

THE INSTITUTE OF CHARTERED ACCOUNTANTS (GHANA)



MAY 2006 EXAMINATIONS
(PROFESSIONAL)

PART 2

COMPANY & PARTNERSHIP LAW
(Paper 2.3)

Attempt ANY Five (5) Questions

TIME ALLOWED: 3 HOURS

QUESTION 1

- a) Name the three (3) main types of companies and briefly describe each of them. (9 marks)
- b) What are the distinctive characteristics of a Private Company? (11 marks)

(Total: 20 marks)

QUESTION 2

- a) State the rule in Foss v Harbottle regarding minority rights to sue and briefly explain the justification for it. (10 marks)
- b) Discuss the circumstances that would warrant a departure from the rule. (10marks)

(Total: 20 marks)

QUESTION 3

Every company shall, once at least in every year, deliver to the Registrar for registration an annual return. What documents are to be annexed to the annual return of a Private Company?

(Total: 20 marks)

QUESTION 4

Discuss the scope and implication of the presumption of regularity in relation to a Limited Liability Company.

(Total: 20 marks)

QUESTION 5

Opanyin Sika, Bully and Smart formed a partnership with the object of buying and selling of stationery. Business started going down so a meeting was called to review the situation. It was agreed at the meeting with Opanyin Sika dissenting that the nature of the firm's business be changed. The partnership therefore started dealing in computers in accordance with its new objects. Angered by the posture of his two

colleagues, Opanyin Sika resigned and ceased to have anything to do with the firm. Mr Johnson who had business dealings with the partnership after Opanyin Sika's resignation has sued the firm and the partners for the recovery for money owed him. The partners have notified Opanyin Sika of his liability for the debt.

- a) Advise Opanyin Sika on the legal issues involved. (8 marks)
- b) It subsequently emerged during an investigation by the Registrar that Opanyin Sika's illiteracy was taken advantage of by the other two and that his name was not on any documentation of the firm. The partnership agreement has therefore been rescinded by the Registrar on the ground of fraud or misrepresentation. What rights will Opanyin Sika be entitled to under this circumstance? (12 marks)

(Total: 20 marks)

QUESTION 6

The winding up of a partnership firm may be in any of the three modes including voluntary winding-up. Name the other two and discuss the process of voluntary liquidation.

(Total: 20 marks)

QUESTION 7

Discuss liquidation account and the duty of the liquidator in case of insolvency in Private Liquidations.

(Total: 20 marks)