

Fundamentals Level – Skills Module

Corporate and Business Law (Cyprus)

Tuesday 2 June 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

The Institute of Certified Public Accountants of Cyprus

ACCA

CEAK

Paper F4 (CYP)

ALL TEN questions are compulsory and MUST be attempted

- 1 With reference to the legal system of Cyprus, explain the following sources of law:**
- (a) Common law; (4 marks)
 - (b) Statute laws; (3 marks)
 - (c) Case law of the Supreme Court. (3 marks)
- (10 marks)**
- 2 Define and analyse the constituent elements of a simple contract.**
- (10 marks)**
- 3 In relation to agency law, explain the various types of authority that an agent may have.**
- (10 marks)**
- 4 With reference to the Companies Law, explain and distinguish between private and public companies.**
- (10 marks)**
- 5 With reference to the Companies Law Cap. 113:**
- (a) Explain whether a company may provide financial assistance for the acquisition of its own or its holding company's shares; and (5 marks)
 - (b) Explain whether a company may make a loan to its directors or its holding company's directors. (5 marks)
- (10 marks)**
- 6 With reference to the Companies Law, explain the rules relating to the following:**
- (a) registering charges over the assets of a company; (6 marks)
 - (b) issuing shares in a company at a discount. (4 marks)
- (10 marks)**
- 7 Explain the meaning and regulation of fraudulent and wrongful trading in the context of the Companies Law.**
- (10 marks)**

- 8 Michael has a part-time job as a secretary in a law firm called LegaServe & Co. Michael has a fixed term contract with LegaServe & Co for two years. After six months, LegaServe & Co decides that even though Michael generally executes his work in a reasonably satisfactory manner, they no longer require his services and thus decide to dismiss him without notice.

Required:

Advise Michael.

(10 marks)

- 9 Duffy Limited is a private company limited by shares, with a share capital of EUR 1,000,000, divided into shares of EUR 1 each. Duffy Limited adopted Table A of Cap. 113 as its Articles of Association. Duffy Limited invested its share capital in listed company bonds and shares and, one and a half years later, it made a profit of EUR 100,000. The company had no other transactions. Dona, who is the sole shareholder of Duffy Limited, wishes immediate distribution of the profit to her, before the end of the company's financial year. Dona further anticipates the reduction in the scale of Duffy Limited's operations on completion of its current financial year, and as a result Duffy Limited will only need a capital of EUR 500,000 for its business.

Required:

Advise Dona as to her legal rights and procedures necessary to distribute among herself:

(a) the amount of EUR 100,000 before the end of the company's financial year; and (4 marks)

(b) the amount of EUR 500,000, which is in excess of the company's needs, after the end of the company's financial year. (6 marks)

(10 marks)

- 10 ABC Limited is a private company limited by shares, which has adopted Table A as its articles of association. The authorised and issued share capital of ABC Limited is EUR 10,000 divided into 5,000 Class 'A' shares of EUR 1 each and 5,000 Class 'B' shares of EUR 1 each. Class 'A' shares enjoy preferential rights over dividends and repayment of capital. Mary holds 4,000 Class 'A' shares and 4,000 Class 'B' shares; Tim holds 500 Class 'A' shares and 1,000 Class 'B' shares; and John holds 500 Class 'A' shares. Mary wishes to remove the preferential rights attached to Class 'A' shares but Tim opposes.

Required:

Advise Tim.

(10 marks)

End of Question Paper