



# STAMFORD COLLEGE

## DIPLOMA IN CORPORATE ADMINISTRATION (SEMESTER 6)

### DCA 212: CORPORATE COMPLIANCE AND PRACTICE

**Date : 22 May 2008 (Thursday)**

**Time : 2.30 PM – 4.30 PM**

**Duration: 2 hours**

#### Instructions to Candidates



Question 1 in Section A is compulsory. Answer TWO out of FOUR questions in Section B.

Please ensure that this examination paper contains FIVE questions on TWO printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Write your Examination Index Number on each page of your answer booklet.

## SECTION A

### Question 1 (Compulsory)

With reference to cases such as *Salomon v Salomon & Co* (1897), *Macaura v Northern Assurance Co* (1925), and *Lee v Lee's Air Farming* (1961), critically explain the doctrine of separate legal entity in Company Law.

(Total = 10 marks)

## SECTION B

Answer TWO out of FOUR questions.

### Question 2

- (a) The objects clause of Make Money Bank Bhd provides that:
- (i) the business of the company shall be to provide various forms of financial services to the public.
  - (ii) to carry on business as bankers, capitalists, financiers, concessionaires and merchants... and generally to undertake and carry out all such obligations and transactions as an individual capitalist may lawfully undertake and carry out.

The directors of the company (Make Money Bank Bhd) decided, in the best interest of the company, to venture into a lucrative car dealership business, after obtaining the sole dealership status to distribute Opel vehicles in Malaysia from the parent company in Germany. Unfortunately, the car market was severely hit by a recession and the venture was a total failure. As a result, Make Money Bank Bhd lost a total of RM 20,000,000.

Discuss whether the car dealership business is ultra vires to the objects clause of the company.

(10 marks)

- (b) What do you understand by the memorandum of association and the articles of association?

(10 marks)

(Total = 20 marks)

### Question 3

The directors of a company enjoy considerable managerial autonomy and the company in general has relatively little control over directors in the exercise of their management powers. As such, it is imperative that there must be some form of control over the nature and scope of directors' duties.

With reference to the above, critically analyse the various forms of duties which a director owes to his company.

(Total = 20 marks)

### Question 4

(a) Explain the case of Foss v Harbottle (1843) and the rule enunciated in this case.

(10 marks)

(b) What is the difference between a fixed charge and a floating charge?

(10 marks)



### Question 5

Advise Ali as to the following:

(a) the merits and demerits of forming a company in contrast to remaining as a sole trader or a partnership.

(10 marks)

(b) the characteristics of a private limited company in contrast to a public limited company.

(10 marks)

(Total = 20 marks)

**-END OF PAPER-**