

A company has the ability to essay sample

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A company has the ability to enter into a contract, can sue and be sued in its own name, has the right to own land or property, and also enjoy perpetual succession. As a company, they have the ability to enter into a contract which meant they can make contract with its own shareholders within the company. Any contract made between company and its members are not illegal due to the principle of separate legal entity. As what we have seen in the case of Saloman v Saloman, the company can borrow money or its shareholders can lend money to the company in order for the company to continue operate. In addition, in the case of Lee v Lee's Air Farming Ltd. , Lee is the owner of the company and he is also an employee to the company. Therefore, the contract made by him is legal and he can claim for the insurance by his wife. Next, a company can also sue and be sued in its own name and this is also due to the principle of separate legal entity. For example, in the case of Foss v Harbottle, the company itself has the right to sue as it is an injury to the company but the shareholders does not have the right to do so. The next case is the case of Vu Siew Chin v Wong Fah Yoon. This case can also be used to support this point of view. Wan Suleiman FJ states that law allows that the company's name being sued by other people. Moreover, a company also has the right to own property or land. However, there are also certain restrictions applied as stated in the section 19(2) of the Companies Act 1965. The company has the ownership right over the property or land own which distinct from its members. In the case of Macaura v Northern Assurance Co Ltd, Macaura does not have the rights to claims insurance on the timbers as the timbers belong to the company. Besides that, a change in the ownership will not affect the ownership of the

property. The case of Abdul Aziz bin Atan & Ors v Ladang Rengo Malay Estate Sdn Bhd can also support this point of view in which it stated that transfer of ownership of the shares will not affect the personality of the company itself. Lastly, a company has a perpetual succession. This means that a company can still continue their entity regardless to the changes in its membership even in the condition that all its shareholders and directors were dead. For example , in the case of Re Noel Tedman Holdings Pty Ltd. , a traffic accident caused both the shareholders and directors died and the company still existed even after the death of both of the shareholders and the directors.