



جامعة السلطان الشريف علي الإسلامية
UNIVERSITI ISLAM SULTAN SHARIF ALI
SULTAN SHARIF ALI ISLAMIC UNIVERSITY

Faculty of Shariah and Law
Semester I, 2015/2016 Academic Session
Examination Question Paper

Course Code : LB 3305

Course Name : Company Law I

**Course Level : Bachelor of Laws (LL.B) & Bachelor of
Shariah Law (BSL)**

Time : 3 hours

Note (s):

1. Answer any **FOUR** of the following questions.
2. Support your answers with relevant statutory provisions and decided cases.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

QUESTION 1 (15 Marks)

Arthur and Bill decide to form a company, Arbill Bhd to carry on the business of manufacturing and distributing skiing equipment. Solicitors were instructed to proceed with registration of the company. But before the company was registered, Arthur and Bill set about making preparations. Arthur arranged for a loan of BND1,000,000 to be transferred to the company when formed and Bill ordered 'for the benefit of the prospective Arbill Bhd', 50 tons of steel costing BND 40,000. Bill also agreed to purchase premises, as the company's factory for BND 25,000, paying a deposit from his own resources of BND 2,500. All these transactions took place in January and February 2012. Later the company was registered with Arthur and Bill as the sole shareholders and directors. At the first shareholders meeting, a resolution was passed by the company ratifying all pre-incorporation contract and at the second meeting a resolution was passed ratifying the receipt by Arthur and Bill in their own names and for their own benefit, the company having no interest therein, of profit totaling BND 50,000 arising from the purchase and sale of land adjoining the company's factory. In May 2012, the company having been very badly managed went into insolvent liquidation.

Discuss the following:

a) The bank wishes to recover its loan of BND 1,000,000.

(4 marks)

b) The steel has not yet been delivered, but the suppliers are anxious to do so since the price of steel has dropped substantially after conclusion of the contract with Bill.

(4 marks)

c) The premises which were agreed to be purchased as the company's factory have risen steeply in value. The vendor wishes to avoid the obligation of completing the transaction by conveying the land. Bill on the other hand, is anxious to take transfer of the land in his own name, while the liquidator is claiming the land for the company.

(4 marks)

d) The liquidator is anxious to recover the BND 50,000 taken by Arthur and Bill as profit from the purchase and sale of the adjoining property.

(3 marks)

QUESTION 2 (15 Marks)

a) Explain the roles and duties of a director. What do you understand by the expression “fiduciary duties” in the context of being a director of a company? Discuss.

(10 marks)

b) “A director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience.”

Explain. Does the law recognize any exceptions to director’s duty to take care?

(5 marks)

QUESTION 3 (15 Marks)

a) Discuss about the Memorandum of Association. Whether it can be altered and if so, how and to what extent?

(10 marks)

(b) Alcatel, Nokia, and Motorola wish to set up a private company to run the business of telecommunication in Brunei Darussalam. They are however uncertain as to whether they should set it up as a private limited company or a partnership firm.

Advise them.

(5 marks)

QUESTION 4 (15 Marks)

(a) Who is a promoter?

Discuss pre –incorporation contracts. What is the position of promoters as regards pre-incorporation contracts?

(10 marks)

(b) Explain the Doctrine of “*ultra vires*”.

(3 marks)

(c) A husband and wife, who were the only two members of a private company, are dead in an air crash. Does the company also dies with them?

(2 marks)

QUESTION 5 (15 Marks)

Write short notes on any three (3) of the following:

- (a) Duties of a company auditor
- (b) Lifting of corporate veil
- (c) Articles of Association
- (d) Criminal liability of a company
- (e) Duties of a company secretary

(5 marks each)

QUESTION 6 (15 Marks)

a) What are the various kinds of meetings of a company?

(6 marks)

b) What do you understand by a quorum? Must a quorum be present throughout a meeting? What is procedure if a quorum is never formed?

(4 marks)

c) S, a shareholder, after appointing P as his proxy at a meeting of the company, he himself attended the meeting and voted on a particular resolution. P, thereafter, claimed to exercise his vote. What is the position of his claim?

(5 marks)

بالتوفيق والنجاح