AYB230 Corporations Law

QUEENSLAND UNIVERSITY OF TECHNOLOGY · SECOND-YEAR UNDERGRADUATE · SEMESTER 2, 2026

Full guide + ask Sia about AYB230

SIDE 1/2 ISSUE ROADMAP · rule + authority · element-by-element application · remedy **OPEN-BOOK EXAM SHEET** Corporations Act 2001 (Cth) · **all topics examinable**

0 · Exam Map

COURSE.JSON · BRIEF

A1 · 20% | A2 · 20% | FINAL · 60%

ASSESSMENT	WT	WHAT IT REWARDS
Assessment 1 — Scenario: urgent advice (online assignment)	20%	1,000 words; Topics 1–5; primary law
Assessment 2 — Problem-solving task (Turnitin assignment)	20%	1,000 words; ILAC report
Assessment 3 — Final Exam	60%	MCQ + short answer + problems; all topics

PERMITTED-MATERIALS TRUTH

"The final exam is open book"
(Assessments overview, AYB230 (Semester 1 2026 page; same unit assessment))

Paper or book material only; no electronic devices is the final format recorded in the course data. Use this printed sheet as an index to the rule, authority, elements and remedy.

1 · ILAC Answer Rail

COURSE OVERVIEW

ISSUE precise? | **LAW** s + case | **APPLY** facts ± | **CONCLUDE** answer

authority + actual facts = marks

Redrawn from the guide's ILAC answer rail: do not leave Law unattached to facts.

I: frame the legal question narrowly. **L:** state each element and pinpoint the section + leading authority. **A:** apply each element to named facts; argue the plausible counter-position. **C:** answer the issue and state consequence or remedy.

EXAM MOVE → *Allocate time in proportion to marks. Before writing, make a margin checklist of issues; stop each ILAC when its conclusion is defensible and move on.*

2 · First Classification

ALL PROBLEMS

WHO?	company · member · director/officer · outsider · creditor
ACT?	debt · share issue · meeting · contract · disclosure · disposition
STAGE?	formation · governance · financing · distress · winding up
RELIEF?	validity · liability · injunction · profits · compensation · priority

MCQ/SHORT ANSWER	state the decisive threshold, section and one-line reason
PROBLEM	use a heading for every plausible issue, not one global ILAC
REMEDY	match claimant and breach: company, ASIC, member, creditor or outsider

3 · Company Personality

T1 · S124 · SALOMON

Separate legal entity: registration makes the company a distinct legal person with most capacities of a natural person: **s124; Salomon v A Salomon & Co Ltd**. Its property, contracts and debts are its own—even with one owner.

Limited liability: a member's exposure is capped at the unpaid amount on shares: **s516**. A personal guarantee voluntarily gives up that protection for the guaranteed debt.

SLE DEFAULT · Salomon · s124
owner ≠ company debtor

except?

STATUTE
s588G director
s588V holding co.
employee entitlements

COMMON LAW
fraud / sham
avoid duty · guarantee

NO FLAG → VEIL HOLDS

Veil checklist, adapted from company-fundamentals--fig2.svg.

APPLY → *Start with separation. Treat lifting as exceptional; test every pleaded flag before making the owner personally liable.*

4 · Type → Register → Contract

T2 · S112–140

GATE	RULE	APPLICATION CUE
Type	s112: shares / guarantee / unlimited / no liability	Pty: ≤50 non-employee members; no public fundraising (s113)
Small Pty	s45A: at least 2 of 3	revenue <$50m; assets <$25m; <100 employees
Register	s117 application → s119 existence → s124 powers	identify when legal person began
Pre-reg	s131: behalf + later registered + timely ratification	no ratification/performance → promoter liability (s131(2))

Promoter: owes fiduciary good faith; disclose interest, disclose profit, obtain consent. For a pre-registration promise, do not call the company bound until all s131 limbs are applied.

CORPORATE GROUP · S46

```
Subsidiary if holding company
controls board composition, >50%
meeting votes, >50% issued share
capital, or it is a subsidiary of
that company's subsidiary. Any one
limb suffices.
```

5 · Internal Rulebook

T2 · S136 · S140

Use replaceable rules, a constitution, or both. No-liability companies, ASX-listed companies and a limited-by-guarantee company omitting "Limited" must have a constitution; replaceable rules do not apply to a sole director/shareholder company.

COMPANY · s140
statutory contract

EACH MEMBER
member ↔ member

DIRECTOR / SEC
officer relation

CHANGE: ≥75% · s136; then check s140(2)

The three s140 relationships and the two-stage amendment check.

Change: special resolution ≥75% (s136). Even if passed, it does not bind a member without consent where it forces more shares, increases capital liability, or restricts share transfer: **s140(2)**.

6 · Members & Meetings

T3 · S231 · S249

Membership: written consent + entry on register: **s231**. Directors manage under **s198A**; members cannot direct daily management: *Automatic Self-Cleansing Filter Syndicate v Cunninghame*.

DIRECTOR
s249C calls

MEMBERS
5% s249D

SELF-CALL
5% s249F

COURT
s249G

NOTICE s249L · purpose s249Q
place · date/time · business · proxy

ORDINARY >50%
default · s203D removal

SPECIAL ≥75%
constitution s136

Meeting route and voting thresholds, redrawn from the guide.

OPPRESSION

s232: conduct contrary to members' interests as a whole, or oppressive, unfairly prejudicial or unfairly discriminatory. Standing: **s234**. Ask what a reasonable director would do: *Wade v NSW Rugby League*; test defeated reasonable expectations: *Boyd v Feeney*.

TRAP → *Resolve authority to call, notice/proper purpose, then the correct majority. Do not use ≥75% merely because the decision is important.*

MEMBER ISSUE	RULE / RESPONSE
Dividend demanded	s254T–W; paid from profits at directors' discretion
Excluded / fees diverted	plead oppression s232; applicant standing s234
Company wrong not pursued	consider statutory derivative action
Relationship irretrievable	winding up may be a member remedy

7 · Who Owes the Duties?

T4 · S9

STATUS	TEST ON THE FACTS
Appointed	valid formal appointment
De facto	acts in the director role without valid appointment
Shadow	board accustomed to follow the person's instructions/wishes
Officer	makes/participates in substantial decisions or significantly affects financial standing
Secretary	administration/compliance; also an officer

Function beats label. A dominant creditor, parent company or unappointed participant may fall within s9. Then apply the same statutory duties.

Governance: directors manage under s198A; members use meeting powers. Board resolutions pass by >50%. The separation creates agency costs, which duties and monitoring constrain.

8 · Statutory Duties Map

T4–6

DIRECTOR / OFFICER → COMPANY

LOYALTY
s181 · faith
proper purpose
s182/3 ban

CARE / CASH
s180 · care
s180(2) BJR
s588G · debt

DISCLOSE
s191 · int.
s194/5 vote
Ch 2E

co remedies + ASIC penalty · s206C
criminal where dishonest

The nine-duty cluster, compressed from directors-fiduciary-duties--fig1.svg.

CONSEQUENCE MENU

COMPANY	damages/compensation · account of profits · constructive trust · rescission · injunction · return of property
ASIC	civil penalty up to $1.11m · compensation · disqualification (s206C)
DISHONESTY	criminal liability; *ASIC v Adler*

Disqualification s206B: source-listed automatic grounds include qualifying convictions, undischarged bankruptcy, personal insolvency agreement or relevant foreign order.

DECISION AUTHORITY & REMOVAL

Board decisions ordinarily pass by >50%; a circulating written resolution is an alternative board mechanism. Members of a public company remove a director by ordinary resolution under **s203D**, after proper meeting notice—not by directing the board under s198A.

QUINN	attends board, signs, held out → de facto director
ROYSTON	board habitually follows instructions → shadow director
RESULT	both fall within s9 and owe statutory duties

EXAM MOVE → *Quote conduct showing the function. Formal appointment is only one route into s9.*

9 · Loyalty: s181–183

T5 · EQUITICORP

s181: good faith in the company's best interests + proper purpose. Good faith = genuine, honest, reasonable conduct: *Equiticorp*. Company interests are primarily members as a whole: *Greenhalgh*; creditors matter when insolvent.

IDENTIFY POWER + LEGITIMATE PURPOSE

PROPER ONLY
capital · buy · ESOP

IMPROPER PRESENT
control · bid · rights

BUT FOR improper purpose, still act?
YES: no breach · NO: s181 breach

Mixed-purpose test, redrawn from directors-fiduciary-duties--fig2.svg.

s182 / s183: no improper use of position/information to gain advantage or cause company detriment. A corporate opportunity taken secretly supplies both the gain and detriment. Avoid breach by full disclosure and required approval; material interest disclosure: **s191**; public-company related benefits: **Ch 2E**.

APPLY → *Name the power, infer its real purpose from timing and surrounding facts, run "but for", then address disclosure/approval and profit-stripping relief.*

10 · Care: s180

T6 · AWA / DANIELS

Objective reasonable-person standard in that director's position and circumstances; rises with office. Minimum: understand business, stay informed, review financials, enquire, delegate only to capable people, and do not ignore misconduct: *AWA Ltd v Daniels / Daniels v Anderson*.

S180(2) BJR: ALL FOUR	FACT QUESTION
good faith + proper purpose	why decide?
no material personal interest	conflict?
reasonably informed	what was reviewed?
rational best-interests belief	reasoned basis?

Safe harbour for s180 only—not s181–183 or s588G.

CONFLICT APPROVAL & REMEDY

S191	disclose nature and extent of material personal interest to other directors
S194 / S195	after disclosure, proprietary/public voting treatment differs
CH 2E	public-company financial benefit to related party generally needs member approval unless exception
NO LOSS?	account of profits and constructive trust target the director's gain

Raj pattern: undisclosed corporate opportunity + personal profit → fiduciary conflict and s182/s183; strip the gain.

11 · Insolvent Trading

T6 · S588G/H

s588G · ANSWER EACH GATE

1 · director when debt incurred? · s9

2 · insolvent then, or debt caused it? · s95A

3 · reasonable grounds to suspect? · Plymin

4 · reasonable person would suspect?
ALL YES → CONTRAVENTION → s588H

The s588G sequence, redrawn from duty-of-care-and-insolvent-trading--fig2.svg.

Insolvent: cannot pay debts as they fall due. *ASIC v Plymin* indicators: dishonoured cheques, COD demands, unpaid PAYG/super, missing timely audited accounts, bank demands, unsatisfied statutory demand. Failure to meet a **s459E** demand within **21 days** triggers **s459C** presumption.

S588H DEFENCES

```
reasonable expectation of solvency ·
reasonable reliance on competent
responsible information · absence from
management for illness/other good
reason · all reasonable steps to
prevent debt.
```

s588GAB: creditor-defeating disposition for less than value while insolvent or entering external administration within 12 months, with required knowledge/reasonableness.

12 · Remaining Issue Classifiers

T7–11

FACTS POINT TO	OPEN WITH
climate claim / data	s1041H/E; s12DA; Privacy Act >$3m; APPs; s26WK–WL
crime/tort/contract	directing mind; vicarious; s127 execution; s129 assumptions
capital / security	equity v debt; s254A/B; PPSA perfection and priority
fundraising statement	s706 need; s708 exemption; s728 omission
distress / claims	receiver v VA/DOCA v winding up; s555/s556 order

Privacy gate: turnover >$3m (plus listed smaller handlers). Eligible breach likely to cause serious harm → notify OAIC + affected people as soon as practicable: **s26WK–WL**. APP6 use/disclosure; APP7 direct marketing.

Greenwashing: misleading conduct under **s1041H/E** and **s12DA ASIC Act**; analyse as truthful disclosure plus foreseeable risk management, without inventing a direct Australian climate-duty case.

CARRY TO SIDE 2 → *The later-topic diagrams convert each classifier into a short, applied answer.*

AYB230 Corporations Law · Worked Drills & Fast Recall

QUEENSLAND UNIVERSITY OF TECHNOLOGY · APPLY THE SECTION AND CASE TO THESE FACTS

Full guide + ask Sia about AYB230

SIDE 2/2 · FOUR HYPOTHETICALS · decision trees · traps · answer frames · PRINT + BRING · Time by marks · **application carries the answer**

13 · Timed Answer Frame

ILAC · EXAM METHOD

PHASE	WHAT GOES ON PAPER
Read	parties · role · act · date/stage · loss/benefit · remedy sought
Plan	one issue heading per legal question; allocate time by marks
Write	I one line · L section + case + elements · A fact on each element · C result
Check	authority pinpointed? counterargument? consequence? clear client advice?

APPLICATION STEM

"Because [named fact], element [x] is likely / unlikely satisfied. However, [counter-fact] supports [other side]. On balance …"

14 · Drill 1: Wei's Share Issue

WORKED EXAMPLE · 6 MARKS

Facts: Apex Robotics faces a hostile takeover. Wei issues a large block to a friendly investor, diluting the bidder, saying "raise capital"; there was no genuine funding need.

POWER: ISSUE SHARES · s124 / s254A

STATED raise capital · proper | **INFERRED** dilute bid · entrench

Would issue occur but for improper aim?

NO → s181 BREACH

The worked facts through the source's mixed-purpose test.

I: proper purpose under s181? **L:** good faith/best interests/proper purpose; raising capital proper, control/takeover defeat improper; mixed purpose asks whether issue still occurs but for improper purpose; good faith: *Equiticorp*. **A:** no genuine need + friendly allottee + dilution make bid defeat operative; some capital does not cure it. **C:** breach; civil/equitable consequences and issue may be set aside.

MARK SPLIT → *I +1 · Law +2 · Application +2 · Conclusion +1. Do not spend the application marks repeating s181.*

14b · Purpose / Conflict Traps

T5 FAQ

"SOME CAPITAL RAISED"	still run but-for/dominant purpose
OPPORTUNITY TAKEN	s182 position + s183 information + fiduciary conflict
NO COMPANY LOSS	account of profits/constructive trust can still strip gain
DISCLOSURE ONLY	ask whether approval was also required

15 · Drill 2: Hana Keeps Ordering

WORKED EXAMPLE · S180/588G

Facts: Beacon Retail orders stock on credit despite unpaid PAYG, dishonoured cheques and COD demands. Hana signs orders without reading management accounts.

TWO SEPARATE ISSUES

s180 CARE unread · no enquiry · AWA / Daniels → **breach s180**

s588G CASH PAYG/COD/cheques · new debts · Plymin → **all gates → s588H?**

no apparent defence → both breached

Care and solvency must be pleaded and applied separately.

I: s180 and s588G. **L-care:** reasonable person; minimum standard from *AWA / Daniels v Anderson*. **A-care:** no accounts/enquiry falls below minimum. **L-solvency:** director + debt + insolvency + reasonable grounds + reasonable person; *Plymin*; then s588H. **A:** three indicators make suspicion objectively reasonable; continued credit creates new debts; facts give no defence. **C:** both breached; personal debt exposure plus ASIC remedies.

15b · Care / Insolvency Traps

T6 FAQ

HOPE	s588H needs reasonable expectation of solvency—not mere hope
DELEGATION	only capable people; director still stays informed
BJR	s180 business judgement only; no shield for s588G
BALANCE SHEET	insolvency is cash-flow: debts as they fall due
STAT DEMAND	s459E + 21 days → s459C presumption

ANTI-PHOENIX

s588GAB: property for less than value + insolvency/external administration within 12 months + knowledge/reasonableness.

S588H DEFENCE EVIDENCE

DEFENCE	WHAT THE FACTS MUST SHOW
Expected solvent	reasonable grounds to expect—not merely hope—solvency continuing
Relied on person	competent, responsible source supplied adequate information
Absent	illness or other good reason for not managing then
Prevented debt	all reasonable steps taken to stop incurrence

16 · Drill 3: Meridian's Signatures

WORKED EXAMPLE · $200,000

Facts: supplier signs a $200,000 contract appearing executed under s127 by two officers. One was never properly appointed. Meridian refuses payment; supplier had no knowledge of defect.

WHEN IS COMPANY LIABLE?

DIRECT directing mind · Lennard's · Bolton

INDIRECT employee tort · agency · Hollis/Vabu

s127 EXECUTION 2 dirs OR D + sec · seal + 2 witnesses

s129 ASSUME appointment + auth. · execute · s128(4)

Contracting route redrawn from corporate-liability--fig1.svg.

I: bound despite defective appointment? **L:** s127 permits two officers (or seal witnessed by two). *Royal British Bank v Turquand* + s129 allow assumptions of due appointment, customary authority and due execution: s129(2),(5). **s128(4)** removes protection if outsider knew or suspected falsity. **A:** facially proper document + no knowledge/suspicion; internal defect is Meridian's risk. **C:** company bound.

16b · Liability Matrix

T8

	DIRECT	INDIRECT
CRIME	controller's act + mind attributed	generally not employee crime
TORT	director acts as company	employee in course of employment
CONTRACT	s127 company execution	actual/apparent-authority representative

TRAP → *Do not stop at an invalid appointment. The point of s129 is to protect the good-faith outsider from internal irregularity.*

S129 ASSUMPTION CHECKLIST

INTERNAL RULES	constitution and replaceable rules complied with
PEOPLE	director/secretary/officer duly appointed and customary authority
CONDUCT	those people properly perform their duties
DOCUMENT	genuine and duly executed, including apparent s127 execution
STOP	s128(4): outsider actually knew or suspected assumption false

Authority: actual = genuinely conferred; apparent = company holding-out + reasonable outsider reliance. Neither is direct s127 execution.

17 · Financing Fast Recall

T9 · PPSA

EQUITY · SHARES no capital repayment · dividend discretionary · not tax-deductible · dilutes votes

DEBT · LOAN principal + interest · fixed obligation · interest deductible · no lender vote

PPSA PRIORITY · PERFECT = REGISTER

1 non-circ secured | circ. **2** secured | **3** unsecured pari passu | **4** ordinary members

Equity/debt and PPSA priority, redrawn from financing-a-company--fig1.svg.

QUESTION	RULE
Issue v sale?	issue creates shares; company receives funds. Sale transfers existing share; company gets nothing.
Issue power?	s124; classes s254A/B; proper purpose; s113 limit
Preference?	fixed dividend + priority principal; cumulative carries unpaid dividend
CSF?	eligible revenue/assets <$25m; ordinary shares s738H; licensed intermediary s738L; document s738J; $5m/12 months s738ZC

SECURITY APPLICATION

Identify collateral → registered/perfected? → circulating or non-circulating? → rank against rival and liquidation pool.

18 · Disclosure Classifier

T10 · CH 2M/6D

PERIODIC	annual/half-yearly; financial + directors' + auditor's reports
SPECIFIC	event: fundraising, office/director/name/type change
CONTINUOUS	listed entity; market-sensitive information now

TIDAL $500,000 COMPARISON

PERFECTION	earlier perfected beats later perfected, which beats first-attached unregistered
NON-CIRCULATING	plant/equipment company cannot freely sell; best security rank
CIRCULATING	stock/receivables dealt with in ordinary course

SHARE AND OFFER TRAPS

ORDINARY	votes, discretionary dividends, capital growth; residual claim
PREFERENCE	fixed dividend + priority return of principal
CUMULATIVE	unpaid preference dividend carries forward; non-cumulative loses it
CSF CHANNEL	licensed intermediary + offer document; only eligible companies and ordinary shares

19 · Public Offer Decision

T10 · S706–729

PUBLIC OFFER? · s706

s708 EXEMPT? ≤20 investors + ≤$2m · soph/pro exec/member | **NO EXEMPTION** disclosure document · prospectus · s705

DIS → profile → bond → short-form → FULL

DEFECT? · s728 / s729 misleading or adverse omission · company/directors/endorsers · rescind/loss

The s705 ladder and s708 fork, redrawn from reporting-and-disclosure--fig1.svg.

Orbit worked facts: $6m from 400 retail investors exceeds the source's s708 examples; the glossy memorandum is not a prospectus. Omitted known title dispute is materially adverse → defective disclosure under **s728**; company, directors and endorsing advisers may be liable; investors may rescind/recover loss.

TRAP → *First decide whether a disclosure document is needed. Only then ask which document and whether its content is defective.*

20 · Privacy & Green Claims

T7

PRIVACY ACT? turnover >$3m

APP1–2 open / anon | **APP3–5** collect | **APP6–9** use · borders | **APP10–13** quality · access

eligible breach + serious harm likely · s26WK–WL notify OAIC + people ASAP

Privacy applicability, APP groups and breach response.

DATAMINT	$12m turnover; 50,000 exposed; unconsented marketing; 3-week silence
APPLY	APP6/7 + eligible breach; delay not "as soon as practicable"
GREEN CLAIM	s1041H/E + s12DA ASIC Act; misleading conduct and risk oversight

FAST CONTENT CHECKS

APP6	use/disclosure confined to collected purpose or consented basis
APP7	direct marketing requires consent
APP11	security of personal information
APP12/13	individual access and correction
REPORTS	directors' report = management context; auditor's report = independent true-and-fair opinion

21 · External Administration

T11

FINANCIAL DISTRESS

RECEIVER secured creditor takes collateral · sells to recover · private focus

VOL ADMIN administrator investigates · return / DOCA / wind up

WIND UP assets sold · s556 → cred. · members last · court route

DOCA = binding creditor compromise

Three routes redrawn from external-administration-and-insolvency--fig1.svg.

Receivership: secured creditor realises assets. **VA:** administrator; creditors choose return, DOCA or winding up; s435A best-outcome objective. **Winding up:** liquidator realises/distributes, then deregistration. **DOCA:** binding compromise.

22 · Drill 4: Cascade Waterfall

WORKED EXAMPLE · S555/556

Facts: $300k bank perfected non-circulating security over machinery; $40k liquidator fees; $90k wages/super; $250k trade creditors; ordinary members.

OUTSIDE POOL · NON-CIRC SECURED $300k machinery first; shortfall unsecured

1 · liquidation costs/fees · $40k · s556(1)(a)–(df)

2 · employee entitlements · $90k · s556(1)(e)–(h)

3 · circulating secured creditor

4 · trade creditors · $250k pari passu

5 · members last/equal · s555

Liquidation order redrawn from external-administration-and-insolvency--fig2.svg.

I: ranking of claims. **L:** non-circulating secured creditor realises collateral first; then s556 costs, employees, circulating security, unsecured pari passu; members last/equal under s555. **A:** bank takes machinery to $300k; then $40k; then $90k; then any circulating security; trades share residue; members only surplus. **C:** state the ordered chain, not merely "secured before unsecured".

22b · Final Trap Sweep

FAST RECALL

SLE	owner ≠ company; test exceptions
MAJORITY	ordinary >50%; special ≥75%; requisition ≥5%
DUTIES	identify role first; BJR only s180
DISCLOSURE	need → document → defect → defendant/remedy
LIQUIDATION	collateral outside pool; shortfall unsecured