

Fundamentals Level – Skills Module

# Corporate and Business Law (Pakistan)

Tuesday 4 December 2007

**Time allowed**

Reading and planning: 15 minutes

Writing: 3 hours

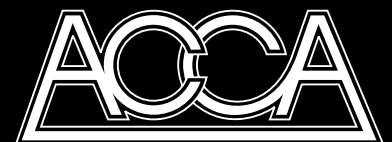
ALL TEN questions are compulsory and MUST be attempted.

**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 (PKN)

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

- 1 In relation to the Pakistan legal system, discuss the concept of ‘fundamental rights’ as enshrined in the Constitution of Pakistan, 1973.**

**(10 marks)**
  
- 2 In relation to the law of contract, discuss the concept of ‘consideration’.**

**(10 marks)**
  
- 3 In relation to the law of torts:**

  - (a) discuss the meaning of ‘torts’; and** (5 marks)
  - (b) state the defences to torts.** (5 marks)

**(10 marks)**
  
- 4 Under the Companies Ordinance, 1984, explain the role of a:**

  - (a) Company secretary.** (5 marks)
  - (b) Chief executive officer.** (5 marks)

**(10 marks)**
  
- 5 In relation to company law, explain the doctrine of ‘lifting of the veil of incorporation’.**

**(10 marks)**
  
- 6 State:**

  - (a) the different forms of businesses that a company may undertake as a Non-Banking Finance Company; and** (5 marks)
  - (b) what steps are required for the establishment of a Non-Banking Finance Company.** (5 marks)

**(10 marks)**
  
- 7 In relation to employment law, describe the scope of the Workmen’s Compensation Act, 1923.**

**(10 marks)**

**8** JKB stores ('JKB') is a franchisee of Zike International ('Zike'). Under their franchise agreement, JKB has provided Zike with a bank guarantee of rupees 2,000,000 issued in favour of Zike by Friendly Bank ('Bank'). Since then the following events have occurred:

- (a) JKB has defaulted and Zike has requested the Bank for the encashment of the guarantee in its favour.
- (b) The Bank has refused on the ground that it did not receive any consideration from Zike for providing the guarantee, therefore, Zike should approach JKB.

**Required:**

**Analyse the situation from the perspective of contract law and advise Zike as to its future course of action.**

**(10 marks)**

**9** Hassan Textile Mills Limited ('HTML') is in the process of expansion to finance and has requested a loan facility of rupees 5,000,000 from Barons Bank ('Bank'). As a security for the requested loan facility, HTML has offered to create an unregistered charge in the Bank's favour on the entire stock of cotton bales in HTML's warehouse. The extension of this loan facility is under consideration by the Bank's management. You have been approached by the Bank's management for advice.

**Required:**

**Under the Companies Ordinance, 1984, advise the Bank with regard to the creation of charges over a company's assets.**

**(10 marks)**

**10** The board of directors of Sunrise Limited ('SL'), a public limited company, in their next board meeting plan on authorising:

- (a) The appointment of TAQ International as its sole distributor for Karachi. Mr Kamal Dawood, who is the managing partner of TAQ International and a director of SL, is the moving spirit behind this.
- (b) Extension of the repayment time for a loan extended to Mr Kamal Dawood.

**Required:**

**With reference to company law, explain to the board of directors of SL the procedures for adopting the above plans.**

**(10 marks)**

**End of Question Paper**