

Fundamentals Level – Skills Module

Corporate and Business Law (Vietnam)

Tuesday 7 December 2010

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:

- (a) Explain the different types of laws that can be created under the Vietnamese Constitution, and by whom.** (6 marks)
- (b) Describe how the courts deal with a situation in which there is no specific law to decide the outcome of a legal case.** (4 marks)

(10 marks)

2 In relation to contract law, explain the circumstances under which a contract may be terminated, and state the consequences of the termination of the contract.

(10 marks)

3 In relation to employment law, describe the provisions of the Labour Code in respect of the following:

- (a) Definite term labour contracts.** (4 marks)
- (b) Probationary periods for new workers.** (3 marks)
- (c) Assignment of employees to duties other than their regular work.** (3 marks)

(10 marks)

4 In relation to the management and administration of limited liability companies:

- (a) Explain the rights and duties of the Members' Council.** (6 marks)
- (b) Explain the rights and duties of the Chairman of the Members' Council.** (4 marks)

(10 marks)

5 In relation to capital and financing:

- (a) Define the types of preference share that may be offered by a shareholding company.** (3 marks)
- (b) Describe the rights of the different types of preference shareholders of a shareholding company.** (7 marks)

(10 marks)

6 In relation to insolvency:

- (a) Describe the duties, powers and responsibilities of the committee for management and liquidation of assets.** (7 marks)
- (b) Describe the duties, powers and responsibilities of the head of the committee for management and liquidation of assets.** (3 marks)

(10 marks)

7 In relation to corporate governance:

(a) Explain the meaning of corporate governance. (4 marks)

(b) Discuss the role of the Inspection Committee in promoting good standards of corporate governance. (6 marks)

(10 marks)

8 Nhu had two laptop computers for sale.

Nhu wrote to Huong, offering one laptop computer for 6 million dong. Huong accepted the offer but after posting the acceptance changed her mind and sent another letter stating that she did not want the laptop. Both letters arrived at Nhu's office in the same delivery.

Nhu despatched the laptop to Huong with an invoice for 6 million dong.

Nhu wrote to Giang offering the second laptop computer for 6 million dong. Giang replied stating that he was only prepared to offer Nhu 5 million dong, which Nhu refused.

Two weeks later, Giang contacted Nhu again, accepting Nhu's original offer of 6 million dong. Nhu had already sold the computer to another person.

Required:

Explain whether Nhu has entered into legally binding contracts with Huong and Giang.

(10 marks)

9 Khanh and Lan are partners in an unlimited partnership. The relationship between the partners has deteriorated recently and Lan has announced that she will leave the partnership immediately to set up a business on her own.

The partnership is currently working on a major project that will not be completed for another 12 months. Lan's technical expertise is vital to the project, and without her partner Khanh will be unable to finish the project on time.

Soon after Lan announced her decision to leave, three of the partnership's customers informed Khanh that they would be dealing with Lan's new business in the future. It became apparent from the discussions that Lan had been negotiating new contracts with these customers for several months.

Required:

(a) Discuss the potential consequences of Lan's immediate withdrawal from the partnership. (6 marks)

(b) Explain whether Khanh can take any action against Lan in relation to the loss of existing customers to Lan's new business. (4 marks)

(10 marks)

- 10** Bao owns 10% of the ordinary shares in XYZ Joint Stock Company, a shareholding company. Having read the annual report of the company he is angry that the Board of Management has awarded significant pay increases to five key senior employees on the basis that they have developed new products that are expected to contribute substantial profits in the next five years. The products are still under development and will not be launched until next year. The company is proposing a reduction in dividends for the current year in order to provide extra capital for investment in the new products, even though the company's profits have increased significantly over those earned in previous years.

Required:

- (a) **Discuss the actions that Bao can take to object to the decisions of the Board of Management in respect of its proposed strategy.** (6 marks)
- (b) **Explain the extent to which Bao and his fellow shareholders can influence the dividend distributed to shareholders.** (4 marks)

(10 marks)

End of Question Paper