

Fundamentals Level – Skills Module

# Corporate and Business Law (Malta)

Monday 10 June 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 Malta Institute of Accountants

**ACCA**



# Paper F4 (MLA)

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

- 1 Under the Maltese legal system, explain the primary sources of law.**

**(10 marks)**
- 2 In terms of contract law, explain and distinguish between an offer and an invitation to treat.**

**(10 marks)**
- 3 In terms of contract law, explain the doctrine of privity of contract.**

**(10 marks)**
- 4 In terms of the Companies Act 1995, state the contents of the memorandum of association of a limited liability company.**

**(10 marks)**
- 5 In terms of the Companies Act 1995:**

  - (a) explain the essential features of a partnership deed, and** (4 marks)
  - (b) explain how changes may be effected to a partnership deed.** (6 marks)

**(10 marks)**
- 6 In terms of the Companies Act 1995, explain the procedure to be followed when a company is to increase its share capital for a consideration in kind.**

**(10 marks)**
- 7 In terms of the provisions of the Companies Act 1995:**

  - (a) identify who falls under the definition of an officer of a company; and** (3 marks)
  - (b) explain the appointment, duties and powers of the company secretary.** (7 marks)

**(10 marks)**

- 8 Three friends, employed by different employers, are discussing the problems they are facing with their employers. Jack has been working for one month, and has received a notice of termination of employment during probation. Peter is constantly chasing his employer for payment of wages due for the last three months of employment. Mark has also received a notice of termination from his employer, on the grounds of redundancy.

**Required:**

**Advise Jack, Peter and Mark of their rights under the Employment and Industrial Relations Act 2002.**

**(10 marks)**

- 9 Mr Smith is a pensioner and unable to travel for medical reasons. He owns immovable property in Malta and has found a buyer for the property. His friend in Malta has asked to be appointed as his attorney, so that he can represent him on the deed of sale. Mr Smith appointed him as his attorney. However, Mr Smith discovered that his friend has abused his powers.

**Required:**

**(a) Explain whether Mr Smith may appoint his friend as his attorney, in terms of the provisions of mandate under the Civil Code.** (3 marks)

**(b) Explain what action Mr Smith may take against his friend in the event of abuse of his powers.** (7 marks)

**(10 marks)**

- 10 John, an accountant, is contacted by James, an old school friend of his. James tells John that he wishes him to prepare financial statements for his car dealership business. When working on James's financial statements, John notices that, given the size of James's business, the total of the invoices issued by James are far lower than the actual expenses James incurs in his business, and that James's standard of living is very high. He then notices that James does not declare all his income and, that certain documents found in James's office indicate that James may be involved in the sale of precious works of art, the origin of which is very suspicious; possibly stolen by third parties and sold through James.

**Required:**

**(a) Explain whether James may be held liable for committing the offence of money laundering, in terms of the Prevention of Money Laundering Act, 1994.** (5 marks)

**(b) Explain the principal obligations of John as a Subject Person, in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2008.** (5 marks)

**(10 marks)**

**End of Question Paper**