

2017 JUNE BICA LAW EXAM

SOLUTIONS

1. **A:** True
B: False
2. **D**
3. **C**
4. **D**
5. **D**
6. **B**
7. **D.** An auctioneer is the offeree irrespective of whether there is a reserve price for any of the goods
8. **A:** True
C: True
9. **A.** In anticipatory breach as in the question, the wronged party can sue immediately provided there is clear intention of non-performance/breach by the other party when time for performance arrives.
10. **A.** These are both categories of damages which are not quantified that are not known; are quantified by the court
11. **C**
12. **B**
13. **D**
14. **B:** False. Ratification has retrospective effect
C: True
15. **A:** See sections 25-27 of the Companies Act
16. **A:** True
D: True
17. **B**
18. **C:**
19. **B:** False : The auditor does not owe shareholders of the company a legal duty under the Companies Act or the Common law
C: True: The auditor owes the company a duty of care; there is a contractual relationship with the company
20. **A**
21. **B:** The company has unlimited liability; it is the liability of members of a company that is limited
C: False. Even in a CC, members' liability is limited (to the percentage of their contribution)
22. **B:** False: The company is unable to pay its debts and may be wound up-S. 369 of the Companies Act
C: False: Lifting the veil is when special circumstances exist; there is no fraud in this case and it is not shown that the subsidiary company is a fraud. Section 24 of the Act and Salomon case should therefore be upheld
23. **C.** See section 160
24. **D**
25. **B:** False

- C: True
26. C: See section 179
27. C: See S 355 (5) A
28. A
29. A: False
C: True Pens and Ink Ltd is a public company and an audit report is compulsory
30. D. See S. 193. None of the individuals mentioned is qualified. The company specializes in manufacturing of paint and therefore cannot lend money in the ordinary course of business
31. C
32. A: True
C: False. Special resolution is required-section 43(2)
33. D
34. B: True. Change of name requires a special resolution under section 43(2) of the Companies Act
C: False
35. C. See sections 268 and 257 of the Companies Act
36. B
37. A: False
D: True
38. C
39. A: See section 256 of the Companies Act
40. B: False
D: True
41. D: See section 409 of the Companies Act
42. B
43. A: True
C: True
44. C
45. D: See section 42 of the Accountants Act
46. D
47. D
48. D
49. C
50. A
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