

Fundamentals Level – Skills Module

Corporate and Business Law (Russia)

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

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 Russian legal system:**
- (a) Explain the role and structure of the courts of general jurisdiction. (6 marks)
 - (b) Explain the roles of judges. (4 marks)
- (10 marks)**
- 2 In relation to the law of obligations, explain the provisions of the Civil Code on offer and acceptance.**
- (10 marks)**
- 3 In relation to employment law:**
- (a) Explain the meaning of redundancy. (4 marks)
 - (b) Explain the rights of an employee who is made redundant. (6 marks)
- (10 marks)**
- 4 In relation to company law:**
- (a) Describe the features of a limited partnership. (5 marks)
 - (b) Describe the features of a limited liability company. (5 marks)
- (10 marks)**
- 5 In relation to the capital and financing of a company limited by shares (joint-stock company), explain the rules relating to the distribution of dividends.**
- (10 marks)**
- 6 In relation to company insolvency, describe the following:**
- (a) The creditors' meeting. (5 marks)
 - (b) The creditors' committee. (3 marks)
 - (c) The register of creditors' claims. (2 marks)
- (10 marks)**

- 7 In relation to corporate governance, explain the role that the following bodies play in promoting best practices in corporate governance:**
- (a) The internal audit commission;** (3 marks)
 - (b) The external auditor; and** (3 marks)
 - (c) The tabulation commission.** (4 marks)
- (10 marks)**

- 8** –OOO- Vision, a training and consultancy company, organised a conference in Moscow. The main speaker was Anna, a professor from St Petersburg, who was to make her presentation on the final afternoon of the conference. The conference was attended by 200 delegates.

On the day of her presentation, Anna visited some of her colleagues in Moscow, leaving her conference notes and laptop computer at the hotel where she had stayed overnight.

When Anna returned to the hotel shortly before her presentation was due to start, she was told by the manager that Veronika, one of the cleaners, had accidentally dropped Anna's laptop computer while cleaning Anna's room. Anna was dismayed to find that her laptop did not work. As a result, Anna had to speak from her notes without the supporting audio-visual materials that were stored on her hard disk. The presentation was not well received by the delegates, who had come to hear a detailed explanation of Anna's research, much of which had to be omitted.

–OOO- Vision received many complaints about the presentation, and some delegates demanded the return of their conference fees. –OOO- Vision responded by stating that it would make a full set of notes, including all of the information omitted from the presentation, available to the delegates within two weeks.

Required:

- (a) Discuss the potential liability of Veronika, the cleaner, and the hotel for the damage to the laptop computer.** (5 marks)
- (b) Discuss the potential liability of –OOO- Vision to the delegates who attended the conference.** (5 marks)

(10 marks)

- 9** –ZAO- Vendor decided to sell inventory in order to make space available for new product lines in its warehouse. It appointed Alexander under a contract of commission to sell 500 cases of chocolates and 500 cases of potato snacks. The contract specified minimum prices for each product, stating that each case of chocolates should be sold for at least 5.000 roubles and each case of potato snacks should be sold for at least 2.000 roubles.

Alexander sold all of the cases of chocolates to Rosa for 6.000 roubles per case. However, he could not find a buyer prepared to pay the agreed price for the cases of potato snacks and eventually decided to sell them for only 1.500 roubles per case.

Having completed the sales of these products, Rosa formally complained that they were of inferior quality and demanded compensation.

Required:

- (a) Explain the obligations of –ZAO- Vendor and Alexander to one another under the contract of commission.** (8 marks)
- (b) Discuss the potential liability of –ZAO- Vendor and/or Alexander to Rosa for the inferior quality of the chocolates.** (2 marks)

(10 marks)

10 Anton is the general director of –OAO- Mix. He has been asked by the board of directors to formulate a plan to address severe cash flow problems that are affecting –OAO- Mix which have arisen from adverse trading conditions. In response to this instruction, Anton proposes two courses of action.

First, Anton proposes that –OAO- Mix sells its training centre in order to generate funds in the short term. As it is necessary to negotiate a quick sale to alleviate the company's demands for cash, it will not be possible to sell the training centre for the full market value. Having carried out preliminary enquiries in the market place, there has been little interest from potential buyers, but Anton knows that a company in which his brother has a significant equity stake would be prepared to consider the purchase at a substantial discount.

Second, Anton is aware that, in a worst case scenario, the funds generated by the sale of this non-current asset and their subsequent appropriation for meeting immediate cash flow requirements could result in a significant reduction in the net assets of the company. Accordingly, he has agreed in principle that Vladimir, a high net worth individual and current creditor of the company, will inject cash into the company in return for an equity stake, should any reduction in net assets affect the company's minimum statutory capital requirements.

The proposals made by Anton have been criticised by several shareholders, who feel that they will do little to safeguard the future of the company in anything but the short term.

Required:

Explain how the provisions of the law relating to joint-stock companies protect the shareholders in this situation.

(10 marks)

End of Question Paper