

Fundamentals Level – Skills Module

# Corporate and Business Law (Cyprus)

Monday 18 June 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 and distinguish the human rights protection granted in Cyprus under the Constitution of Cyprus and the European Convention of Human Rights.**

**(10 marks)**
- 2 In relation to the law of contracts, explain the meaning of an 'exclusion clause' and explain how the law treats such a clause.**

**(10 marks)**
- 3 In relation to the Partnership Law Cap. 116, explain the following:**

  - (a) the two types of partnership recognised by the law; and** **(4 marks)**
  - (b) the requirements necessary for the existence and registration of a partnership.** **(6 marks)**

**(10 marks)**
- 4 With reference to the Companies Law Cap. 113, distinguish between a private and a public company.**

**(10 marks)**
- 5 With reference to the Companies Law Cap. 113, explain the duties of company directors.**

**(10 marks)**
- 6 With reference to the Companies Law Cap. 113 and Table A, explain the circumstances under which the following types of resolutions are required:**

  - (a) an ordinary resolution;** **(3 marks)**
  - (b) a special resolution;** **(4 marks)**
  - (c) a decision of the board of directors.** **(3 marks)**

**(10 marks)**
- 7 Explain the objectives, and effect, of corporate governance regulation in Cyprus.**

**(10 marks)**

- 8 Andy runs a software development company, Prime Software Ltd. Ben works at the reception of Prime Software Ltd between 8 am–1 pm, Monday–Friday and receives an annual remuneration of €13,000 per year. Catherine is an IT consultant and has signed an agreement for the provision of consultation services to Prime Software Ltd for a period of three years. Catherine receives an hourly remuneration of €100, according to the time spent for each project. Prime Software Ltd is facing financial difficulties and Andy decides to cut down its operations. As a result, Andy dismisses Ben and Catherine from their respective engagements without notice.

**Required:**

**Advise Ben and Catherine of their rights against Prime Software Ltd.**

**(10 marks)**

- 9 David and Elena are two of the shareholders of DEF Consulting Ltd, holding one third of its share capital each. The authorised and issued share capital of DEF Consulting Ltd is €300,000 divided into 300,000 shares of nominal value of €1 each. After 18 months of operations, DEF Consulting Ltd has made a profit of €300,000. David and Elena wish to immediately distribute the profit amongst themselves before the year end. David and Elena further anticipate the reduction in the scale of DEF Consulting Ltd's operations after the end of its second year of operations, and expect that it will need a capital of only €200,000.

**Required:**

**Advise David and Elena as to the procedures necessary:**

(a) to distribute among themselves the amounts of €300,000 before the year end; and (4 marks)

(b) to reduce the capital by €100,000, which is in excess of the company's needs. (6 marks)

**(10 marks)**

- 10 George contemplates setting up a land development company in Cyprus, called George Ideal Apartments Ltd. In December 2011, George entered into a contract on behalf of George Ideal Apartments Ltd for the purpose of purchasing a plot of land in Athens, Greece. In May 2012, George Ideal Apartments Ltd was incorporated and its certificate of incorporation was issued by the Registrar of Companies. The memorandum of association of George Ideal Apartments Ltd stipulates that the company's operations shall be confined to Cyprus. After the incorporation of George Ideal Apartments Ltd, George wishes to rescind the aforesaid contract.

**Required:**

**Advise George as to the legal effect of the aforesaid contract.**

**(10 marks)**

**End of Question Paper**