





# Section A

Answer **all** the questions in this section.

1. Which of the following actions does **not** generally require the approval of a company's members?

(Tick **one** box only)

- A.  A change to the articles of association
- B.  Creation of a floating charge
- C.  A three-year service contract
- D.  A loan to a director of £100,000

(1 mark)

2. Can the directors of a private limited company refuse to register a transfer of shares? Explain your answer.

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(2 marks)

3. Define when a person has information as an insider under s.57 of the Criminal Justice Act 1993.

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(2 marks)

4. All public companies are required to prepare a directors' remuneration report.

Is this **true** or **false**?

(Tick **one** box only)

- True
- False

(1 mark)

5. List the **three** steps a private company would need to take in order to re-register as a public company.

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ii \_\_\_\_\_

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iii \_\_\_\_\_

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(3 marks)

6. Outline who may inspect the register of members, and explain the procedure which must be followed when an inspection request is made.

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(5 marks)









12. Desi and Ethan run a software development business together. In 2015 they incorporated DE Software Limited (DE). Desi and Ethan were the only shareholders with 500 £1 ordinary shares each. They were also the company's only directors.

DE has been experiencing financial difficulties for the past two years. In January 2018, the company's auditor informed Desi and Ethan that it was inevitable the company would go into insolvent liquidation. Desi and Ethan decided to continue trading in the hope that their situation would improve. Unfortunately, the company continued to lose money and in April 2019, DE was wound up.

Fenella has been appointed as the company's liquidator. Fenella has learned that:

- (i) in September 2018, the company repaid an unsecured loan of £10,000 to Ethan, which he had made to the company earlier in the year;
- (ii) the company has an unpaid tax bill of £25,000; and
- (iii) the company's staff have not been paid for several months, resulting in around £50,000 in unpaid wages.

Fenella has also learned that the company's remaining assets total £70,000. Her expenses for acting as liquidator will be £5,000.

Discuss the course of action that Fenella needs to undertake. In your answer, include an explanation of how assets might be distributed. Use the figures provided above.

[Total for Question 12 = 25 marks]

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**TOTAL FOR SECTION B = 75 MARKS**  
**TOTAL FOR PAPER = 100 MARKS**

**END**

*The scenarios included here are entirely fictional. Any resemblance of the information in the scenarios to real persons or organisations, actual or perceived, is purely coincidental.*