



The University of Fiji
(An Entity of Arya Pratinidhi Sabha of Fiji)



JDP School of Law
Semester 1, 2025



FINAL EXAMINATION PAPER

**LAW303: CORPORATIONS, INSOLVENCY AND
LIQUIDATION LAW**

Important Instructions to Students:

1. Read the questions, instructions carefully and answer the questions.
2. You are allowed an **extra 10 minutes reading time** (during this time, you are not allowed to write with pen) and **180 minutes (3 Hours) to complete this paper**.
3. All kinds of electronic gadgets (including smart phones, mobiles, tablets etc.) are strictly prohibited.
4. Write all your answers in the answer booklet provided. If you need extra sheets, please ask from the supervisor. Write your name, course code and student identification number in the answer booklet and in the attendance sheet.
5. **This paper contains EIGHT (8) questions. You are to answer ANY SIX (6) questions.**
6. Write all your answers legibly. The marker has the right to award zero for answers that are not legible.
7. This is a **RESTRICTED OPEN BOOK EXAMINATION**. Students are allowed to bring into the examination room, an unmarked copy of the **Companies Act 2015** and the **Partnership Act 1910**.
8. The University views plagiarism, cheating and dishonest practice as serious offences and if found, offenders are penalized.

Examination Paper Content (Format):

<u>Question</u>	<u>Content</u>	<u>Marks</u>	<u>Suggested Time</u>
1-8	Answer ANY SIX (6) questions	10	30 Minutes per question
	TOTAL	60	180 Minutes

Registered with the Fiji Higher Education Commission as a University under the Higher Education Act 2008.
Registration Certificate Number (RGN0020/11)

Question 1

For years, Ram Singh, has been operating an auto repair shop in Namaka, Nadi, under the style of “Singhs Gaurantee” as a sole trader.

On a random inspection undertaken by the Nadi Town Council, it was discovered that Ram Singh does not have his certificate of registration displayed at his shop. The inspectors of Nadi Town Council issued a verbal warning to Ram Singh that he is to display his certificate of registration.

The inspectors however do not know that Ram Singh does not even have a certificate of registration for his shop. Ram Singh has approached you for legal advice on the warning issued by Nadi Town Council. Ram Singh is adamant in using the business name “Singhs Gaurantee”, by which all his clients know him.

Advise Ram Singh on the following:

- a. The warning issued by Nadi Town Council. (3 marks)
- b. Whether the business name “Singhs Gaurantee” is compliant with relevant statutory requirements. (3 marks)
- c. The steps Ram Singh needs to undertake to comply with the relevant statutory requirements. Explain the process. (4 marks)

[10 marks]

Question 2

John and Peter are running a barber shop named “Perfect Kut”. Peter now intends to migrate to Australia to live with his girlfriend.

John is not happy with idea of Peter leaving the business and has threatened Peter that he will sue Peter if Peter leaves. Perfect Kut is presently indebted to Southland Bank in the sum of \$15,000.00 under a business loan.

In fact, the only reason John is objecting to Peter’s departure is because of the business loan. He does not want to pay the business loan alone.

In fact, the business was started by John and Peter had paid John \$7,000.00 to join his business as a partner. Perfect Kut also has some assets.

There is no written partnership agreement between John and Peter regulating such matters.

Peter has approached you for legal advice. Advise Peter on the following:

- a. how he may depart the partnership;
- b. his liability towards the business loan;
- c. how the business loan can be managed; and
- d. what happens to the \$7,000.00 paid to John?

Support your answer with the relevant legislative provisions and case authorities.

[10 marks]

Question 3

Luke and Simon are cousins. Both of them are highly ambitious and business minded. Luke resides in Sydney, Australia and Simon resides in Simla, Lautoka. Simon is a structural engineer employed with a local gold mine.

Recently, a Chinese based mining company has commenced silver exploration in the highlands of Nadi. The company requires structural engineering consultancy services for certain infrastructure it proposes to build at the exploration site.

Somehow, the representatives of the Chinese company met Simon and they are willing to engage Simon for their structural engineering consultancy services.

Simon discussed this opportunity with Luke and Luke is willing to support Simon financially. Luke, who has some knowledge of corporation law, advised Simon not to contract personally with the Chinese company but rather through a business as the nature of work required comes with high liability.

In return for his financial support, Luke wants shares in Simon's business and also control in the business. Simon is happy with this idea and wants Luke's involvement in the business as he is an MBA graduate and also an experienced financial consultant.

The Chinese company wants to contract with Simon as soon as possible and cannot wait for Simon to first register his business with the Companies Office. Simon may lose the contract if he does not act quickly.

Simon has approached you for legal advice. Advise Simon;

- i) on the best business structure he may adopt (supported with reasons);
- ii) how Luke can have shares and control in the business;
- iii) how Simon can contract with the Chinese company as soon as possible without first registering his business; and
- iv) the process for registering such business.

Support your answer with the relevant legislative provisions and case authorities.

[10 marks]

Question 4

What type of company is Mark involved in and what is his liability if:

- i) He holds 1000 shares limited by shares in ABC Limited;
- ii) He holds 1000 share (fully paid) in JBL Pte Ltd;
- iii) He has guaranteed \$50,000.00 in the establishment of ABC Science Exploration, a company involved to sea-level raise research;
- iv) He owns "Good Doctor An Unlimited Liability Company".

Support your answer with the relevant legislative provisions.

[10 Marks]

Question 5

Jack is the director of James Investment Ltd which recently entered into a transaction with Jim's Enterprise for the purchase of their State Lease No. 12565.

Jack saw a business opportunity to develop a commercial complex on State Lease No. 12565. The company's profits in the last financial year was used to purchase State Lease No. 12565.

The development would however require external financing. Unfortunately, no financial institute is amenable to financing James Investment Ltd's proposed project due to the recent economic position, primarily attributed to the global economic pressure from Donald Trump's recent trade tariffs.

Five shareholders of James Investment Ltd in their personal capacity have sued Jack as they did not receive a dividend for the last financial year given that profits were used in purchasing State Lease No. 12565. They also allege that Jack is an incompetent director and has caused a loss to James Investment Ltd in purchasing State Lease No. 12565.

Advice Jack on the following:

- i) as to his duties as a director;
- ii) his duties to shareholders; and
- iii) the propriety of the suit by the five shareholders.

Support your answer with the relevant legislative provisions and case authorities.

[10 Marks]

Question 6

Jilly Builders Pte Limited is a company specialising in general construction. Jilly Builders Pte Limited on 10 October 2023 entered into a construction contract to construct a villa style house with Johnny Development Pte Limited.

The construction was at an agreed price of \$1,200,000.00 and had a completion time of 5 months from the date of execution of the contract. The other pertinent conditions of the contract are as follows:

- that Jilly Builders Pte Limited is required to pay \$200,000.00 as performance bond on execution of the contract, which shall be returnable after completion of the defects liability period, subject to clauses below;
- that there shall be a defects liability period of 1 year from the date of issuance of certificate of completion; and
- that delay in completion would accrue delay damages against Jilly Builders Pte Limited at a rate of \$500.00 per day, which shall be deductible from the performance bond.

Jilly Builders Pte Limited paid the performance bond and commenced construction. Bad weather in December 2023 and January 2024 affected construction works and construction was completed after a delay of 60 days, in April 2024.

The defects liability period has now been completed but Johnny Development Pte Limited is not refunding the performance bond. They contend they are deducting \$30,000.00 as delay damages and the remaining \$170,000.00 for defective works. They have obtained a report from Kabs Engineering certifying that remedial works would cost approximately \$230,000.00.

Jilly Builders Pte Limited contend that the delay was out of their control and dispute that their work was defective. Jilly Builders Pte Limited says that Johnny Development Pte Limited is somehow trying to deprive them of their performance bond.

On 20 May 2025, the director of Jilly Builders Pte Limited emailed a statutory demand to the director of Johnny Development Pte Limited, demanding payment of \$200,000.00, failing

which they have threatened to pursue a winding up action against Johnny Development Pte Limited.

The director of Johnny Development Pte Limited, Johnny Smith approached you for legal advice on the same day he received the statutory demand.

What is your advice to Johnny Smith.

Support your answer with the relevant legislative provisions and case authorities.

[10 Marks]

Question 7

KUL Enterprise Pte Limited received a statutory demand from one James Koroi on 10 April 2025, demanding a payment of \$15,000.00. KUL Enterprise Pte Limited denies owing anything to James Koroi.

The Director of KUL Enterprise Pte Limited, Rachel, approached you for legal advice on the said statutory demand on 5 May 2025.

Advise Rachel on the following:

- i) What can be done against the statutory demand?
- ii) What is the presumption against KUL Enterprise Pte Limited?
- iii) How can KUL Enterprise Pte Limited defend itself against winding up?
- iv) What would be your advice if the amount claimed by the statutory demand was \$9,950.00?

Support your answer with the relevant legislative provisions and case authorities.

[10 Marks]

Question 8

You are the legal officer and secretary of Pride Investors Pte Limited. Minority shareholders have recently complained to you that the Directors are abusing company funds and are not allowing them to access the company accounts.

You have noticed that the Directors are paying salaries to their spouses from company funds, who are not even employed by company. The Directors have also been transferring company funds into their personal bank account without any proper resolution.

The Directors also want to amend the company's articles of association to allow the company to increase its share capital by issuing shares to certain businessmen, who are not related to the existing members.

Recently, you came across the Directors' plans to enter into certain dishonest transactions under the name of the company. The Directors are of the view that the corporate veil shields them from liability.

During the next board meeting, you intend to raise the above matters. Prepare your written submissions for the board meeting.

Support your answer with the relevant legislative provisions and case authorities.

[10 Marks]

