

Fundamentals Level – Skills Module

# Corporate and Business Law (Cyprus)

Monday 9 December 2013



**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 In relation to the legal system of Cyprus, explain the following:**
- (a) the meaning of common law and equity; (4 marks)
  - (b) the extent to which common law and equity apply in Cyprus; (3 marks)
  - (c) the doctrine of precedent within the context of the hierarchy of the courts. (3 marks)
- (10 marks)**
- 2 In relation to the law of contracts:**
- (a) define the doctrine of privity of contract; and (4 marks)
  - (b) explain and distinguish the presumptions relating to the intention to create legal relations, and explain how they can be rebutted. (6 marks)
- (10 marks)**
- 3 In relation to employment law, explain the circumstances under which the following may lawfully be dismissed from employment:**
- (a) a pregnant woman during her pregnancy; and (5 marks)
  - (b) an employee who has breached the regulations of his or her work. (5 marks)
- (10 marks)**
- 4 In relation to business organisations, explain and distinguish between:**
- (a) a limited company and a limited partnership; and (4 marks)
  - (b) a private and a public company. (6 marks)
- (10 marks)**
- 5 With reference to the Companies Law Cap. 113, describe:**
- (a) the procedure for altering the provisions of a company's memorandum of association with respect to the objects of the company; and (5 marks)
  - (b) the circumstances when separate legal personality may be ignored. (5 marks)
- (10 marks)**

- 6 With reference to the Companies Law Cap. 113, explain when a company may proceed with each of the following:**
- (a) **reducing its share premium account; and** (4 marks)
- (b) **issuing shares at a discount.** (6 marks)
- (10 marks)**

- 7 Describe the legal procedures under Cyprus legislation designed to prevent money laundering.**
- (10 marks)**

- 8** Andrew went to a restaurant with his wife, Barbara. Barbara purchased a bottle of orange juice for consumption by both of them. Andrew drank some of the orange juice, which was contaminated and became physically ill. Andrew suspects that the contaminated orange juice was a result of poor hygiene at the manufacturer, or poor storage at the restaurant. The bottle in which the orange juice was contained was not transparent.

**Required:**

**Advise Andrew as to whether he has any rights against the manufacturer and/or the restaurant.**

**(10 marks)**

- 9** Constantine and Dona agreed to start a joint business of providing information technology (IT) consulting services. They rented an office and started work in September 2012. In January 2013, Eve joined the enterprise and persuaded Constantine and Dona to move to a larger, more prestigious office. Eve had not disclosed to her partners that she received a commission from the owner of the new office space for arranging for its rental.

In June 2013, a claim was filed against Constantine, Dona and Eve by a former client claiming damages for losses suffered as a result of the provision of negligent IT consulting services rendered by them in October 2012. The partnership was never registered with the Registrar of Partnerships.

**Required:**

**With reference to the Partnership Law Cap. 116, advise Eve of her potential liabilities.**

**(10 marks)**

- 10** Flower Services Ltd is a private limited liability company whose sole shareholder and director is Georgia. Harry has been providing seeds to Flower Services Ltd on a wholesale basis for a long time. Flower Services Ltd owes Harry the total amount of €2.000 and, although it has recognised the debt, it has failed to pay the sum, despite Harry's repeated demands. Harry suspects that Flower Services Ltd's business has been carried on with the intention to defraud him.

**Required:**

**Advise Harry of his rights against Flower Services Ltd and/or Georgia.**

**(10 marks)**

**End of Question Paper**