

Fundamentals Level – Skills Module

# Corporate and Business Law (Cyprus)

Tuesday 3 June 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 Describe the role of the following in the legal system of Cyprus:**
- (a) Constitution of the Republic of Cyprus; (3 marks)
  - (b) case law of the Supreme Court; (4 marks)
  - (c) the rules of equity. (3 marks)
- (10 marks)**
- 2 In relation to the law of torts, explain the general rules relating to the following:**
- (a) the duty of care of accountants and auditors; (5 marks)
  - (b) remoteness of damage and compensation where a person commits the tort of negligence in relation to another person. (5 marks)
- (10 marks)**
- 3 In relation to employment law, describe the circumstances under which the following types of dismissal of employees may occur:**
- (a) wrongful dismissal; (5 marks)
  - (b) redundancy. (5 marks)
- (10 marks)**
- 4 Describe the personal liabilities that may be incurred when carrying out business in the following formations:**
- (a) a sole trader; (2 marks)
  - (b) a shareholder in a private company limited by shares; (4 marks)
  - (c) a partner in a general partnership. (4 marks)
- (10 marks)**
- 5 In relation to the Companies Law, Cap. 113:**
- (a) describe the contents and the purpose of a company's constitutional documents i.e. the memorandum and the articles of association; (7 marks)
  - (b) explain the procedure required to amend a company's articles of association. (3 marks)
- (10 marks)**

- 6 In relation to the Companies Law, Cap. 113, define and distinguish between the following:**
- (a) debentures and shares;** (5 marks)
  - (b) fixed charges and floating charges.** (5 marks)
- (10 marks)**

- 7 In relation to the Insider Dealing and Market Manipulation (Market Abuse) Law 116(I)/2005, explain the meaning and legal regulation of insider dealing.**
- (10 marks)**

- 8 (a)** Anna owns a gallery. In order to attract people to attend her next show, she advertised in the newspaper that the first person to go in would have the opportunity to purchase a signed Andy Warhol poster for EUR200. Ben is an art collector and he would love to buy a signed Andy Warhol poster for EUR200. Ben decided to camp outside Anna's gallery for two days. When the show opened, Ben was the first person to go in. Anna informed Ben that there were no Andy Warhol posters for sale at that show.

**Required:**

**Advise Ben whether he has any cause of action against Anna.** (5 marks)

- (b)** Celine and Daniel agree that Celine will purchase Daniel's apartment in Eras Street for EUR80.000. On the basis of her agreement with Daniel, Celine enrolls her three-year old son in the nursery school across from Eras Street, for which she pays the annual fees in advance. Daniel then informs Celine that he does not wish to sell his apartment in Eras Street.

**Required:**

**Advise Celine as to the remedies available to her against Daniel.** (5 marks)

**(10 marks)**

- 9** Felix is the sole director in F & G Ltd. Felix is also a partner in a partnership called Felix & Co.

**Advise F & G Ltd in the following situations:**

- (a) Felix enters into a contract on behalf of F & G Ltd to purchase a quantity of chairs from Felix & Co.** (5 marks)

- (b) Felix has been negotiating a contract on behalf of F & G Ltd but the other party wishes to award the contract to Felix personally. Felix resigns from his position as director of F & G Ltd to take the contract personally.** (5 marks)

**(10 marks)**

**10** Hull Ltd is a private company limited by shares, which was incorporated in February 2007. The purpose of Hull Ltd, as defined in its memorandum of association, is to provide tax consulting services. Kate, Lui and Moss are the only shareholders of Hull Ltd with Kate holding 50%, Lui holding 30% and Moss holding 20% of the issued share capital of Hull Ltd. After Moss' death in November 2007, Moss' shareholding devolved to his daughter, Mia. By March 2008, Hull Ltd has not commenced its business, and Mia suggests to Kate and Lui that Hull Ltd be wound up voluntarily or become a restaurant business. Kate agrees with either suggestion, but Lui disagrees with both.

**Required:**

**Advise Mia.**

**(10 marks)**

**End of Question Paper**