

Fundamentals Level – Skills Module

Corporate and Business Law (Vietnam)

Monday 12 December 2011

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)

The ACCA logo consists of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black rectangular background.

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the Vietnamese legal system:**
- (a) Explain the duties and powers of the National Assembly. (6 marks)
 - (b) Explain the duties and powers of the President. (4 marks)
- (10 marks)**
- 2 In relation to contract law, explain the provisions of the Civil Code in respect of offer and acceptance.**
- (10 marks)**
- 3 In relation to employment law:**
- (a) Explain the grounds on which an employer may dismiss an employee. (5 marks)
 - (b) Describe the procedure for dismissing an employee. (5 marks)
- (10 marks)**
- 4 In relation to the Law on Enterprises:**
- (a) Explain the content of the Charter of an enterprise. (6 marks)
 - (b) Explain the conditions in respect of the issuance of business registration certificates. (4 marks)
- (10 marks)**
- 5 In relation to capital and financing:**
- (a) Define the nature of an ordinary share. (2 marks)
 - (b) Describe the rights of ordinary shareholders. (4 marks)
 - (c) Describe the obligations of ordinary shareholders. (4 marks)
- (10 marks)**
- 6 In relation to the management and administration of limited liability companies:**
- (a) Explain the role, rights and duties of the general director. (7 marks)
 - (b) Explain the conditions that must be fulfilled in order for an individual to serve as the general director. (3 marks)
- (10 marks)**

7 In relation to company insolvency:

- (a) Explain how the undue debts owed by an insolvent company are treated during the insolvency process.** (3 marks)
- (b) Explain how debts secured by mortgage or pledge owed by an insolvent company are treated during the insolvency process.** (4 marks)
- (c) Describe the consequences of a company becoming insolvent after it has given a joint guarantee with others in respect of the borrowing of a third party.** (3 marks)

(10 marks)

8 Hai is the general director of a company that manages bookings for a traditional dancing act that performs throughout Vietnam. He manages contracts with customers, as well as the administration arrangements for the act's appearances, including hotels and travel.

Hai concluded a contract with a concert organiser in Ho Chi Minh City. The contract specified the fee to be paid for the dancing act to appear, and a fixed sum to cover accommodation and travel from Hanoi. Three weeks before the concert in Ho Chi Minh City, Hai decided to organise flights for the performers but discovered that due to a fuel crisis the fares for the flights would be 60% more expensive than originally estimated. Hai decided to withdraw from the contract as he did not wish to incur a loss.

Hai concluded a similar contract with a concert organiser in Da Nang. On the morning of the day on which the concert was planned to take place, the theatre was seriously damaged by fire, causing the cancellation of the concert by the organiser. The dancing act had already travelled to Da Nang and had paid for all travel and accommodation necessary for its appearance. Hai decided to invoice the organiser for the full fee and expenses incurred.

Required:

- (a) Discuss the potential liability of Hai's company in respect of its withdrawal of the dancing act from the appearance in Ho Chi Minh City.** (5 marks)
- (b) Discuss the potential liability of the concert organiser in Da Nang for the fees and expenses invoiced by Hai's company.** (5 marks)

(10 marks)

9 Chien and Thang are young motor mechanics who set up an unlimited partnership to service and repair motor vehicles.

Chien is single and has few personal responsibilities. He is able to live comfortably from his share in the profits of the partnership. By contrast, Thang has family commitments and has experienced financial difficulties.

Chien has discovered that Thang has been returning to their rented workshop after normal business hours to work on vehicles in his own time. Thang has been offering his services at a substantial discount to the partnership's usual hourly rates for labour. When confronted by Chien, Thang said that what he did in his own time was his own affair. He refused to reveal the true extent of the work that he had done in a private capacity.

As a result of this disagreement, Chien has decided that he no longer wishes to work with Thang and will engage Hien as a partner to replace Thang.

Required:

(a) Explain the actions that Chien can take against Thang. (6 marks)

(b) Explain whether Chien can appoint Hien to the partnership to replace Thang. (4 marks)

(10 marks)

10 The profits of Trade Joint Stock Company have been falling for two years due to increasing competition and the inability of the company to raise new finance. Linh is a wealthy investor who has returned to Vietnam, having spent many years in Europe. She is prepared to make funds available to the company.

- (i) Linh is prepared to take a minimum equity stake of 25% in the company but insists that she would expect some degree of control over the company's business.
- (ii) She is unhappy with the content of the Charter, believing it to be too restrictive, and states that it must be changed as a condition of her investment. This will enable the company to diversify into new lines of business, though this will expose it to some new risks.
- (iii) She expects the existing board of management to accept her decisions and trust her business judgement.
- (iv) She insists on receiving a dividend of at least 10% per year.
- (v) She also states that in return for her investment she wants the company to guarantee places on the board of management for herself and two trusted advisers for a minimum period of five years.

Required:

Analyse the matters that must be considered by the board of management in considering whether to accept the conditions proposed by Linh.

(10 marks)

End of Question Paper