

Fundamentals Level – Skills Module

Corporate and Business Law (Vietnam)

Monday 9 June 2014



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 Ministry of Finance of the Socialist Republic of Vietnam

Paper F4 (VNM)

ACCA

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the Vietnamese Constitution:**
- (a) Explain the structure of the Government. (2 marks)
 - (b) Explain the powers and duties of the Government. (8 marks)
- (10 marks)**
- 2 In relation to the law of obligations, describe FIVE methods of securing obligations.**
- (10 marks)**
- 3 In relation to limited liability companies:**
- (a) Explain the main characteristics of a limited liability company. (6 marks)
 - (b) Describe FOUR differences between a limited liability company and a shareholding company. (4 marks)
- (10 marks)**
- 4 In relation to capital and financing:**
- (a) Explain the provisions of the Law on Enterprises in respect of ordinary shares issued by a newly-formed shareholding company. (6 marks)
 - (b) Discuss the extent to which a shareholding company can guarantee that dividends will be paid to shareholders. (4 marks)
- (10 marks)**
- 5 In relation to the formation of companies:**
- (a) Explain the provisions of the Law on Enterprises relating to the lines of business and business conditions applicable to companies, and the limitations that apply. (5 marks)
 - (b) State and explain the individuals and legal entities that are prohibited from forming new companies. (5 marks)
- (10 marks)**
- 6 In relation to company insolvency:**
- (a) Explain what is meant by insolvency. (2 marks)
 - (b) Explain the roles of the parties involved in the insolvency process. (8 marks)
- (10 marks)**
- 7 In relation to company management, explain the role, rights and duties of the Inspection Committee of a shareholding company.**
- (10 marks)**

- 8** Thuy lived alone and wanted to improve the security of her house. She entered into a contract with Binh under which he would build a fence and gate around the property. Thuy entered into a second contract with Cam, under which he would undertake work to landscape her garden.

Thuy was very dissatisfied with the work carried out by Binh, as she considered the fence to be of poor quality and of insufficient deterrent to intruders. She complained to Binh, who told her that he was unable to replace the fence as he had suffered an injury while working on another job.

Cam started work on the garden, but half way through the job he informed Thuy that he was physically exhausted and could not complete the work. Thuy had to engage the services of another gardener to complete the work, but in doing so incurred additional costs of 3 million dong.

Required:

(a) Discuss the actions that Thuy can take in respect of the breach of contract by Binh. (5 marks)

(b) Discuss the actions that Thuy could take in respect of the breach of contract by Cam. (5 marks)

(10 marks)

- 9** Lan has been appointed as the head of human resources at RRR Company, a hotel chain. She has been told by her general manager that her priorities must be to reduce costs significantly and to introduce changes that will make the workforce more flexible.

Lan's report to the general manager recommended five measures:

- (1) All new departmental managers at head office should be offered one year contracts only, to be renewed in the future only on achievement of their targets.
- (2) All new domestic and cleaning staff should be offered oral contracts.
- (3) Temporary employees, engaged during the busy two month tourist season, should be offered oral contracts.
- (4) As the managers of the hotels are paid generously, they should be made redundant and given the opportunity to apply for new positions, incorporating most of their existing duties but orientated more towards increasing hotel reservations and with less focus on administration.
- (5) The contracts of all probationary employees should be terminated, and they should be offered new contracts at a lower wage.

Required:

Discuss the legal implications for RRR Company if Lan's recommendations are implemented.

(10 marks)

10 JJJ Company is a management consultancy, specialising in providing marketing advice to client companies. Tuan has been a member of the board of management of JJJ Company for three years, and during that time has made a positive impact on the company, introducing new ideas and helping to develop the client base.

One year ago, Tuan's wife and three children set up MMM Company, a limited liability company, with themselves as the only four members of the company. The company offers similar services to those of JJJ Company.

Some of the shareholders of JJJ Company are concerned that Tuan is using his family's company for personal benefit. Tuan is personally very friendly with some of the clients of the family company, and has attended several business meetings with them on his wife's behalf.

Tuan's colleagues on the board of management of JJJ Company are aware that Tuan's family run their own company, but this has never been discussed.

At the most recent meeting of the board of management of JJJ Company, Tuan suggested that JJJ Company should sub-contract some of its smaller contracts to MMM Company.

Required:

Discuss the legal implications of Tuan's involvement in his wife's company.

(10 marks)

End of Question Paper