

Fundamentals Level – Skills Module

Corporate and Business Law (Global)

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

Paper F4 (GLO)

ACCA

ALL TEN questions are compulsory and MUST be attempted

- 1 Explain the main sources of law in:**
- (a) the English common law system; and (6 marks)
 - (b) ONE of the following:
 - (i) a European civil law system;
 - (ii) a Sharia law system. (4 marks)
- (10 marks)**
- 2 In the context of the UN Convention on Contracts for the International Sale of Goods, explain the meaning, and rules relating to the award, of damages.**
- (10 marks)**
- 3 In relation to company law explain:**
- (a) the limitations on the use of company names; (4 marks)
 - (b) the tort of 'passing off'; (4 marks)
 - (c) the role of the company names adjudicators under the Companies Act 2006. (2 marks)
- (10 marks)**
- 4 In the context of a company's formation and constitution, explain the nature and purpose of the following documents:**
- (a) the memorandum of association; (2 marks)
 - (b) the application for registration; (4 marks)
 - (c) the articles of association. (4 marks)
- (10 marks)**
- 5 In relation to company law explain:**
- (a) the doctrine of capital maintenance; (4 marks)
 - (b) the circumstances under which both a private and a public limited company can reduce its capital and the procedures through which this can be done. (6 marks)
- (10 marks)**
- 6 In the context of companies in financial difficulty, explain the meaning, effect and rules relating to the operation of administration as an alternative to winding up.**
- (10 marks)**

7 In relation to the ICC Incoterms 2010 explain the meaning and effect of the following:

- (a) EXW;** (3 marks)
- (b) FOB;** (4 marks)
- (c) CIF.** (3 marks)

(10 marks)

8 Art is an international trader in rare Persian rugs. In June 2012 he received a delivery of an exceptional rug and wrote to his three most frequent international clients, Bon, Con and Dan, saying that he was offering to sell the rug for \$100,000.

Bon immediately responded that he accepted the offer of the rug but was only willing to pay \$75,000.

Con also replied immediately, stating that he accepted Art's offer but that he would not be able to pay the full amount before September.

Dan replied that he would pay the offered price, but only if Art could supply an additional four rugs of equal quality.

Before receiving any of these replies, Art actually sold the rug to Ek, a local client, for \$105,000.

Required:

In the context of the rules governing the creation of contracts under the UN Convention on Contracts for the International Sale of Goods, advise:

- (a) as to the precise legal nature of Art's original letter;** (4 marks)
- (b) whether Bon has any right of action against Art;** (2 marks)
- (c) whether Con has any right of action against Art;** (2 marks)
- (d) whether Dan has any right of action against Art.** (2 marks)

(10 marks)

9 In 2010 Fay, Gus and Het formed a private limited company, FGH Ltd, to carry out technological research. They each took 100 shares in the company and each of them became a director in the company.

In January 2012 Fay admitted that she had been working with a much larger rival company, Ix plc, and that she had passed on some of FGH Ltd's research results to Ix plc in return for substantial payment.

Fay maintains that she has done no harm, as FGH Ltd was not capable of using the information. Nonetheless, Gus and Het are extremely angered by Fay's actions.

Required:

Advise Gus and Het as to any grounds, and the procedure, for taking action against Fay and the nature of any remedies that may be available in the light of her conduct.

Note: any possible action against Ix plc under the Bribery Act 2010 may be ignored for the purposes of this question.

(10 marks)

- 10** Jaz plc is listed on a stock exchange. Kip works for Jaz plc as an accountant. Whilst drawing up the annual accounts, Kip noticed that Jaz plc's profits were better than anyone could have expected. As a consequence of this knowledge, he bought shares in Jaz plc before its good results were announced. He made a substantial profit on the share dealing. Kip also told his friend Lu about the results before they were announced. Lu also bought shares in Jaz plc.

Required:

In the context of the criminal law relating to insider dealing, analyse the actions and potential liability of Kip and Lu.

(10 marks)

End of Question Paper