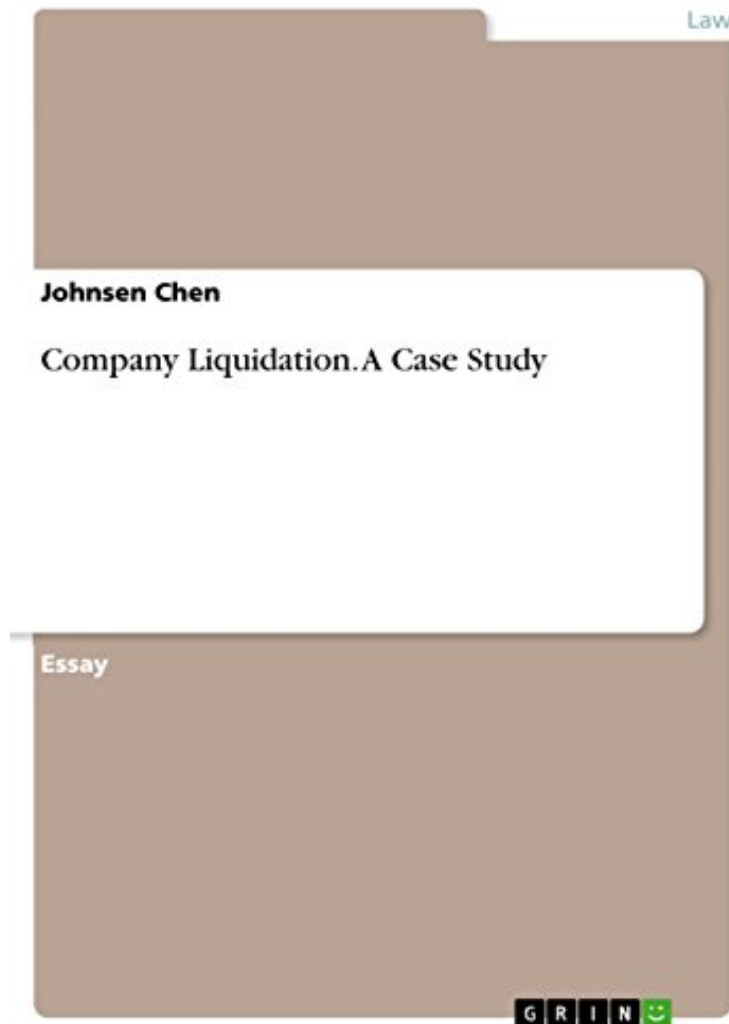


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Johnsen Chen

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Johnsen Chen : Company Liquidation. A Case Study before purchasing it in order to gage whether or not it would be worth my time, and all praised Company Liquidation. A Case Study:

Essay from the year 2007 in the subject Law - Civil / Private / Trade / Anti Trust Law / Business Law, grade: B+, Oxford Brookes University (Nilai College), course: Business Law, language: English, abstract: Andrew in order to make the preparations for the new company has gone to make a loan of \$100.000 from the bank. Moreover, the money was only transferred to the account of the company when it has been formed and it was acknowledged by Brandon for the benefit of the prospective Always True Ltd. After the liquidation the bank would like to recover the \$100.000. The

issue is whether or not the bank has the right to recover the loan. However, it is stated in the story that the money should be transferred into the account of the Always true when formed thus it means that the name of the principal is stated in the contract. Principal in legal terms means a person, fictitious or otherwise, who authorizes an agent to act to create one or more legal relationships with a third party (Wikipedia, 2007). According to Guest (1979), when agent contracts for named principal or whose name is disclosed then it may be laid down as a general rule where the agent drops out of the transaction as soon as the contract is made and acquires neither rights nor liabilities under it. In addition, Craig (N/D) stated that the principal must be named or at least be capable of being identified for the ratification to be valid. In the case of *Schmaltz v Avery*, where the plaintiff entered into a contract of charter-party with the defendant, the plaintiffs described themselves as agents of the freighters and it was provided in the contract that, since they were contracting "on behalf of another party"; all personal liability on their part should cease when the cargo shipped (Guest, 1979). Therefore I conclude that the company should be held liable as from the case study given, the contract signed have fulfilled the term above, where Andrew have disclosed the name of the company and the money was sent into the account of the company.