



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

PROFESSIONAL EXAMINATION

FINAL LEVEL

COMPANY & BUSINESS LAW

DECEMBER 2021

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** sections.
3. Answer **FIVE** questions. **TWO** questions from each section and **ONE** from either section.
4. Each answer should begin on a separate answer template.

DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR

SECTION A
COMPANY LAW

Question 1

Ah Chong, Muthu, Kassim and Bernard are intending to go into poultry and vegetable farming on a large scale, as they just obtained a grant from the government on their proposed plan. They intend to form a public company and are hoping to list the company within the next five (5) years in Bursa Malaysia. They have consulted some professional financial consultants on how they could possibly raise further capital and at the same time maintain control of their proposed company. They have now approached you and seek further clarification on the following matters:

Required:

- (a) In a legal sense what actually are shares? (10 marks)
- (b) Briefly state and explain the various types of shares a company may possibly issue. (5 marks)
- (c) In what ways, issued shares will be significant to a shareholder of a company? (5 marks)

[Total: 20 marks]

Question 2

Jennifer has just completed her business degree at University of Edinburgh, England. While pursuing her degree, she became very passionate when studying company law in her business degree programme. While studying company law, her company law lecturer told the class that the role of company secretaries nowadays in a corporate organisation is an important one. As professionals, company secretaries are very much in demand and are well paid, as the job and responsibilities required of them are rather demanding. The senior management of a company is very much dependent on the company secretary, so as to ensure that the company is in compliance with the requirements of the Companies Act and/or such other statutory or regulatory requirements affecting a company. Upon her return to Malaysia, Jennifer intends to find out further details on the requirements, qualifications and the role and duties of a company secretary in Malaysia.

Required:

With reference to the Companies Act 2016, advise her on the following:

- (a) Who can be a company secretary? (5 marks)
- (b) How is the appointment of a company secretary made and whether she could resign from the position, if for some reason she changes her mind to pursue some other vocation? (10 marks)
- (c) State five (5) key duties of a company secretary. (5 marks)

[Total: 20 marks]

Question 3

Perempah Construction Bhd's ("PCB") shareholders' fund as at 30 June 2021 consisted of a paid up capital of RM100 million and further reserves amounting to RM30 million. The company's business operations were basically funded by unsecured bank borrowings by three (3) major banks. PCB was doing well until the onset of the Covid 19 pandemic in early 2020. The said pandemic drastically affected its construction business and the company had to take serious cost cutting measures by laying off many of its foreign workers etc.

Nonetheless, the prolonged effect of the Covid 19 pandemic resulted in PCB not being able to fulfill its monthly principal and interest payments to the banks concerned. The Board of Directors of PCB is very positive about its business prospects and are confident that the company will do well, once the Covid 19 pandemic is contained.

Required:

The Board of Directors have approached you and seek your advice on how the company can protect itself from any possible legal action or winding up proceedings that may be commenced by any or all of the said three (3) major banks concerned.

Explain the possible rescue plan and the general procedure for effecting the same to the Board of Directors of PCB.

[Total: 20 marks]

SECTION B
BUSINESS LAW

Question 4

Arnold, Becky and Charlie are gym instructors. They plan to open a gym and want the business to be registered as a limited liability partnership (“LLP”).

Required:

Explain FIVE (5) advantages of setting up a business as an LLP.

[Total: 20 marks]

Question 5

Swinging Sisters Sdn Bhd sells sewing machines on cash terms and on hire-purchase. Mrs Chong, bought a brand-new sewing machine from Swinging Sisters Sdn Bhd on hire purchase. When Mrs Chong, a housewife, tried to sew a silk blouse for her daughter’s birthday, the sewing machines punctured holes into the silk material instead of sewing the pieces of cloth together.

Required:

Advise Mrs Chong as to her rights under the law of hire-purchase.

[Total: 20 marks]

Question 6

Which of the following are “goods” governed by the Sale of Goods Act 1957 and provide reasons?

- (a) A new Proton Saga car purchased from a car showroom.**
- (b) A flat purchased from the owner.**
- (c) A Samsung Tablet purchased from a departmental store.**
- (d) A bungalow with a swimming pool.**

[Total: 20 marks]

(END OF QUESTION PAPER)