

Fundamentals Level – Skills Module

Corporate and Business Law (Hong Kong)

Tuesday 3 June 2008

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

Paper F4 (HKKG)

The ACCA logo consists of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black rectangular background.

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the Hong Kong Special Administrative Region ('the Region'), explain the importance of the Basic Law to the Region.** (10 marks)
- 2 In relation to the Partnership Ordinance (Cap 38), explain the duties owed by a partner to the other partners of a partnership.** (10 marks)
- 3 In relation to the Employment Ordinance (Cap 57), explain the following:**
- (a) A continuous contract and its importance.** (4 marks)
 - (b) The difference between the termination of employment contracts by choice and by breach.** (6 marks)
- (10 marks)
- 4 In relation to the law of tort, explain the following terms:**
- (a) The tort of 'passing off' regarding the use of the name of a company.** (5 marks)
 - (b) Causation.** (5 marks)
- (10 marks)
- 5 In relation to corporate governance and the duty of disclosure under s.341 of the Securities and Futures Ordinance (Cap 571):**
- (a) Explain the duty of disclosure.** (4 marks)
 - (b) Explain the persons being bound by the duty of disclosure.** (5 marks)
 - (c) State the consequence of failing to fulfil the duty of disclosure.** (1 mark)
- (10 marks)
- 6 In relation to company law:**
- (a) Explain and distinguish between an annual general meeting and an extraordinary general meeting.** (6 marks)
 - (b) Explain what is a share.** (4 marks)
- (10 marks)

7 In relation to company law:

(a) Explain the memorandum and articles of association of a company and the interrelationship between them. (4 marks)

(b) State and explain the compulsory clauses in the memorandum. (6 marks)

(10 marks)

8 Brian is Paul's father. In January this year, Paul orally agreed with Brian to decorate Brian's apartment at cost. Subsequently, they signed a written agreement, which reflected all the terms that they had agreed. In April, Paul completed the decoration. However, Brian has refused to pay to Paul the cost.

Required:

In relation to contract law, advise Paul as to whether he can commence legal action against Brian to recover the cost.

(10 marks)

9 Daniel had been the owner of a restaurant, which is named Daniel Restaurant, before he sold the restaurant to Eddy two years ago ('the sale').

Ever since the restaurant started business, all the food of the restaurant has been supplied by Mary. Mary has only dealt with Daniel regarding the sale and the settlement of the price relating to the food supplied to the restaurant.

After the sale, Daniel continued to work in the restaurant in the same way as he used to do. The name of the restaurant remained the same as before and Daniel was still the holder of the business certificate and the licence of the restaurant.

Last week, the restaurant failed to settle the price for some of the food. Mary had no knowledge that the business of the restaurant had changed hands and that Eddy was the true owner of the restaurant ('the facts') until Daniel told her the facts this morning for the first time.

Required:

In relation to agency law, advise Mary as to the proper persons against whom legal action may be commenced for the recovery of the price.

(10 marks)

10 Allan, Beauty and Collins were partners of a partnership before they incorporated ABC Ltd to replace the business of the partnership. They are the directors and the shareholders of the company, and each of them holds one third of the company's shares. The company adopts Table A of the Companies Ordinance (Cap 32) as its articles of association.

About one month ago, by a properly convened shareholders' meeting, it was resolved that Beauty and Collins were to take full responsibility for the management of the company. The resolution was objected to by Allan when it was passed.

Required:

Advise Allan as to whether any unfairly prejudicial conduct has been committed by Beauty and Collins.

(10 marks)

End of Question Paper