

Fundamentals Level – Skills Module

Corporate and Business Law (Vietnam)

Monday 10 June 2013



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 legal system, explain the provisions of the Civil Code with respect to:**
- (a) The civil legal capacity of individuals. (6 marks)**
 - (b) The civil legal capacity of legal entities. (4 marks)**
- (10 marks)**
- 2 In relation to civil obligations:**
- (a) Explain the consequences that may arise from the breach of a civil obligation. (6 marks)**
 - (b) Explain the circumstances under which an individual may lawfully avoid the adverse consequences of breaching a civil obligation. (4 marks)**
- (10 marks)**
- 3 In relation to employment law.**
- (a) Explain the grounds for dismissal. (6 marks)**
 - (b) Describe the consultation process that must take place in advance of dismissal. (4 marks)**
- (10 marks)**
- 4 In relation to the Law on Enterprises, explain any FIVE differences between unlimited partnerships and shareholding companies.**
- (10 marks)**
- 5 In relation to capital and financing:**
- (a) Define 'share capital' and 'loan capital' and explain the legal differences between the two types of capital. (6 marks)**
 - (b) Explain the rights of those who provide a company with long-term loan capital. (4 marks)**
- (10 marks)**
- 6 In relation to the management and administration of a shareholding company:**
- (a) Explain the duties of the board of management in respect of convening general meetings of shareholders. (4 marks)**
 - (b) Explain the procedures for convening a general meeting of shareholders. (6 marks)**
- (10 marks)**

7 In relation to insolvency law:

(a) Describe the provisions of the Law on Bankruptcy in respect of the parties entitled to petition the court for the bankruptcy of a company. (7 marks)

(b) Explain the grounds on which a petition for bankruptcy may be returned (rejected). (3 marks)

(10 marks)

8 Hai is a car dealer. He had two sports cars, a Coupe and a Sedan, for sale and displayed these at his premises with a sign advertising a price of 500 million dong for each car.

Khanh agreed to purchase the Coupe for the advertised price and wrote a letter to Hai, confirming her intention to purchase the Coupe, and that she would be prepared to keep her offer open for one week. However, one day after sending the letter, Khanh was informed by her employer that she would be made redundant the following month and sent a fax to Hai stating that she could no longer purchase the Coupe due to a change in her personal circumstances.

Mai expressed an interest in purchasing the Sedan and Hai informed her that he expected payment of 500 million dong for it. However, Mai informed Hai that she was prepared to pay a maximum price of 450 million dong. Hai replied that this price was unacceptable, but stated that he would keep the Sedan for two more weeks, and that it would be available for purchase at the asking price if Mai changed her mind. When she was unsuccessful in securing the purchase of a similar car from a competing dealer, Mai returned to Hai's premises 10 days after her first visit, and stated that she was prepared to pay the full 500 million dong. However, Hai informed Mai that the Sedan had been sold for 550 million dong to another customer.

Required:

(a) Discuss whether Khanh has an obligation to complete the purchase of the Coupe. (5 marks)

(b) Discuss any potential obligation owed by Hai to Mai in respect of the Sedan. (5 marks)

(10 marks)

9 Linh had 600 million dong invested in a deposit account and decided to invest this money in company shares.

She decided to invest 200 million dong in partly-paid shares issued by Company A. The nominal value of these shares was 400 million dong.

A further 200 million dong was invested in shares issued by Company B. This company was experiencing financial difficulties and issued the shares at a discount to their nominal value of 400 million dong.

The remaining 200 million dong was invested in shares issued by Company C. These shares had a total nominal value of 100 million dong.

Company A and Company B were subsequently liquidated. Disappointed with her investments in these companies, Linh sought to recover the premium she had paid for the shares in Company C.

Required:

(a) Discuss the consequences for Linh arising from her investments in shares in Company A and Company B. (6 marks)

(b) Explain whether Linh can recover the premium she paid for the shares in Company C. (4 marks)

(10 marks)

10 Trang is a member of Clothes Company, a limited liability company in which he and three colleagues own equal shares. When the company was formed, Trang's contribution to the capital of the company was four retail premises, through which the company now sells its goods. The shops sell clothes that are fashionable among young people, and though small, customers are attracted by imaginative lighting and decor.

At a meeting of the Members' Council, Trang suggested to his colleagues that the shops should diversify into selling CDs and DVDs. He argued that the young clientele would naturally be interested in these products. However, Trang's colleagues strongly disagreed with his suggestion, arguing that the company was performing well already and there was no need to take risks. They also felt that the new line of products would take up too much shelf space.

Disappointed with the reaction of his colleagues, Trang argued that he had contributed the retail premises to the business, so he should have some influence over the goods to be sold. He also stated that Music Company, which operated in the same city and was already successfully selling CDs and DVDs, had approached him to help them to diversify into the retail clothing market, and he intended to support them by offering his services in return for a consultancy fee.

Required:

(a) Discuss the extent to which Trang can influence the company in deciding on the products to sell through its retail premises. (5 marks)

(b) Examine the implications of Trang offering consultancy services to Music Company. (5 marks)

(10 marks)

End of Question Paper