



Instituto Superior de Economia e Gestão

UNIVERSIDADE TÉCNICA DE LISBOA

DESDE 1911

BUSINESS LAW

2012/2013 – 2.º SEMESTRE

EXERCISES

Chapter VI – Company Law (2)

1. What are the differences between a civil and a commercial company?
2. What is the typicality principle of the commercial company?
3. What is a social participation? How can a social participation be acquired?
4. How can we change the capital of a company?
5. Corporate power lies with the board of directors. Comment.
6. The shares of Rail Nostalgia, SA are owned equally by its five shareholders. A, B and C make up the board of the company. The company needs to purchase iron chairs and agreed to buy them from Alpha Bros, of which A is a partner. A discloses to the board that he was a partner of Alpha Bros, but did not reveal that he would receive commission on the sale. On discovering the truth, D proposed to the board that the company should seek to rescind the purchase, but the board refused to do so. At a subsequent general meeting, D and E vote to take legal action against A, but the board has refused the act. What is the legal position?
7. Certain persons, notably directors, are in position to gain valuable information about a company. To what extent, if at all, does the law prevent such persons from using that information for their own personal profit?

8. Christie, James, Rendel, Sayers and Peter hold all the issued share capital of Detective, SA of which they are the executive directors. Christie has indicated that she would like to retire from the business and sell her shareholding. James, Rendel, Sayers and Peter would like the company, which is highly profitable, to pay Christie 100.000,00 euros for her past services (she has received a salary has a company pension). The articles of the company do not restrict the company from making gratuitous payments, nor do the articles containing restrictions on the transfer of shares. Christie is willing to sell her shares in the company when she retires; the remaining directors would prefer these shares to be retained within the company. Quid juris?

9. Arts and Crafts, SA is a small company which runs a pottery painting studio. Until incorporation, the business was run as a partnership. The directors are Fiona and Natasha who own, between them 51% of the shares. Given that their plan is to keep the company small and to concentrate on commercial activities, they seek your advise on whether it is necessary for the company to comply with the annual provisions of an audit, accounts and reports and whether is necessary to hold company meetings.

10. What is the business judgment rule?

11. What are the main differences between a Quota Company and a Joint Stock Company?

12. Are there different types of general meetings? Justify.