

Fundamentals Level – Skills Module

# Corporate and Business Law (Russia)

Tuesday 7 June 2011

**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) Describe the role and structure of the courts of general jurisdiction. (7 marks)

(b) Explain the circumstances that will make it appropriate for a case to be dealt with by the court of arbitration. (3 marks)

**(10 marks)**

**2 In relation to means of securing obligations:**

(a) Define 'surety'. (2 marks)

(b) Explain the rights and responsibilities of a surety. (4 marks)

(c) Explain how the responsibilities of a surety are terminated. (4 marks)

**(10 marks)**

**3 In relation to employment law:**

(a) Explain the general reasons for termination of a labour contract under the provisions of the Labour Code. (6 marks)

(b) Explain the circumstances under which an employer must dismiss an employee. (4 marks)

**(10 marks)**

**4 In relation to voluntary representation:**

(a) Explain the purposes and effect of a power of attorney. (3 marks)

(b) Describe the types of powers of attorney that may be granted and the form they must take. (3 marks)

(c) Explain how a power of attorney may be terminated. (4 marks)

**(10 marks)**

**5 In relation to capital and financing:**

(a) Explain the process through which a joint-stock company (company limited by shares) may:

(i) increase its share capital. (3 marks)

(ii) reduce its share capital. (3 marks)

(b) Explain the circumstances under which a shareholder may demand the redemption of shares, and the procedure for redemption. (4 marks)

**(10 marks)**

**6 In relation to management and administration:**

- (a) Define a 'transaction in which there is an interest' and set out the criteria that determine whether a party is deemed to be an interested party. (6 marks)
- (b) Explain how a transaction in which there is an interest is approved. (2 marks)
- (c) Explain the consequences of a violation of the procedures required to approve a transaction in which there is an interest. (2 marks)

**(10 marks)**

**7 In relation to company insolvency:**

- (a) Explain the purposes of observation. (2 marks)
- (b) Explain the observation process and how this affects the operations of the company while observation is in force. (4 marks)
- (c) Explain the alternative outcomes once the observation process has been concluded. (4 marks)

**(10 marks)**

**8** ZAO Learnfast is a publisher of study materials for professional students. It entered into contracts with Anna and Yevgeni under which they would produce study texts, with each text to be divided into 12 chapters of approximately equal length.

Shortly after beginning to write her study text, Anna discovered that the work was too demanding. She wrote to ZAO Learnfast explaining this, enclosing drafts of the three chapters she had managed to complete, together with her invoice for one-quarter of the fee.

Three months after entering into the contract with Yevgeni, ZAO Learnfast was advised by the relevant professional body that the subject on which Yevgeni was writing his study text would be withdrawn within a year. ZAO Learnfast wrote to Yevgeni explaining that his study text would no longer be required. By this time, Yevgeni had written three chapters of the study text. ZAO Learnfast is prepared to pay Yevgeni one-quarter of the fee specified in the contract.

The contracts between ZAO Learnfast and the two writers made no provision for these events.

**Required:**

- (a) Discuss the consequences of Anna's withdrawal from her contract with ZAO Learnfast. (5 marks)
- (b) Discuss the consequences of the withdrawal of ZAO Learnfast from its contract with Yevgeni. (5 marks)

**(10 marks)**

- 9** Boris and Maria are general partners in a limited (commandite) partnership. Oleg is the only investing partner. Oleg's capital contribution was one million roubles. The partnership agreement confines the business of the partnership to buying and selling furniture. Any transaction in excess of 500.000 roubles must be sanctioned by both of the general partners.

In dealing with his regular suppliers, Boris was offered an attractive contract subject to a minimum value of 750.000 roubles. Boris entered into a contract to purchase furniture from this supplier, committing the partnership to expenditure of 750.000 roubles.

Although usually not actively involved in the business, Oleg entered into a contract on behalf of the partnership with a supplier of electrical fittings for the home, as he considered this to be an excellent diversification that would increase the potential profitability of the business.

**Required:**

**Analyse the implications of these contracts for Boris, Maria and Oleg, and explain whether the contracts are binding on the partnership.**

**(10 marks)**

- 10** The directors of OAO Hopeful have approached Yuri, a very successful businessman, to become the new general director of the company. The company has struggled to achieve growth in recent years and Yuri has already demonstrated his ability to revive the economic fortunes of other major companies.

Yuri has stated that he is prepared to accept the position subject to several conditions.

- (i) He wants the directors of OAO Hopeful to give him absolute power to carry out any transaction on behalf of the company without power of attorney, as he argues that the company must respond rapidly to urgent business needs.
- (ii) He insists that he must have the authority to take decisions on the future composition of the board of directors as well as the capital structure of the company.
- (iii) Yuri wants the company to agree that he will serve on the board of directors for a minimum term of five years, during which he will be guaranteed a specified minimum return on any shares he holds in the company.

**Required:**

**Advise the board of directors of OAO Hopeful in respect of Yuri's demands.**

**(10 marks)**

**End of Question Paper**