Answers

1 The question asked candidates to explain the meaning of 'original jurisdiction' and 'appellate jurisdiction', and to explain the rules governing the geographical location at which legal cases will be heard.

(a) The term 'jurisdiction' refers to the authority of a court to deal with cases. The jurisdiction may relate to the type of case to be heard by the court and also to the geographical location of the case.

The term 'original jurisdiction' refers to the right of a court to hear a case that has not already been dealt with and make a decision on that case. As the court system in the Russian Federation is structured in a hierarchical manner, the ordinary jurisdiction is determined by the subject of the case and sometimes its seriousness or complexity. For example, the lowest level of the court of general jurisdiction (city and municipal courts) deals with many thousands of criminal (penal) cases of a minor nature on a summary basis every year. However, cases involving more serious offences are dealt with at the medium or supreme level.

The term 'appellate jurisdiction' refers to the right of courts to deal with cases that have already been heard by another court. Appeals within the capacity of the courts of general jurisdiction are dealt with by the supreme courts of the republics of the Russian Federation, the city courts of Moscow and St Petersburg, and the courts of autonomous districts and regions. Appeals may also be dealt with by the Supreme Court. For cases within the terms of reference of the courts of arbitration, appeals are dealt with by the arbitration appellate courts or the Supreme Court.

Appeals are usually lodged before the decision of a court of first instance comes into effect. The appeal process may involve the re-examination of evidence or the admission of new evidence.

(b) There are four rules that must be applied when deciding on the general location of a case.

Firstly, the *'in personam'* jurisdiction relates to matters pertaining to the individual and the rights and obligations of the individual. The general principle is that the case will be dealt with at the location of the defendant. The defendant can be an individual or a legal entity. Therefore, if a creditor located in Tula takes legal action against a debtor in Ekaterinberg, the case takes place in Ekaterinberg.

Secondly, when the case involves a defendant whose location is unknown, the 'alternative jurisdiction' applies. The case is dealt with at the defendant's last known location or at the location of the defendant's property. If the subject of the dispute is a violation of contractual rights, it is resolved either at the location of the defendant or at the location where the contract was executed.

Thirdly, where the subject of the case is immovable property, the *'in rem'* jurisdiction applies. Such cases typically involve disputes in relation to the ownership of real estate or rights and obligations concerning real estate. Cases are dealt with at the location of the property that is the subject of the legal action.

Lastly, the parties to the legal action may decide on the location of the case by mutual consent. This is the 'agreed jurisdiction'. It is quite common for the terms of a contract to include a reference to the location at which legal action will take place.

2 The purpose of this question was to test the candidates' knowledge of the concept of damages and the duty of an injured party to mitigate loss.

(a) The term 'damages' refers to monetary compensation payable by one party to a contract to the other party to a contract in the event of breach of contract. Damages are the most common way of settling obligations that fall due when the terms of a contract have been broken. Article 393 of the Civil Code states that a party is obliged to compensate the other party for losses suffered arising from a failure to perform the obligations in a contract. Article 15 of the Civil Code expands on the precise meaning of the term 'losses'.

The fundamental purpose of damages is to put the injured party in a position that he or she would have been in had the contract been performed fully and properly. Those who draft contracts in Russia often ensure that there is a term in the contract that will state the damages to be paid in the event of breach (this is sometimes referred to as 'liquidated damages' or 'legal forfeit'). Article 394 of the Civil Code empowers the parties to a contract to agree a sum to be paid instead of, or in addition to, the losses suffered.

Where the contract does not make reference to damages, it is up to the court to estimate the loss that has arisen from the breach of contract and to make an appropriate monetary award.

The damages payable to an injured party may be made up of three elements:

De facto losses are the losses actually suffered by the injured party. They may comprise the monetary estimate of the damage to property, expenses incurred or costs that will arise directly from the breach of contract.

Missed profits are the profits that would have been earned in the ordinary course of business had the rights of the injured party not been violated. Conversely, the injured party may claim if the counterparty has derived profits that would not have arisen had the contract not been breached.

Articles 330, 394 and 395 of the Civil Code specifically refer to forfeit. A forfeit is a payment that will be made in the event of a breach of contract, agreed by the parties in advance.

Though the parties to contracts ordinarily agree on detailed terms before concluding their deals, Article 395 protects those who do not do so by stating that in the absence of such agreement the rate of forfeit will be the discount rate at the location of the creditor on the date of the breach of the contract.

(b) Under some circumstances it is possible that a loss arising from a breach of contract may be exacerbated by the injured party. This may occur, for example, if a party who has not received goods chooses an alternative supplier and pays no attention to the additional cost incurred, confident that the party in breach will have to pay. Losses may also be increased by the delaying actions of a creditor.

Such potential abuses of the right of an injured party to claim damages are caught by Articles 404 and 406 of the Civil Code.

Article 404 empowers the court to reduce the amount of damages payable if the injured party has not taken reasonable measures to reduce them.

Article 406 offers similar relief to the party in breach of the contract if the losses were caused by the counterparty's delay in refusing proper discharge of the contract. The same Article states that the party who is in breach of the contract may also claim for losses incurred by reason of the other party's delay.

In both instances, the Civil Code states that damages payable to the injured party may be reduced whether the actions of the injured party were intentional or a result of carelessness.

3 The question asked candidates to describe the statutory obligations of an employer to an employee, and to set out the financial liabilities that may be incurred in respect of the wrongful actions of an employer to an employee.

(a) The obligations of an employer to an employee are laid down in Article 22 of the Labour Code. These are as follows:

(i) To provide the employee with the work as set down in the labour agreement and to provide the necessary means in order to discharge these duties.

(ii) To provide safe working conditions as laid down by regulations relating to health and safety.

(iii) To pay remuneration on time and in full.

(iv) To pay fees for compulsory social insurance.

(v) To comply with the law in relation to labour relations, terms of collective labour agreements and labour agreements.

(vi) To deal with worker representatives on matters concerning labour law infringements, to address these infringements and communicate conclusions on these matters.

(vii) To compensate harm that arises from the discharge of duties under the labour contract, including any moral harm.

(viii) To provide for domestic needs of employees connected with the performance of labour duties.

(ix) To offer equal pay for equal work.

(x) To execute responsibilities to state bodies in a timely manner and to pay penalties for violations of employment law.

(b) Article 234 of the Labour Code imposes a responsibility on the employer to remunerate the employee in the event of failure to provide work as stipulated under the labour agreement. The employer is liable for damages equivalent to the salary due for the period in which work was withheld. The same stipulation applies in the event of wrongful dismissal and failure to pay salary in lieu of notice, refusal to reinstate illegally dismissed workers and delay in returning the employee's labour book.

Article 235 of the Labour Code requires the employer to compensate the employee for damage to the employee's property.

Article 236 of the Labour Code requires the employer to compensate the employee for late payment of remuneration with penalty interest at the daily rate of 1/300 of the Central Bank's refinancing rate. Severe personal penalties apply to senior managers who delay payments due to employees for more than two months. These penalties comprise heavy fines, a disqualification from occupying certain managerial positions for up to five years and terms of imprisonment.

Article 237 of the Labour Code renders the employer liable for moral harm to the employee at a rate agreed by the parties or to be determined by the court.

4 The question tested the candidates' knowledge of the law relating to the founders of a limited company and the name and location of a company.

(a) The statutory requirements in respect of the founders of a limited company are set down in Articles 9 and 10 of the Federal Law on Companies Limited by Shares.

Article 10 states that a company may be founded by either natural persons or by juridical persons (legal entities) who agree on founding the company. State agencies and agencies of local self-government may not found a company unless specifically provided for in other laws.

The number of founders of a company is unlimited for open companies limited by shares and a maximum of 50 persons for closed companies limited by shares.

A company with only one shareholder may not be formed by another economic entity with only one shareholder.

The founders of the company are jointly and severally liable for obligations incurred before the new company is formally registered. The founders are therefore fully responsible for pre-incorporation contracts until such obligations are adopted by shareholders' meeting of the new company.

Article 9 states that the decision to form the company is adopted by the founders at a constitutive meeting, or where the founder is one person or entity, by a decision of that person or entity acting alone. The founders must unanimously agree on the Charter and other constitutional documents, the monetary valuation of securities and management organs of the company. The management organs are appointed by a vote of those holding not less than 75% of the shares of the company.

(b) Article 4 of the Federal Law on Companies Limited by Shares lays down requirements in respect of the name and location of a company limited by shares.

Every company must have a name. The name must indicate the type of company (whether open or closed), usually denoted by the prefixes OAO or ZAO.

The name of the company may be in a full or abbreviated form. It may be in the Russian language, a foreign language or any language of the peoples of the Russian Federation.

Once registered, the name of the company is for its exclusive use. Implicit in this is that the state registration body will refuse to register a new company with the same name as an existing company.

The location of the company is that at which the company is registered. It must be stated in the Charter.

Each company must have a formal postal address to which formal communications may be addressed.

Article 5 makes further provisions with regard to the location of branch or representative offices both within and outside the Russian Federation.

The company is responsible for notifying the state authorities or any subsequent change in the name or location of the company.

5 The question asked candidates to set out the matters that must be included in the Charter of a company in respect of the rights and obligations of preference shareholders. It also required an explanation of the circumstances under which preference shareholders may exercise a right to vote.

(a) Companies limited by shares may raise capital by issuing ordinary shares and preference shares. The latter may comprise one or several classes of preference share. Under Article 11 of the Federal Law on Companies Limited by Shares, the types of capital raised must be stated in the Charter of the company along with the rights and obligations of the holders of each class of share.

In relation to preference shares, the Charter must include the following information:

The nominal value of the shares must be stated. This is the original, book value of the shares as stated in the balance sheet of the company.

The Charter must specify whether or not the shares entitle the owner to a vote and participate in general meetings of shareholders. In the case of preference shares, the usual position is that preference shareholders are not entitled to vote except in specified instances (see part (b) below).

The company must specify whether the preference shares are cumulative or non-cumulative. In most cases preference shares are cumulative, which means that dividends not paid in one year are carried over to the next year and are due before any distribution can be made to ordinary shareholders.

The Charter states the basis of distributions to preference shareholders. Dividends are usually fixed with reference either to a fixed monetary sum or a percentage of the nominal value of the shares.

The Charter should specify the value of the preference shares and any special conditions that will apply in relation to priority of payments to preference shareholders on liquidation of the company.

Finally, if the preference shares are convertible into ordinary shares or into other classes of preference share, this should be stated in the Charter.

(b) Preference shareholders do not ordinarily enjoy the right to vote at shareholders' meetings in the normal course of business. However, Article 32 of the Federal Law on Companies Limited by Shares states that preference shareholders have a right to vote under four sets of circumstances.

Firstly, preference shareholders are entitled to vote on any proposal to amend the Charter of the company if the amendment will limit their rights.

Secondly, if the directors propose that dividends to preference shareholders will not be paid, the preference shareholders affected by the decision are entitled to vote and continue to enjoy the entitlement to vote until such dividends are paid.

Thirdly, the federal law enables companies to include a provision in the Charter entitling holders of convertible preference shares the right to vote, provided that the aggregate number of votes thereby conferred does not exceed the number of votes of the ordinary shares into which the preference shares could be converted.

Lastly, preference shareholders are entitled to vote on any proposal to reorganise the company or to liquidate the company.

6 This question tested the candidates' knowledge of the procedure that must be adopted for the voluntary liquidation of a company and the obligations of a company in liquidation once the demands of creditors have been satisfied.

(a) A company may be liquidated on either a compulsory or voluntary basis. Compulsory liquidation is most commonly instigated by creditors. Voluntary liquidation occurs when the shareholders of the company itself know that it will be unable to continue trading without compromising the financial position of those to whom monetary obligations are due.

The liquidation process is regulated by the Articles 61–65 of the Civil Code and by various further provisions of the Federal Law on Companies Limited by Shares and the Law on Insolvency (Bankruptcy).

The proposal to liquidate the company on a voluntary basis is initiated by the directors of the company, who may either make a proposal to the annual shareholders' meeting or convene a shareholders' meeting specifically to consider the matter (Article 61(2), Civil Code). The Federal Law on Companies Limited by Shares requires that the liquidation decision be supported by a super-majority vote of no less than 75% of the shareholders. Once the shareholders take a decision to liquidate the company, they must advise the registration body of this, who will then enter details of the decision in the Unified State Register.

The shareholders must also form a liquidation commission. The commission has responsibility for managing the company through the liquidation process. It represents the company before third parties, acting under power of attorney. The commission must communicate with creditors, giving notice that they should submit formal claims for settlement to the company and the deadline for this submission through a notice in the *'Rossiyskaya Gazeta'.* The deadline for submission of claims must not be less than two months from the date of the notice of liquidation of the company.

The commission must produce a liquidation balance. This must be put to the shareholders of the company. It should confirm whether the company is solvent or not, and if it is solvent, whether the company will be capable of meeting monetary obligations within a reasonable period of them falling due. If the company is insolvent, it is necessary to liquidate its assets by public sale.

The satisfaction of the claims of creditors and others are determined strictly with reference to priorities set out in Article 64 of the Civil Code.

(b) Once the company's obligations to creditors have been satisfied, any balance remaining may be distributed to the shareholders of the company. The distribution is the responsibility of the liquidation commission.

Claims must be satisfied in a series of three 'turns'. Obligations must be completely satisfied for each turn before any funds are payable under the next turn. It should be noted that in addition to the minimum requirements of federal law, the Charter of the company may make additional provisions in relation to the rights and obligations of shareholders in general or individual classes of shareholder.

The first turn is payments due in relation to shares that are subject to redemption on the demand of the holders of those shares.

The second turn is payments for dividends that have been credited but not paid in relation to preference shares, and the liquidation value of the preference shares determined with reference to provisions in the Charter of the company. Where a company has more than one class of preference share, the priority of these payments is determined by the Charter. If the demands of one specific class of preference shareholder cannot be satisfied in their entirety, the distribution is made on a *pro rata* basis decided by the quantity of shares owned.

The third turn is payments due to holders of all types of preference shares and ordinary shares.

7 Best practices in corporate governance are usually laid down in voluntary codes of practice rather than the law. They are expressed in relation to matters such as the duties of a company to its shareholders and stakeholders, duties of disclosure and transparency and obligations of senior management to direct and control the business in an appropriate manner.

Corporate law provides a platform upon which effective corporate governance may be built. Compliance with the law does not always ensure that good corporate governance standards will be guaranteed, but it does enable the company to establish appropriate policies and systems.

Shareholders:

There are several individuals and internal bodies upon whom responsibility for effective corporate governance rests. Given the generally accepted definition that corporate governance is 'the system through which an organisation is directed and controlled', this inevitably starts with those who own the business and those who manage the business on their behalf.

As the owners of the business, the shareholders have some responsibility for corporate governance. Although the shareholders' interests can be compromised by the company's actions, it is also possible for decisions taken by shareholders to adversely affect their rights of other stakeholders, such as creditors, employees and the community in which the company operates. For this reason, many stock exchanges now emphasise not only the duty of companies to their shareholders but also the obligations of shareholders to others.

Senior management:

The main responsibility for effective corporate governance lies with the directors of the company and in particular with senior executives employed to propose and develop strategies and policies. Russian law enables the shareholders of companies to control the actions of those who act on their behalf by reserving many matters to the exclusive competence of general meetings. In a typical large company, however, individual directors and senior managers may have considerable discretion to act on their own judgements without consulting the shareholders. Arguably, therefore, effective corporate governance begins with establishing an appropriate management structure comprising capable individuals aware of the broader responsibilities of management.

Internal audit commission:

The internal audit commission is an independent oversight body, comprising employees of the company, elected by the shareholders.

Independence is guaranteed in that members of the commission may not serve as executives of the company and the terms of reference of the commission may not include any matters other than control of the economic activity of the company.

The commission has extensive rights. In addition to having responsibility for conventional auditing work, the commission has the right to convene a general meeting of the shareholders if this is considered to be in their interests.

Tabulation commission:

Authorities on corporate governance focus on maintaining the rights of shareholders as well as the obligations of the company to treat shareholders equally. To this end, the tabulation commission has an important role. Like the internal audit commission, the tabulation commission has an oversight role. While the internal audit commission focuses on internal controls, the tabulation commission is responsible for ensuring proper conduct of shareholders' meetings. This is especially important in Russia, where the general meeting of shareholders has generally greater significance (and power) than in many western states.

The tabulation commission is responsible for registering participants in general meetings, ascertaining the order of voting, ensuring compliance with procedures, validating vote counts and formalising the minutes of voting outcomes.

8 The question tested the candidates' ability to apply the principles of law relating to non-contractual obligations to a problem scenario.

(a) Non-contractual obligations are governed by chapter 59 of the Civil Code. They are mainly concerned with loss or harm inflicted by one party on another. Such loss or harm may be caused by various so-called 'torts', including negligence, libel, slander and trespass. In this problem scenario the unlawful acts or omissions of workers operating in a public office environment have resulted in injury to a member of the public.

Article 1064 of the Civil Code sets down the general criteria relating to the liability for inflicting harm on others.

The basis of tort is that there must be an event that has resulted in loss, injury or harm.

The harm must have arisen from the unlawful act or omission to act of a person deemed to be responsible for it. However, this condition does not mean that the person had to intend that harm be inflicted. Therefore, in the case of negligence, a person can be held responsible if they meant to cause harm or if they should have known that their actions or inactions would have resulted in harm.

There must be a direct causal link between the event and the action of the person purported to have caused it.

Finally, there must have been some fault or blame attached to the person who caused the harm.

Losses arising from non-contractual obligations are normally compensated on the basis of *de facto* losses suffered and missed profits, though the courts may also take into consideration moral harm.

(b) In the case study a member of the public has suffered injury, apparently due to the actions or inactions of the workers.

The simplest interpretation of the chain of events is that the workers employed by OOO Fix neglected to clear the debris from their work and as a result Anna suffered injury. Applying the tests outline in part (a), the loss or injury suffered in a matter of fact, as Anna has to take time off work and pay for medical attention. It would also appear that the harm was inflicted by the unlawful actions of the OOO Fix employees, as they have a general civil duty to others. The direct causal link seems to be established also, as the materials upon which Anna fell would not have been present had the work not been carried out in the reception area. It can therefore be deduced that an unlawful act has resulted in harm and that Anna has a valid claim. But against whom?

OOO Fix is a legal entity and employed its workers under a labour agreement. Under such circumstances, the legal entity takes responsibility for the actions of its employees, assuming that their actions or inactions arose in the normal course of their duties. This is the principle of vicarious liability. Anna definitely has a case against OOO Fix.

In turn, OOO Fix has a case against its employees under a regress action if it can prove that the employees were not following relevant procedures. For example, if the employees had left the reception area covered in copious amounts of debris, it would argue that the failure to clear the site on a regular basis was a neglect of duty. However, if Anna's claim is substantial it is unlikely that OOO Fix would be able to claim the entire compensation from its workers, as the Labour Code caps the amount that an employer may claim from an employee in the event of harm inflicted on a third party.

Although the provisions of chapter 59 of the Civil Code confer liability on the owners of a property for loss or injury sustained in connection with the property, OOO Consult is less likely to be legally accountable to Anna. However, this may depend on the contractual arrangements agreed between OOO Consult and OOO Fix and the demarkation of responsibility for 'housekeeping' in the relevant area of the building. Any potential claim against OOO Consult is dependent on whether their operative management of the reception area was material to Anna's injury. For example, the contract between the companies may have specified that OOO Fix was engaged to carry out a certain set of tasks and nothing more. Implicit in this may be an obligation of the owner of the building to make the site safe.

A final consideration is the conduct of Anna herself. If the injuries were caused partially or entirely by her own conduct, this could reduce or eliminate the accountability of the other parties. For example, she may have entered an area of the reception that had been cordoned off by the workers, or ignored clear warning signs.

9 The question tested the candidates' ability to apply their understanding of the law relating to contracts of commission to a problem scenario.

(a) A contract of commission is a form of voluntary representation, governed by chapter 51 of the Civil Code. The nature of a contract of commission is defined in Article 990.

Under the contract of commission, the commissioner (Alexei in this case) acts in his own name and acquires rights and obligations.

The commissioner is obliged to carry out the instructions of the commitent in return for a commission fee (Article 991). In the case study, Alexei has sold the caviar for a profit but has sold the wild mushrooms for a loss.

The commitent is obliged to give clear instructions to the commissioner and to pay the commissioner for the goods and the services rendered, provided the commissioner has discharged the responsibilities of the contract of commission properly. The fee may include compensation for expenses.

The third party with whom the commissioner deals is responsible for paying for the goods in full under the terms agreed with the commissioner.

In relation to the profit on the cases of caviar, the deal will be settled in accordance with Article 992 of the Civil Code. This obliges the commissioner to divide any profit made over and above the agreed contract price with the commitent. As a result, the extra income of 200.000 will be divided equally between Alexei and OOO Trade.

In relation to the loss arising from the sale of the cases of wild mushrooms, Alexei is fully liable for the shortfall of 50.000 roubles (Article 995). However, Alexei may be able to invoke the provisions of the same Article, which permits the commissioner to depart from the instructions of the commitent if it can be established that failure to sell at this price would have resulted in greater loss to the latter.

The deals will therefore be settled by a payment of a commission fee of 25.000 roubles (according to the contract) plus half the profit on the sale of the caviar (100.000) minus all of the shortfall on the sale of the wild mushrooms (50.000 roubles).

(b) As the contract of sale is entered into between the commissioner and the purchaser of the goods, with the commissioner acting on his own behalf, the commissioner bears responsibility for the quality of the goods. Therefore, if the purchaser chooses to take legal action on the grounds that the caviar is of inferior quality, the defendant in the legal case will be Alexei and not OOO Trade.

Whether Alexei has any redress against OOO Trade depends on the precise terms of the contract of commission between them.

10 The question tested the ability of candidates to apply the laws relating to partnerships to a case study.

(a) The characteristics of general partnerships and the obligations of partners to one another are governed by Article 67 of the Civil Code.

The expenditure of 700.000 roubles by Rosa was a violation of the partnership agreement, so the other partners will be able to take legal action against Rosa for full recovery of this sum.

The partners can demand full financial details of the personal work undertaken by Rosa (Article 73(3), Civil Code). The partners in a general partnership are fully accountable to the other partners in respect of the provision of information on their business activities. Rosa's offer to pay 100.000 roubles in respect of this work may or may not be a fair reflection of the income she has earned, but the partners are entitled to corroborate whether this is the case against Rosa's actual records of the business.

Yuri's decision to resign from the partnership with immediate effect is a breach of contract. This may render him liable to any damages payable under the provisions of the partnership agreement, which may include any additional cost of replacing his services and any moral harm to the business.

(b) Article 72 of the Civil Code precludes any right of the partnership to rely on the provisions in the partnership agreement in order to compel OOO Train to set aside the contract of sale, unless it can prove that OOO Train was fully aware of the restriction on Rosa's capacity to act in her own right.

The partners will therefore not be entitled to demand a refund from OOO Train, which presumably acted in good faith when selling the package to Rosa. As a third party, OOO Train is under no legal obligation to check the credentials of Rosa, especially if the company has conducted business with the partners in the past (it is an established supplier) and has encountered no previous difficulties. The partners may be able to negotiate a return of the training software package with OOO Train.

(c) The principles outlined in part (b) above similarly apply to the withdrawal from the bank. However, the partnership is in a stronger position here, as it would be likely that the bank would have been furnished with a copy of the partnership agreement when the account was first opened. This is a normal condition underpinning the commencement of a banker-customer relationship.

The partners could therefore argue that the bank had constructive notice of the restriction on transactions by individual partners, and that it should not have sanctioned the withdrawal by Rosa.

Fundamentals Level – Skills Module, Paper F4 (RUS)
Corporate and Business Law (Russia) **December 2009 Marking Scheme**

1	**(a)**	Description of original jurisdiction	2 marks
		Description of appellate jurisdiction	2 marks
			(4 marks)
	(b)	Explanation of *in personam* jurisdiction	Up to 1·5 marks
		Explanation of alternative jurisdiction	Up to 1·5 marks
		Explanation of *in rem* jurisdiction	Up to 1·5 marks
		Explanation of agreed jurisdiction	Up to 1·5 marks
			(6 marks)
			(Total 10 marks)
2	**(a)**	Explanation of purpose of damages	1 mark
		Description of *de facto* damages/missed profits	Up to 3 marks
		Description of forfeit	Up to 2 marks
			(6 marks)
	(b)	Description of mitigation	Up to 3 marks
		Explanation of consequences of failure to mitigate	1 mark
			(4 marks)
			(Total 10 marks)
3	**(a)**	Explanation of each statutory obligation	1 mark, maximum 6 marks
			(6 marks)
	(b)	Explanation of each liability of employer	1 mark, maximum 4 marks
			(4 marks)
			(Total 10 marks)
4	**(a)**	Each relevant statutory provision	1 mark, maximum 5 marks
			(5 marks)
	(b)	Each statutory provision	1 mark, maximum 5 marks
			(5 marks)
			(Total 10 marks)
5	**(a)**	Each right/obligation in Charter	1 mark, maximum 6 marks
			(6 marks)
	(b)	Each criterion that permits voting	1 mark, maximum 4 marks
			(4 marks)
			(Total 10 marks)
6	**(a)**	Explanation of role of shareholders' meeting	1 mark
		Super-majority requirement	1 mark
		Explanation of role of liquidation commission	Up to 2 marks
		Duties to registration authorities	1 mark
			(5 marks)
	(b)	Explanation of satisfaction of priorities ('turns')	Up to 2 marks
		Explanation of each turn	1 mark, maximum 3 marks
			(5 marks)
			(Total 10 marks)

7		Explanation of role of shareholders	Up to 2 marks
		Explanation of roles of board	Up to 2 marks
		Explanation of role of senior management	Up to 2 marks
		Explanation of role of internal audit commission	Up to 2 marks
		Explanation of role of tabulation commission	Up to 2 marks
			(Total 10 marks)
8	**(a)**	Explanation of each criterion used by courts	1 mark, maximum 4 marks
			(4 marks)
	(b)	Application to scenario:	
		OOO Fix	2 marks
		Employees of OOO Fix	2 marks
		OOO Consult	1 mark
		Injured party	1 mark
			(6 marks)
			(Total 10 marks)
9	**(a)**	Explanation of obligations of commissioner	Up to 3 marks
		Explanation of obligations of commitment	Up to 2 marks
		Explanation of rights of third party	1 mark
		Explanation of mitigating factors for reduced price	1 mark
		Calculation	1 mark
			(8 marks)
	(b)	Explanation of responsibility for quality of goods	Up to 2 marks
			(2 marks)
			(Total 10 marks)
10	**(a)**	Explanation of action against each partner	Up to 2 marks
			(4 marks)
	(b)	Explanation of rights against OOO Train	Up to 3 marks
			(3 marks)
	(c)	Explanation of rights against bank	Up to 3 marks
			(3 marks)
			(Total 10 marks)