

Fundamentals Level – Skills Module

Corporate and Business Law (Cyprus)

Monday 9 June 2014



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

ZEAK

Paper F4 (CYP)

ALL TEN questions are compulsory and MUST be attempted

1 In relation to the legal system of Cyprus:

(a) describe the types of cases which the Supreme Court of Cyprus has jurisdiction to hear and determine; and (6 marks)

(b) explain the protection of human rights provided by the Constitution. (4 marks)

(10 marks)

2 Describe the rules relating to the award of damages for breach of contract.

(10 marks)

3 In relation to agency law, describe the potential liability of both principal and agent.

(10 marks)

4 In relation to corporate governance:

(a) explain the idea of corporate governance; and (4 marks)

(b) describe the legal framework with respect to corporate governance in Cyprus. (6 marks)

(10 marks)

5 In relation to the Companies Law Cap. 113, explain the circumstances when a company may enter into the following:

(a) voluntary liquidation; and (4 marks)

(b) compulsory liquidation. (6 marks)

(10 marks)

6 In the context of the Companies Law Cap. 113, define and explain the use of the following:

(a) share premium account; and (5 marks)

(b) capital redemption reserve fund. (5 marks)

(10 marks)

7 In relation to the Termination of Employment Law:

(a) explain the circumstances under which a person may be made redundant; and (6 marks)

(b) describe the remedies which may be available to those who have been made redundant. (4 marks)

(10 marks)

- 8 Anna has booked a week's holiday in a hotel by the beach from Best Holidays Ltd for herself and her son Ben. The brochure issued by Best Holidays Ltd described the hotel as having many facilities, including children's play-ground, excellent restaurants, swimming pools and a gymnasium. On arriving at the hotel, Anna and Ben found that there was no children's playground and no gymnasium. Instead, they found only a small outdoor swimming pool and one restaurant.

Required:

Advise Anna and Ben as to whether there are any remedies available to them.

(10 marks)

- 9 Car Repair Ltd is a private limited company, which imports consumables for the car industry. One of the directors of Car Repair Ltd is Delta Ltd. Delta Ltd owns a warehouse in Nicosia, and 100,000 shares in ELA Ltd. Fiona is the only director of Delta Ltd.

Delta Ltd borrowed €1.000.000 from Car Repair Ltd. As security for its loan, Delta Ltd offered a fixed charge on the warehouse and the 100,000 shares in ELA Ltd were pledged to Car Repair Ltd. As additional security for this loan, Fiona offered a personal guarantee.

Required:

Advise Car Repair Ltd regarding the validity of the loan to Delta Ltd, the nature of the security obtained and the steps, if any, required to make valid the securities given by Delta Ltd and Fiona to Car Repair Ltd.

(10 marks)

- 10 Glory Ltd is a private company offering information technology services. Glory Ltd is interested in potential cooperation with Hugo Ltd, which has extensive operations in the tourism industry and which has expressed the intention to upgrade the information technology infrastructure of its hotels. John, one of the directors of Glory Ltd, embarked on negotiations with Hugo Ltd in an attempt to obtain the contract for providing relevant services on behalf of Glory Ltd. However, the attempt failed.

Hugo Ltd made it clear that it is only interested in employing John privately, and that it did not want any trouble with his employers. John resigned from his position as director of Glory Ltd, pretending he had family problems. Within a week, John entered into a contract with the Hugo Ltd to provide information technology services on a freelance basis.

Required:

Advise Glory Ltd whether they have any claim against John.

(10 marks)

End of Question Paper