



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

No. of Pages : 02
No. of Questions: 05
Total Marks :70

BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE

3000 LEVEL FIRST SEMESTER END EXAMINATION -
AUGUST/SEPTEMBER 2025 (Old Syllabus)

Three Hours

ACC 3111 -Corporate Law

Academic Year 2024/2025

Instructions

- ➡ Answer all (05) questions.

Question 01

- A. List three main types of companies recognized under the Companies Act. (03 Marks)
- B. Briefly explain the steps involved in the incorporation of a company under the Companies Act. (03 Marks)
- C. Articles of Association play a major role in the day-to-day business operations of a company. Do you agree? Justify your answer. (04 Marks)
- D. "Shareholders are considered key stakeholders in a company. They exercise certain powers and rights". Discuss the general rights of shareholders under the Companies Act No. 7 of 2007.

(05 Marks)

(Total Marks 15)

Question 02

- A. List three types of directors recognized under the Companies Act No. 7 of 2007. (03 Marks)
- B. Briefly explain four duties of a director under the Companies Act No. 7 of 2007. (03 Marks)
- C. The duties of a company secretary help mitigate legal issues faced by the company. Do you agree? Justify your answer. (04 Marks)
- D. An auditor has duties beyond auditing the financial statements. Discuss this statement.

(05 Marks)

(Total Marks 15)

Question 03

- A. List the three types of winding up of a company. (03 Marks)
- B. Companies issue several types of shares. Briefly explain the main types of shares issued by a company. (03 Marks)
- C. Briefly explain the steps involved in a voluntary winding up of a company. (04 Marks)
- D. The solvency test must be carried out by a company not only at the time of winding up. Discuss when else must a company meet the solvency test? (05 Marks)

(Total Marks 15)

Question 04

Arun Perera and Samantha Jayasinghe started a construction company, **NovaBuild Ltd**, in 2023. They rushed the registration process and failed to complete the required documents and payments under the Companies Act. Before the company was officially incorporated, Arun signed contracts with suppliers, rented a warehouse, and hired staff in his own name, thinking the company would later adopt them. After incorporation, the company faced problems because:

1. The registration was incomplete and non-compliant.
2. Suppliers sued Arun personally for contracts made before incorporation.
3. The government imposed penalties for improper filings.

As a result, NovaBuild Ltd faced legal and financial difficulties.

- A. Discuss the legal position of Arun in relation to the contracts entered into with BuildSupplies Ltd and others prior to the formal incorporation of NovaBuild Ltd.

Support your answer with the legal effect of **pre-incorporation contracts** under the Companies Act. (5 Marks)

- B. Evaluate the implications of NovaBuild Ltd's failure to properly comply with incorporation requirements (such as filing the memorandum, articles of association, and fees). (4 Marks)
- C. Discuss how did the above defects affect the company's legal standing and subsequent liabilities? (4 Marks)

(Total Marks 13)

Question 05

Briefly explain any three concepts of the following.

- A. Crystallization
- B. Solvency Test
- C. Shareholder
- D. Company Auditor
- E. Disqualification of Directors

(3x4 Marks)

(Total Marks 12)
