

Fundamentals Level – Skills Module

Corporate and Business Law (Russia)

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

Paper F4 (RUS)

The ACCA logo, consisting of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black square.

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the legal capacity of individuals, explain the provisions of the Civil Code in relation to:**
- (a) **Passive legal capacity.** (3 marks)
 - (b) **Active legal capacity.** (7 marks)
- (10 marks)**
- 2 In relation to contract law, explain the essential characteristics of the following:**
- (a) **Offer;** (5 marks)
 - (b) **Acceptance.** (5 marks)
- (10 marks)**
- 3 In relation to employment law and the provisions of the Labour Code:**
- (a) **Explain the form required for a labour contract.** (3 marks)
 - (b) **Explain the terms that must be included in a labour contract.** (7 marks)
- (10 marks)**
- 4 In relation to company law:**
- (a) **Describe the characteristics of a company limited by shares.** (6 marks)
 - (b) **Explain the circumstances under which the owners or managers of a company limited by shares may be held personally liable for the company's obligations.** (4 marks)
- (10 marks)**
- 5 In relation to management and administration of a company limited by shares:**
- (a) **List the FOUR parties who have the legal authority to convene an extraordinary general meeting of shareholders.** (2 marks)
 - (b) **Describe the procedure that must be followed to convene an extraordinary general meeting of shareholders.** (5 marks)
 - (c) **Explain the grounds on which a request to convene an extraordinary general meeting of shareholders may be refused.** (3 marks)
- (10 marks)**

6 In relation to capital and financing:

(a) Explain the rights of ordinary shareholders. (6 marks)

(b) Explain the rights of preference shareholders. (4 marks)

(10 marks)

7 In relation to company insolvency:

(a) Define the meaning and purposes of observation. (4 marks)

(b) Explain the observation process. (6 marks)

(10 marks)

8 Three months before their wedding, Rosa ordered a wedding dress and Sergei ordered a suit from –ZAO- Clothes. They paid for these garments in full on the date that the order was placed. They specified that delivery had to be made by 20 April, to make sure that the dress and the suit would be delivered well in advance of 26 April, their wedding date.

–ZAO- Clothes delivered Sergei's suit on 20 April. However, the company informed Rosa that her dress could not be delivered until 22 April. Though disappointed, Rosa agreed to the late delivery.

–ZAO- Clothes failed to deliver Rosa's dress by 22 April, so she decided to purchase a dress from –ZAO- Rags instead. On the same day, she told –ZAO- Clothes that the original dress was no longer required. However, –ZAO- Clothes delivered the dress later the same day, informing Rosa that no refund would be made.

On the day of the wedding, Sergei discovered that his suit was of such poor quality that it started to fall apart during the festivities.

Required:

(a) Discuss the rights and obligations of Rosa and –ZAO- Clothes in respect of the wedding dress. (5 marks)

(b) Discuss the actions that could be taken by Sergei in respect of the poor quality suit. (5 marks)

(10 marks)

9 Anatoly, Bogdana and Valeriya are partners in an unlimited partnership. Under the terms of their formal agreement, the partnership's business is confined to selling antiques. Their agreement permits all partners to operate their business account at the bank.

In October 2011 Anatoly withdrew 500.000 roubles from the partnership account. He informed the bank that this was to buy some antique items that had suddenly become available, but used the funds to purchase a family holiday. In November 2011, Bogdana withdrew 750.000 roubles and used the funds to purchase modern kitchen equipment that she intended to sell from the shop.

Having encountered a sharp downturn in trade, the partnership is unable to meet its accounts payable totalling 1 million roubles and the bank has refused to extend its line of credit.

Required:

Advise Anatoly, Bogdana and Valeriya on their liabilities under partnership law.

(10 marks)

10 -OAO- Educate is a private training college that operates teaching establishments in several major Russian cities. The company was founded more than 25 years ago by Svetlana and Igor. Today, the business is mainly controlled by their three children, Alexander, Maria and Yevgeni, who each own 20% of the voting shares. Although they have retired from active participation in the company, Svetlana and Igor retain 6% of the voting shares. The remaining shares are held by over 2.000 private investors.

In recent months there have been differences of opinion between the children on how the company should develop. Alexander is ambitious and would like the company to diversify into overseas language schools, corporate training videos and online distance learning products. Maria strongly disagrees, believing that the company should concentrate on providing excellent service within the constraints of its existing business model. Yevgeni has expressed no strong views, but is inclined to favour Alexander's vision of the future.

Alexander has agreed to purchase Yevgeni's shares, and has also persuaded minor investors holding a further 11% of the voting shares to sell their shares to him.

Svetlana and Igor are disappointed that the company they founded may be controlled by just one of their three children.

Required:

- (a) **Explain the implications of Alexander's proposed acquisition of shares held by Yevgeni and the other investors.** (6 marks)
- (b) **Discuss any actions that Maria, Svetlana and Igor could take to limit the power of Alexander to control the company.** (4 marks)

(10 marks)

End of Question Paper