

Fundamentals Level – Skills Module

Corporate and Business Law (Cyprus)

Tuesday 2 December 2008

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, explain the operation and jurisdiction of the Supreme Court. (10 marks)**
- 2 In relation to the Contract Law, Cap. 149:**
- (a) describe the meaning of consideration; and (4 marks)**
 - (b) discuss the significance of consideration in contractual arrangements. (6 marks)**
- (10 marks)**
- 3 In relation to the Partnership Law, Cap. 116, explain the ways in which partnerships may be dissolved. (10 marks)**
- 4 In relation to the Companies Law:**
- (a) explain the rule relating to separate personality; and (4 marks)**
 - (b) describe the circumstances in which the rule relating to separate personality may be ignored, with personal liability imposed on members or directors. (6 marks)**
- (10 marks)**
- 5 With reference to the Companies Law, explain the meaning and effect of the *ultra vires* rule in Cyprus. (10 marks)**
- 6 With reference to the Companies Law:**
- (a) describe a company's borrowing powers; and (5 marks)**
 - (b) describe a company's lending powers to its directors. (5 marks)**
- (10 marks)**
- 7 In relation to corporate governance:**
- (a) explain the idea of corporate governance; and (4 marks)**
 - (b) outline the legal framework with respect to corporate governance in Cyprus. (6 marks)**
- (10 marks)**

- 8** Androulla took a dress to be cleaned at Marios' Dry Cleaners. Before accepting the dress, Marios asked Androulla to sign a contract, which contained a disclaimer for all damage of any kind. Androulla signed the contract without reading its terms. When Androulla picked up her dress a week later, she discovered that the dress was stained.

Required:

Advise Androulla.

(10 marks)

- 9** Eleni and Panicos are the directors of Best Toys Ltd, a private limited liability company trading in the toy industry. Both Eleni and Panicos are employed by Best Toys Ltd on a three-year contract, which started in January 2006. In November 2008, Eleni left on maternity leave. Julia, who is the majority shareholder of Best Toys Ltd, wishes to replace Eleni because she considers her services to be inadequate.

Required:

Advise Julia.

(10 marks)

- 10** Stavros, Tina and Myria are equal shareholders in STM Ltd, together holding 60% of the share capital of STM Ltd. STM Ltd is a private limited liability company, which adopts Table A as its articles of association. Tina decides to transfer her shareholding in STM Ltd to her friend Tom, but Stavros disagrees. Stavros would like STM Ltd to issue shares at a premium, and to use the premium for writing off the company's preliminary expenses.

Required:

Advise Stavros.

(10 marks)

End of Question Paper