

**THE COUNCIL OF COMMUNITY COLLEGES OF JAMAICA****BACHELOR OF SCIENCE EXAMINATION****SEMESTER II – 2019 MAY****PROGRAMME: BUSINESS ADMINISTRATION****COURSE NAME: COMPANY LAW****CODE: CLAW3501****YEAR GROUP: THREE****DATE: WEDNESDAY, 2019 MAY 08****TIME: 9:00 A.M. – 11:00 A.M.****DURATION: 2 HOURS****EXAMINATION TYPE: FINAL***This Examination Paper has 4 Pages***INSTRUCTIONS:**

- 1. ANSWER ALL QUESTIONS FROM SECTION A**
- 2. SECTION B CONSISTS OF FOUR (4) QUESTIONS. ANSWER ANY TWO (2)**

**DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO**



## SECTION A

**Instruction:** Answer ALL questions from this section in the booklet provided.

- A. The main business of Little Rock Properties Limited is the acquisition, development and sale of residential real estate. The company has five directors. At a board meeting held on September 27, 2017 a proposal was presented for the purchase of a piece of land in an area adjoining an inner-city community. The price was low, but the location was felt to be averse to the development and easy sale of houses and as a consequence the board decided not to approve the purchase of land. On November 5, 2017 the land was bought by David and Samson, two of the directors of Little Rock Properties Limited and resold on December 30, 2017 at a profit of two million dollars. Having learnt of the actions of the board and the two directors, the shareholders of Little Rock Properties Limited are upset. They wish to know whether there has been any breach of fiduciary duty by the board of directors in failing to approve the purchase of the land and/or by David and Samson in respect of the purchase and sale of the property by them and, if so, what remedies they have against them.

Advise the shareholders.

(13 marks)

- B. Pop Inc. is a successful; private company engaged in the manufacture and retail of steel pans. Its board of directors consist of Lucy, Mary and Jane. In 2018 Lucy on behalf of Pop Inc., enters into a contract with Iron Works Ltd to acquire one thousand oil drums. These oil drums however are inferior quality and it has since been discovered that Lucy is a substantial shareholder of Iron works Ltd.

Advise Pop Inc.

(7 marks)

(Total 20 marks)

END OF SECTION A



## SECTION B

**Instruction:** In the booklet provided, answer any **TWO (2)** questions from this section.

### Question 1

- A. Critically evaluate **TWO (2)** remedies available to a debenture holder where a company has defaulted on the debt covered by the debenture. (12 marks)
- B. Describe any **TWO (2)** classes of shares that may be held in a limited liability company. (10 marks)
- C. Describe **TWO (2)** differences between a fixed and a floating charge as the term is used in company law. (8 marks)

**(Total 30 marks)**

### Question 2

- A. Define partnership deed. (5 marks)
- B. Explain **THREE (3)** grounds for dissolution of a partnership. (15 marks)
- C. Discuss **FOUR (4)** differences between a Sole Proprietorship and a Partnership. (10 marks)

**(Total 30 marks)**

### Question 3

Jackie and Simon run the Fabulous Hair Day Hairdressing Salon, which is prospering. They would like to expand their premises and staff and hope ultimately to open other salons in different locations. They are debating whether to continue to trade as a partnership or set up a limited company.

- A. Advise Jackie and Simon of the differences between a partnership and a limited company. (20 marks)
- B. Jackie and Simon have heard about statutory meetings and would like you to explain what it means. (5 marks)
- C. State which business form you would choose and why? (5 marks)

**(Total 30 marks)**



**Question 4**

- A. Discuss **FOUR (4)** obligations of a company in respect to holding Annual General Meetings, and the rules applicable to notices of such meetings? **(12 marks)**
- B. Describe the following:  
i. Ordinary resolution  
ii. Extraordinary resolution  
iii. Special resolution **(9 marks)**
- C. Discuss the roles of the Chairman in an Annual General Meeting. **(9 marks)**
- (Total 30 marks)**

**END OF EXAMINATION**