

Fundamentals Level – Skills Module

# Corporate and Business Law (Vietnam)

Monday 8 June 2015



**Time allowed:** 2 hours

This paper is divided into two sections:

Section A – ALL 45 questions are compulsory and MUST be attempted

Section B – ALL FIVE questions are compulsory and MUST be attempted

**Do NOT open this paper until instructed by the supervisor.**

**You must NOT write in your answer booklet until instructed by the supervisor.**

**Do NOT record any of your answers on the exam paper.**

**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

**Section B – ALL FIVE questions are compulsory and MUST be attempted**

Please write your answers to all parts of these questions on the lined pages within the Candidate Answer Booklet.

- 1 Cam, a car dealer, had three classic cars for sale, and wrote letters to three customers offering one car to each of them. The price for each car was 1 billion dong. Each customer was informed that acceptances should be delivered to Cam by 12 April 2015.

Bao's letter of acceptance was received by Cam on 10 April 2015, but on 11 April 2015 another letter from Bao was received by Cam stating that the acceptance was cancelled and the car would no longer be required.

Khanh replied to Cam stating that the offer was accepted, subject to the usual 5% discount agreed in previous dealings between them. Cam received a bank transfer of 950 million dong from Khanh on the same day as the acceptance.

Hai accepted Cam's offer, but his letter of acceptance arrived on 13 April 2015.

**Required:**

- (a) Explain whether a binding contract was created between Bao and Cam. (2 marks)
- (b) Explain whether a binding contract was created between Khanh and Cam. (2 marks)
- (c) Explain whether a binding contract was created between Hai and Cam. (2 marks)

**(6 marks)**

- 2 (a) Bien was one of three individuals who agreed to form BBB Co, a new limited liability company. With the agreement of his colleagues, Bien ordered inventory for the company, which received its business registration three weeks after the contract came into effect. However, when the inventory was delivered to the new company, Bien's two colleagues, who were shareholders and directors of BBB Co, did not wish to accept the goods and refused to pay.

**Required:**

**Explain whether the contract initiated by Bien can be enforced against BBB Co or its founders. (3 marks)**

- (b) Cuong was a founder of CCC Co, along with three other individuals. He ordered inventory for the company three weeks before the company was due to be registered, having agreed on the goods to be ordered and the terms of the contract with his colleagues. Cuong was the only signatory to the contract with the supplier. However, one week later the founders had a serious disagreement with one another and abandoned their plans to form the company.

**Required:**

**Explain whether the contract initiated by Cuong can be enforced against Cuong, or Cuong and his colleagues, or not enforced at all. (3 marks)**

**(6 marks)**

**3** G8G Co, a shareholding company, has a board of management comprising ten members. Its capital is fully subscribed. Chi was approached by the board of management for her assistance in financing the expansion.

Chi considered G8G Co to be a good investment, but set out various demands in return for this:

- (1) She insisted on holding a minimum of 10% of the voting shares.
- (2) She stated that she would invest on condition that the company would guarantee a minimum return on her investment of 7% per year for the first three years.
- (3) She also stated that in the event of failure of the company, she would expect any capital invested to be repaid in priority to all other investors.

**Required:**

- (a) Explain the matters which will have to be resolved for Chi to be issued with 10% of the voting shares.** (2 marks)
- (b) Explain whether Chi can be offered the minimum desired return on her investment.** (2 marks)
- (c) Explain whether Chi's proposed investment could be offered priority over all other investors in the event that G8G Co ceased to be a going concern.** (2 marks)

**(6 marks)**

**4** The board of management of Y6T Co, a shareholding company, met to consider the following matters:

- (1) An increase in share capital by issuing a new class of preference share.
- (2) The disposal of non-current assets, representing 35% of the value of total assets of the company.

**Required:**

- (a) Explain whether the board of management has the authority to take decisions on the matters under discussion.** (2 marks)

In addition to these matters, the board of management considered a complaint by a major shareholder that Anh, one of the members of the board of management, has failed to disclose a conflict of interest in a contract which the board had sanctioned. Her vote on this decision was decisive in agreeing the contract, which the shareholder claimed was not in the best interests of the company.

**Required:**

- (b) Discuss the potential consequences of any potential conflict of interest established by the board in relation to Anh's membership of the board of management.** (4 marks)

**(6 marks)**

**5** Chau is a member of the board of management of H9H Co, whose securities are quoted on the stock exchange.

On 2 February 2015, she attended a board meeting which discussed the confidential draft financial statements of the company. These confirmed that the company would make a surprisingly large profit. On 4 February 2015, Chau suggested to Hien, her brother, that he should buy shares in H9H Co, though Chau herself did not deal. On 20 February 2015, the company announced its financial results to the media.

On 1 March 2015, Chau met the chairman of P5P Co for a business conference. She thanked him for the good quality business which P5P Co had referred to H9H Co, as this was a major contributory factor in the latter's excellent financial results, and added that she looked forward to future collaboration in the coming year. As a gesture of thanks, Chau gave an expensive gift to the chairman of P5P Co.

**Required:**

**(a) Examine the extent to which Chau's actions and those of Hien should be regarded as insider dealing offences.** (4 marks)

**(b) Discuss whether Chau's expensive gift to the chairman of P5P Co should be regarded as a bribe.** (2 marks)

**(6 marks)**

**End of Question Paper**