

Fundamentals Level – Skills Module

Corporate and Business Law (Russia)

Tuesday 8 December 2009

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)

ACCA

ALL TEN questions are compulsory and MUST be attempted

1 In relation to the Russian legal system:

- (a) State and explain what is meant by the terms 'original jurisdiction' and 'appellate jurisdiction'. (4 marks)**
- (b) Explain the rules that determine the geographical location at which a legal case will be heard. (6 marks)**

(10 marks)

2 In relation to contract law:

- (a) Explain the purposes of damages and describe the different forms that damages may take. (6 marks)**
- (b) Explain the duty of a claimant for damages to mitigate the losses arising from a breach of contract. (4 marks)**

(10 marks)

3 In relation to employment law:

- (a) Describe the statutory obligations of an employer to an employee. (6 marks)**
- (b) Explain the financial liabilities that may be incurred by an employer in the event that the employer breaches its obligations to an employee. (4 marks)**

(10 marks)

4 In relation to the formation of a company limited by shares, explain the provisions of the Federal Law on Companies Limited by Shares applicable to:

- (a) The founders of a company. (5 marks)**
- (b) The name and location of a company. (5 marks)**

(10 marks)

5 In relation to capital and financing:

- (a) Explain the rights and obligations of preference shareholders that must be set out in the Charter of a company limited by shares. (6 marks)**
- (b) Describe the circumstances under which the holders of preference shares have a right to vote at a shareholders' meeting. (4 marks)**

(10 marks)

6 In relation to insolvency of a company:

- (a) Describe the process through which a company limited by shares may enter into voluntary liquidation. (5 marks)
- (b) Explain how the obligations of an insolvent company are distributed once accounts payable to creditors have been settled. (5 marks)

(10 marks)

7 Describe how senior management and the statutory internal bodies of a company limited by shares promote effective corporate governance.

(10 marks)

8 OOO Consult offers business advisory services. The company decided to make major improvements to the reception area of its main office and entered into a contract with OOO Fix to carry out the necessary work.

In order to install new lighting, employees of OOO Fix had to dig a hole in the area where customers wait for their appointments. During the course of this work, Anna, a customer of OOO Consult, suffered injury after tripping on bricks that had been removed by the workers and left on the floor. Anna subsequently had to take one month's sick leave and had to pay for medical care.

Required:

- (a) Explain the rationale that will be applied by the courts when assessing the non-contractual obligations incurred in respect of Anna's injuries. (4 marks)
- (b) Discuss the potential obligations of OOO Consult, OOO Fix and the employees of each organisation that may arise from the injury to Anna, and whether these obligations may be dependent on Anna's own conduct. (6 marks)

(10 marks)

- 9** OOO Trade is an importer and distributor of foodstuffs. It has entered into a contract of commission with Alexei through which Alexei will sell 100 cases of caviar and 100 cases of wild mushrooms. Under the contract, OOO Trade has insisted that cases of caviar will be sold for no less than 5.000 roubles per case and that cases of wild mushrooms will be sold for no less than 2.000 roubles per case. The parties to the contract also agreed on a commission fee of 25.000 roubles.

Alexei soon found a buyer for the caviar who was prepared to pay 7.000 roubles per case. However, he has greater difficulty in finding a buyer for the wild mushrooms and decided to sell them in the general market place for 1.500 roubles per case.

Subsequently, the buyer of the caviar complained that the produce was of inferior quality and stated that he was considering legal action.

Required:

- (a) **Explain the obligations of the parties to these transactions to one another in respect of the monies received for the caviar and mushrooms.** (8 marks)
- (b) **Explain the obligations of the parties to these transactions in respect of the quality of the caviar.** (2 marks)

(10 marks)

- 10** Helena, Nikita, Rosa and Yuri are four partners working in an unlimited partnership that provides training courses. Their partnership agreement states that each partner may act on behalf of the partnership in respect of deals with third parties, but requires any transaction valued in excess of 500.000 roubles to be sanctioned by all partners. The agreement further specifies that any partner's resignation will be subject to a notice period of three months, thereby enabling the business to fulfil outstanding course bookings.

Without consulting the other partners, Rosa withdrew 700.000 roubles from the partnership bank account in order to purchase a training software package from OOO Train, a regular supplier to the partnership. Rosa also admitted to using the partnership premises and teaching resources on a private basis in order to increase her personal income. She refused to provide details but offered to make a payment of 100.000 roubles in respect of this privately commissioned business.

In a subsequent argument between the partners, Yuri walked out of the business, stating that he would no longer be able to work with the other partners, refusing to carry out any further commitments with immediate effect.

Required:

- (a) **Discuss the actions that Helena and Nikita can take against Rosa and Yuri.** (4 marks)
- (b) **Explain whether OOO Train has an obligation to accept a return of the training software package and refund the partnership with the price paid.** (3 marks)
- (c) **Explain whether Helena and Yuri will be able to make a claim against the bank for permitting the withdrawal of 700.000 roubles made by Rosa.** (3 marks)

(10 marks)

End of Question Paper