

Fundamentals Level – Skills Module

Corporate and Business Law (Russia)

Tuesday 4 December 2007

Time allowed

Reading and planning: 15 minutes

Writing: 3 hours

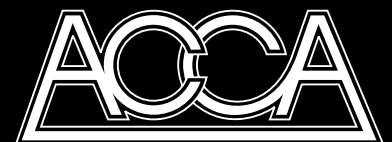
ALL TEN questions are compulsory and MUST be attempted.

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)

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the Russian legal system:**
- (a) Explain the structure of the courts of general jurisdiction. (6 marks)
 - (b) Explain the factors that determine whether a case is heard in the court of general jurisdiction or the arbitration court. (4 marks)
- (10 marks)**
- 2 In relation to contract law:**
- (a) Describe the characteristics of an offer. (4 marks)
 - (b) State the circumstances under which an offer may be withdrawn without a contract being created. (3 marks)
 - (c) Explain the consequences of accepting an offer with modifications to some of its terms. (3 marks)
- (10 marks)**
- 3 In relation to employment law, explain the different ways in which a labour agreement may be terminated by:**
- (a) the employer; (7 marks)
 - (b) the employee. (3 marks)
- (10 marks)**
- 4 In relation to voluntary representation:**
- (a) Explain the meaning, purpose and effect of a power of attorney. (4 marks)
 - (b) Explain the provisions of the Civil Code that regulate the different types of power of attorney. (6 marks)
- (10 marks)**
- 5 In relation to the capital and financing of a company limited by shares:**
- (a) Explain the ways in which shares may be placed and the provisions of the law in respect of placement of shares. (6 marks)
 - (b) Explain the consequences of a purchaser of shares failing to pay for the shares by the required deadline for payment. (4 marks)
- (10 marks)**

6 In relation to the management and administration of companies:

(a) Explain the ways in which voting may take place in respect of shareholders' meetings. (6 marks)

(b) Explain the role and duties of the tabulation commission. (4 marks)

(10 marks)

7 In relation to corporate governance:

(a) Explain the meaning of the term 'corporate governance'. (4 marks)

(b) Explain how the laws relevant to limited companies protect shareholders and promote good corporate governance. (6 marks)

(10 marks)

8 -ZAO- Food operates several shops that sell fresh, processed and frozen foods to retail shoppers. Having taken a delivery of frozen foods from a supplier, the goods were placed in temperature-controlled display units in the shop. The display units were supplied by the frozen food manufacturer, who also provided documentation on how the units were to be used. Sasha, an employee in one of the shops, accidentally set the temperature of the frozen food storage units incorrectly. As a result, several customers complained that members of their families had become unwell after consuming frozen food purchased in the shop. Some customers have stated that they will take legal action to recover medical costs and lost wages due to absence from work. Sasha claims that he was not given training on the use of the display units. -ZAO- Food claims that the documentation supplied with the display units does not clearly indicate correct storage temperatures.

Required:

Discuss the potential liability of the frozen food manufacturer, -ZAO- Food, and Sasha for injury caused to the customers of the shop, and the matters that the court will take into account when attributing liability.

(10 marks)

9 Rosa and Alexei are partners in a successful unlimited partnership. Rosa is highly ambitious and wishes to pursue rapid growth, but Alexei does not want to take unnecessary risks and is satisfied with the business as it is currently structured.

Rosa has been taking decisions that exceed her authority under the partnership agreement. She recently ordered expensive new IT equipment. Alexei is angry as he considers the equipment to be far too sophisticated for the needs of the business in the foreseeable future. Rosa argues that the business needs to invest heavily to build on its success.

The partners meet to resolve their differences. Alexei demands that the IT equipment, which is now installed and ready for use with new software, be returned to the supplier. The supplier of the equipment has submitted its invoice and this is due for payment immediately. Rosa refuses to agree to return the equipment.

Required:

(a) Explain whether Alexei can demand that the IT equipment be returned to the supplier. (3 marks)

(b) Explain what Alexei must do if he wishes to withdraw from the partnership, and whether his withdrawal will relieve him of all responsibilities incurred by the partnership to date. (4 marks)

(c) Explain whether Alexei can take any action against Rosa for breaking the terms of the partnership agreement. (3 marks)

(10 marks)

10 –OAO- Fail is insolvent and its assets are about to be liquidated to satisfy the outstanding obligations of the company. The company’s obligations include accounts payable to trade suppliers, a large monetary claim awarded by the court to a contractor for personal injury sustained due to the fault of –OAO- Fail, unsecured loans to a bank, capital due to bond holders and share capital. The liquidation process has been complex and time consuming, and therefore substantial liquidator’s fees and costs also have to be paid.

The assets of the company have been depleted, so the liquidation process has only been able to realise the value of inventory and a small amount in accounts receivable. However, the liquidator has discovered that one month before the insolvency procedure commenced, the company repaid a substantial loan that was secured by the personal guarantees of the directors.

Required:

(a) With reference to the provisions of the Law on Insolvency, explain the order in which the obligations will be met from the realised assets of –OAO- Fail. (6 marks)

(b) Explain whether the liquidator can take any action in respect of the loan that was repaid one month before the insolvency procedure commenced. (4 marks)

(10 marks)

End of Question Paper