

Chartered Banker

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BUSINESS LAW

Assignment 2

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Charitable Body: The Chartered Institute of Bankers in Scotland (CIOBS) – Reg No.: SC013927



Important Assignment Information

ASSIGNMENT LENGTH

For assignments submitted on or after **1st September 2008**, there is a **maximum** word count of **2,500 words**.

From that date, if you fail to adhere to the maximum word count, a deduction will be made to your final assignment mark. Specifically, if you exceed the 2,500 limit, you will be deducted **1%** for every **100 words** or **part** of **100 words** over the limit.

For example, if you write a total of **2,614** words, a **2%** deduction will be made to your mark. For clarification, the word count includes all references and attached appendices.

PASS COMPENSATION AWARD

In recognition of the importance attached to the assignments, an award of **Pass Compensation** will be made to you if you score between 45% and 54% in the final exam and if you complete the required assignment(s) under the following conditions:

1. The assignment mark must be 60% or above – where two assignments are required, then the average mark must be 60% or above **and**
2. Assignments must be in the hands of the Tutor **at least** one month prior to the **chosen examination date for each subject**.

For example, if you enrol to sit a **full** credit subject examination on **15th December**, you must have sent **both** assignments to your tutor by **15th November**.

Similarly, if you enrol to sit a **half** credit subject examination on **2nd March**, you must have sent the **sole** assignment to the tutor by **2nd February**.

Please also note the following:

- (a) Where an assignment is marked at less than 60%, this may show up as **'Fail'** in the web-based student record – this is purely with reference to the Pass Compensation award and does not necessarily mean it is a sub-standard submission
- (b) You are **not** permitted to **re-submit** an assignment in order to gain a higher mark
- (c) In the event that you fail an exam and have not completed the required assignment(s), you can subsequently complete the required assignment(s) – these will then count towards any re-sit examination undertaken. Submission dates for these assignments must comply with the relevant timescales as stated in **2** above.

Question 1

- (a) Explain fully what is meant by cancellable and non-cancellable agreements under the Consumer Credit Act 1974 and highlight the differences between them.

(15 marks)

- (b) The Consumer Credit Act 1974 has recently been reviewed. Outline the amendments to the legislation.

(5 marks)

(TOTAL MARKS – 20)

Question 2

- (a) Arthur, Conn and Doyle are partners in a firm that has built up a successful pet food distribution business.

They are thinking about changing the structure of the business from a partnership to a limited company and have sought your advice regarding the advantages and disadvantages of this course of action.

In addition to this, they tell you that they are aware of the existence of both private limited companies and public limited companies and they have asked you to explain the distinction between these entities.

(12 marks)

- (b) You are in conversation with a customer and they tell you that whilst they have a number of shareholdings in a range of companies, they have never been clear about the distinction between a share certificate and a share warrant.

How would you go about explaining this?

(8 marks)

(TOTAL MARKS – 20)

Question 3

- (a) When you are in discussion with Arthur, Conn and Doyle (in Q.2), you mention that a limited company may grant a floating charge. Arthur, Conn and Doyle have never heard this term before and they ask you what it is.

Explain to them what a floating charge is and outline the advantages and disadvantages of it.

(15 marks)

- (b) In May 2001, Lismore Ltd issued a debenture to Drumsheugh Bank secured by a floating charge on all of Lismore Ltd's property and undertaking – this was registered in 14 days.

Six months later, a fixed charge was created in favour of Morris over the company's factory. Fifteen months after the charge in favour of Morris was created, Lismore Ltd went into liquidation.

Prior to taking the charge, Morris had made a search at the Registrar of Companies and discovered the existence of Drumsheugh Bank's floating charge.

Explain, with reasons, which charge has priority.

(5 marks)

(TOTAL MARKS – 20)

Question 4

- (a) Explain what is meant by a takeover and a merger, clearly differentiating between the two.

(5 marks)

- (b) There are three types of meeting which members of a company may attend.

Explain what these are, describing the nature of the proceedings and the types of business discussed at them.

(15 marks)

(TOTAL MARKS – 20)

TOTAL ASSIGNMENT MARKS – 80