

Ollscoil na hÉireann, Gallimh
National University of Ireland, Galway

Semester II Examinations, 2002/2003

Exam Code(s)	3BA1, 4BA4
Exams(s)	3 rd & 4 th Arts
Module Codes(s)	LW378
Module(s)	Company Law II
Paper No.	1
Repeat Paper __ Special Paper __	
External Examiner(s)	Mr. D. Prentice
Internal Examiner(s)	Ms. N. Murphy
Instructions	Answer THREE questions
Duration	TWO Hours
No. of AnswerBooks	
Requirements:	
Handout	
MCQ	
Statistical Tables	
Graph Paper	
Log Graph Paper	
Other Material	Companies Acts 1963 - 2001
No. of Pages	2
Department(s)	Law

1. In July, 2002, Bigbank plc agreed to lend €20,000 to Broke Ltd. This loan was secured by a fixed charge over the present and future book debts of Broke Ltd. The debenture contained a clause which provided that the proceeds of the book debts were to be lodged in an account nominated by Bigbank Ltd, and that no money could be withdrawn from that account without the permission in writing of Bigbank Ltd. No account was ever nominated, and Broke Ltd used the proceeds of the book debts in the course of its business.

In October, 2002, Mr Supplier provided Broke Ltd with raw materials for its manufacturing business. The goods were supplied under a retention of title agreement, whereby Mr Supplier retained title to the raw materials and also claimed a proprietary interest in any goods manufactured from the raw materials, in the proceeds of sale of the manufactured goods and in the proceeds of sale of the raw materials themselves.

In April, 2003, Broke Ltd went into liquidation. Its only remaining assets were the proceeds of its book debts, which it had obtained by selling goods manufactured from the raw materials supplied by Mr Supplier, and the proceeds of sale of the raw materials.

Broke Ltd has only three creditors: Bigbank plc, Mr Supplier and the Revenue Commissioners. Advise them.

2. Useless Ltd was incorporated in 2002 by Jack and Jill, who became its directors. The company was granted an overdraft by Banking Ltd which was personally guaranteed by the two directors. The company also received a loan of €15,000 from Financing plc.

By January, 2003, Useless Ltd was losing more and more money every day, due to the incompetent management of Jack and Jill. However, believing that matters would improve when they had more business experience, they continued to trade and to incur debts.

In February, 2003, Financing plc became worried about its loan and insisted on obtaining a floating charge to the extent of €15,000 from Useless Ltd.

In April, 2003, Useless Ltd received a cheque for €8,000, which Jack and Jill immediately paid into the company's account with Banking Ltd.

Two weeks later Useless Ltd went into liquidation. Advise the liquidator.

3. Set out the ways in which minority rights are protected at common law and by statute.
4. Discuss whether, in your opinion, the *Companies (Amendment) (No. 2) Act, 1999* has adequately dealt with the flaws in the Examinership procedure.
5. Give a detailed account of the powers and duties of a receiver and manager.

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