



Instituto Superior de Economia e Gestão

UNIVERSIDADE TÉCNICA DE LISBOA

DESDE 1911

BUSINESS LAW

2012/2013 – 2.º SEMESTRE

EXERCISES

Chapter VI – Company Law (1)

1. Do the advantages of incorporation compensate for the bureaucracy involved in running a company?

2. In forming a company, may shareholders seek to minimize the liability of the company and themselves to creditors?

3. An individual person can create a company? And a legal person can create a company the same?

4. Laura, a talent designer, and her husband, Bernard, are running a small business engaged in the printing and selling of silk scarves and ties. They are seeking to expand the business and have persuaded Laura's parents to provide funds for expansion. Laura's parents do not wish to participate in the day to day running of the business, nor do they need an income from their investment, but they would like to be consulted on major matters of policy and to be able to recover their capital in the future. Laura and Bernard wish to retain control of the business but want to give Laura's brother, Mark, who works for them, greater involvement in the business. Laura and Bernard have decided to form a company in which they will own the majority of the shares and be directors. They seek your advice about how to do the incorporation, structure the company and to accommodate the wishes of Laura's parents, Mark and themselves.

5. Rendell SA has a number of wholly owned subsidiaries, including Barbara Lda and Vine Lda. The directors of Rendell SA are also directors of these two subsidiaries. Land belonging to Barbara Lda is being compulsory purchased by the government for a road widening scheme. The amount of compensation has not yet been agreed. Vine Lda, whose business is house building, has incurred huge losses as a result of a downturn in the economy. The creditors of Vine Lda are pressing Rendell SA to pay its subsidiary's debts. Without further support from Rendell SA, Vine Lda will go into insolvent liquidation. Advise Rendell SA.

6. Sober Lda was incorporated by Arnold in 1996 with the stated object to import and sell non-alcoholic fruit drinks. He was the sole director of the company. Arnold held 90% of the issued quotas and his wife, Helen, held 10%. The articles of the company named Helen as company secretary. On Arnold's death his quotas were inherited equally by his three sons, who became the directors of the company. The sons are proposing to amend the objects of the company to permit the importation and sale of alcoholic drinks. Helen objects strongly to this proposal. Her sons tell her that they propose to employ a different company secretary and to insert a provision in the company's articles allowing the directors to require any shareholder whose statements or conduct is, in their opinion, detrimental to the company's future prosperity to transfer his or her quotas to the directors at a fair price. Advise Helen.