** (10 marks)

[Total: 20 marks]

Question 6

In the Sale of Goods Act, the general rule is that, no one can give a better title than he has himself:

- (i) **Explain the general rule above.** (10 marks)
- (ii) **State three exceptions under this rule.** (10 marks)

[Total: 20 marks]

(END OF QUESTION PAPER)