

Fundamentals Level – Skills Module

# Corporate and Business Law (Cyprus)

Monday 10 December 2012



**Time allowed**

Reading and planning: 15 minutes

Writing: 3 hours

ALL TEN questions are compulsory and MUST be attempted.

**Do NOT open this paper until instructed by the supervisor.**

**During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.**

**This question paper must not be removed from the examination hall.**

The Association of Chartered Certified Accountants

The Institute of Certified Public Accountants of Cyprus

**ACCA**

**ZEAK**

Paper F4 (CYP)

**ALL TEN questions are compulsory and MUST be attempted**

- 1 Explain the extent to which the following may affect the decisions of the District Courts of Cyprus:**
- (a) case law of the Supreme Court of Cyprus; (3 marks)
  - (b) common law; (4 marks)
  - (c) decisions of the European Court of Human Rights. (3 marks)
- (10 marks)**
- 2 In relation to the law on contracts, analyse the meaning, effect and application of the following:**
- (a) a unilateral contract; and (5 marks)
  - (b) an exclusion clause. (5 marks)
- (10 marks)**
- 3 In relation to the tort of negligence:**
- (a) explain what the conditions are for establishing an action in negligence in the courts of Cyprus; and (4 marks)
  - (b) describe the defences available to an action in negligence. (6 marks)
- (10 marks)**
- 4 With reference to the Partnership Law Cap. 116, explain the following:**
- (a) the liability of various partners for partnership debts; and (5 marks)
  - (b) the ways in which a partnership can be brought to an end. (5 marks)
- (10 marks)**
- 5 With reference to the Companies Law Cap. 113, describe and explain the procedure for registering a private limited liability company in Cyprus.**
- (10 marks)**
- 6 With reference to the Companies Law Cap. 113, explain the role of the board of directors in the operation of a company and their duties towards the company.**
- (10 marks)**
- 7 With reference to the Companies Law Cap. 113, discuss potential criminal activity in the operation, management and winding up of companies.**
- (10 marks)**

- 8 Mary has placed an advertisement on her car's window which reads as follows: 'CAR FOR SALE – CALL 99 99 99 99'. Cleo calls Mary on Monday and offers to buy Mary's car for €9,000. Mary calls Denis on Tuesday and offers to sell her car to him for €9,500. Denis says that he will only buy the car for €8,500 but Mary refuses. On Wednesday Mary agrees to sell her car to Cleo for €9,000. Cleo calls Mary on Thursday telling her that she has changed her mind and that she no longer wishes to buy Mary's car. Denis calls Mary on Friday telling her that he agrees to buy her car for €9,500.

**Required:**

**Advise Mary of her rights and obligations to Cleo and Denis.**

**(10 marks)**

- 9 Mandarin Ltd is a private limited liability company, which is engaged in the business of manufacturing gardening equipment. Mandarin Ltd needs to raise funds for the purpose of financing its operation in the following year. The only asset of Mandarin Ltd constitutes a factory and the relevant machinery, which are being used for its operations. The existing shareholders of Mandarin Ltd do not wish to invest any further money in the company, and its board of directors seeks alternative solutions to inject capital into the company.

**Required:**

**Advise the board of directors of Mandarin Ltd as to the available means of financing for the company.**

**(10 marks)**

- 10 ABC Ltd is a public company limited by shares, with a share capital of €1,000,000. ABC Ltd owes €600,000 to its creditors while its assets amount to €900,000 in total. ABC Ltd has completed the purpose for which it has been created. The directors of ABC Ltd consider ways of returning the available capital back to its shareholders.

**Required:**

**Advise the directors of ABC Ltd as to how they may proceed so as to achieve return of capital to the shareholders.**

**(10 marks)**

**End of Question Paper**