

**UNIVERSITY OF CUMBRIA**  
**COURSEWORK REASSESSMENT REQUIREMENT**

**Module Code: AFBS5403**

**Module Title: Corporate Law**

**Tutor: Dan Ritchie**

**Title of the item of work: Assessment 2**

**Wordage: 2000**

**Details and Criteria:**

**Answer ALL the following questions, using case law, statute law and academic opinion to back up your answers: -**

**Question 1 (each question in this section is worth 2.5 marks. 20% in total).**

**a)** Define for the standard for fraudulent trading and the legislation that governs it. **(50 words)**

**b)** Abdul has 600 shares, (only 250 are paid up) in "Fish Ponds 2 U Ltd." The company has built up debts that are over 20 times the worth of the company's assets. The company has stated it is unable to pay all of its debts. Whom may apply for a winding up order and what will be Abduls liability if the winding up order is granted? **(50 words)**

**c)** Explain what is a 'shadow director,' and how long may the courts may disqualify a director from holding office? **(50 words)**

**d)** If it is found that business has been undertaken to defraud creditors during the winding up process of a company, what Act applies and what may a court order as restitution? **(50 words)**

**e)** Is it possible for a limited company to acquire its own shares? If so, how may this be done? **(50 words)**

**f)** How may the powers of directors be restricted or enhanced within a private limited company? **(50 words)**

**g)** For how long, does the law state private limited companies must keep their accounts and what is meant by the phrase 'off the shelf company'? **(50 words)**

**h)** Describe what is unique regarding contracts between companies and their shareholders and whether the law is clear on this? **(50 words)**

### **Question 2 (20% of marks)**

Explain the difference between debentures and floating charges, including the rights creditors have against companies in relation to debentures and floating charges.

**(400 words)**

### **Question 3 (20% of marks)**

Describe the principle objective of administration under the Insolvency Act 1986 and the various outcomes that may arise from administration.

**(400 words)**

### **Question 4 (40% of marks)**

**(a) describe how an ordinary partnership operates and the law governing it.  
(5% of marks)**

**(b) define procedure for setting up a private company limited by shares and the procedure to set up a public company limited by shares, (including any requirements the law has).  
(10% of marks)**

**(c) explain how shareholder interests may be protected in a limited company and how pre-emption rights attached to shares work.  
(15% of marks)**

**(d)** Tim is a director in the company 'Much More Money 4 Gas Ltd.' There are 2 other directors, Bhavisana and Raz. All directors are equal shareholders. One day Tim is at an Austin Martin dealership and sees an Austin Martin DB5. Tim is a huge James Bond fan and just has to have the car at any price. He negotiates the price of £50,000 to buy the car and then goes to a cash machine and withdraws £400 cash and pays this as holding deposit. 2 days later Tim returns to the dealership and pays the remaining balance of £49,600 on the company debit card. At work Tim enters the £400 under 'corporate hospitality' into the purchase ledger and the £49,600 as 'import duty' for goods bought from a company in Northern Ireland in order to hide the real purpose of the expenditure.

**Advise on the law in relation to Tim's behaviour with the £50,000  
(10% of marks)**

**(800 words in total)**

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**Assessment Criteria**

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There are 5 broad categories of criteria:

**Knowledge** – of the relevant law

**Understanding & Application** – of how the law is applied to facts or has any practical or policy implications

**Analysis & Evaluation** – consideration of alternatives, detailed meanings and strengths and weaknesses of relevant law, practice, policy etc.

**Research** – finding and using an appropriate range of relevant sources

**Structure & Presentation** – logical structure, clear language and presentation as required by the assessment format

These criteria will be used within modules to aid discussion about assessment and feedback and to act as a general guide. They are indicative and are not intended as a comprehensive list of every feature that could be in an assessment. They will often overlap but are presented separately for clarity. Please note that the mark you are awarded reflects the tutor's overall impression based on these criteria. While you may receive a high mark there may be areas of weakness. Equally, you may receive a low mark but there could still be strengths in your work. You should take note of the feedback, build on your strengths and learn from and minimise your weaknesses.

**SUBMISSION DATE AS PER STUDENT PORTAL**

*(please tick as appropriate but must be completed)*

To be submitted by **4:00 PM** on **12/08/2022** in accordance with instructions given by the course team. If you are posting your course work the receipt of postage must be by date and time of submission, you may be asked to present this.

To be submitted through the Virtual Learning Environment (eg. Blackboard / Pebblepad etc.) in pdf format, or in person/by **RECORDED DELIVERY** to the Programme Administration at the **Fusehill Street Campus** of the University of Cumbria.