

Fundamentals Level – Skills Module

# Corporate and Business Law (Malta)

Tuesday 4 December 2007

**Time allowed**

Reading and planning: 15 minutes

Writing: 3 hours

ALL TEN questions are compulsory and MUST be attempted.

**Do NOT open this paper until instructed by the supervisor.**

**During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.**

**This question paper must not be removed from the examination hall.**

The Association of Chartered Certified Accountants

The Malta Institute of Accountants



# Paper F4 (MLA)

**ALL TEN questions are compulsory and MUST be attempted**

- 1 In relation to the Maltese legal system, explain the rules commonly applied by the courts in interpreting legislation.**

**(10 marks)**
- 2 In terms of contract law, explain the internal requisite of subject matter which is essential for the validity of a contract.**

**(10 marks)**
- 3 In terms of the provisions on commercial partnerships, explain and distinguish between the modes of dissolution of partnerships *en nom collectif* and of partnerships *en commandite*.**

**(10 marks)**
- 4 In terms of the provisions of the Companies Act, 1995:**

  - (a) define a company officer; and** **(3 marks)**
  - (b) explain the procedure for the removal of an auditor.** **(7 marks)**

**(10 marks)**
- 5 In terms of the Companies Act, 1995, explain the procedure for decisions of an ordinary and extraordinary nature to be taken at general meetings of shareholders of companies.**

**(10 marks)**
- 6 In terms of the Employment and Industrial Relations Act, 2002, explain the rights afforded to employees to ensure due payment and receipt of their wages.**

**(10 marks)**
- 7 In terms of the Companies Act, 1995, explain and distinguish between wrongful and fraudulent trading.**

**(10 marks)**

- 8 Jason is looking to purchase a 52 inch television. His friend Michael owns an electronic store and offers to sell him a television set having the required screen size for a particular price. Jason decides to take some further time to decide and see if he can obtain a further reduced price from another outlet. He subsequently receives a letter from Michael requesting that he take delivery of the television within a period of 15 days and that he pay the relative price he had offered him.

**Required:**

- (a) Explain whether the offer made by Michael has all the requisites for it to be deemed a valid offer made to Jason. (5 marks)
- (b) Explain whether the purported sale between Michael and Jason is deemed legally concluded. (5 marks)

**(10 marks)**

- 9 The statutory documents of a company, QU Limited, provide for two classes of shares, with each class of shareholders having the right to appoint up to two directors on the board of directors. The class A shareholders hold a majority of the issued shares and are to resolve that the rights of the class B shareholders be modified and shall only have the right to appoint one director.

**Required:**

**Explain whether the holders of the class A shares can unilaterally resolve to vary the rights attached to the class B shares.**

**(10 marks)**

- 10 The directors of XYZ Limited have resolved that the company is in a critical financial situation and shall soon be unable to pay its debts. The company should be able to recover its financial stability within the short-term.

**Required:**

**Advise the directors of XYZ Limited:**

- (a) whether they may apply for corporate recovery in terms of the provisions of the Companies Act, 1995; and (5 marks)
- (b) the role of the special controller in such a procedure. (5 marks)

**(10 marks)**

**End of Question Paper**