

Fundamentals Level – Skills Module

# Corporate and Business Law (Cyprus)

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

The Institute of Certified Public Accountants of Cyprus

**ACCA**

**CEAK**

# Paper F4 (CYP)

**ALL TEN questions are compulsory and MUST be attempted**

- 1 In relation to the legal system of Cyprus, describe the meaning and effect of the following:**
- (a) The doctrine of necessity; (5 marks)
  - (b) Delegated legislation. (5 marks)
- (10 marks)**
- 2 In relation to contract law, explain the following:**
- (a) The equitable remedies available for breach of contract; (6 marks)
  - (b) The doctrine of privity of contract. (4 marks)
- (10 marks)**
- 3 With reference to the law on agency, describe the circumstances under which an agent may delegate his authority.**
- (10 marks)**
- 4 With reference to the Companies Law Cap. 113, explain the meaning and importance of the following:**
- (a) Table A of the First Schedule of the Companies Law, Cap. 113; (3 marks)
  - (b) Limited liability; (4 marks)
  - (c) Perpetual succession. (3 marks)
- (10 marks)**
- 5 With reference to the winding up provisions of the Companies Law Cap. 113, explain:**
- (a) The circumstances under which a company is deemed unable to pay its debts; (4 marks)
  - (b) The circumstances under which the court may be called upon to wind up a company. (6 marks)
- (10 marks)**
- 6 In relation to the dismissal of employees, describe the circumstances when the following may occur:**
- (a) Constructive dismissal; (3 marks)
  - (b) Dismissal for misconduct; (3 marks)
  - (c) Redundancy. (4 marks)
- (10 marks)**

**7 In relation to the legal system of Cyprus, explain:**

**(a) the meaning of corporate governance;** (3 marks)

**(a) the legal regulation of corporate governance.** (7 marks)

**(10 marks)**

**8** Andrew owns shares in ABC Plc, whose accounts were audited by Carla. The accounts of the financial year, which ended on 31 December 2010, showed that ABC Plc had made a profit of EUR1,000,000 when it should have shown a loss of EUR500,000. After seeing those accounts, Andrew bought more shares in ABC plc. Andrew later realised that the new shares he had bought were in fact worth much less than what he had paid for them.

**Required:**

**Advise Carla whether she owes a duty of care to Andrew.**

**(10 marks)**

**9** KNN Ltd is a private company limited by shares. Kevin is a director and shareholder of KNN Ltd, holding 25% of the issued share capital of KNN Ltd. Louis was appointed auditor of KNN Ltd by the board of directors prior to the first annual general meeting. Kevin proposes to remove Louis from office and appoint his wife, Mary, as auditor of KNN Ltd.

**Required:**

**Advise Kevin as to whether, and how, he can implement his two proposals.**

**(10 marks)**

**10** SP Ltd is a private company limited by shares, which has adopted Table A as its articles of association. The issued share capital of SP Ltd is divided into 1,000 ordinary shares of nominal value EUR1 each and 1,000 preference shares of nominal value EUR1 each. Both ordinary and preference shares carry one voting right each. Simos owns 300 ordinary shares and 150 preference shares. Panos owns 700 ordinary shares and 850 preference shares. Panos wishes to amend certain provisions of the articles of association of SP Ltd, including the rights attached to the preference shares, but Simos objects.

**Required:**

**Advise Panos and Simos respectively as to their legal rights and obligations in relation to the proposed amendments by Panos.**

**(10 marks)**

**End of Question Paper**