

Fundamentals Level – Skills Module

Corporate and Business Law (Pakistan)

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

Paper F4 (PKN)

The ACCA logo consists of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black square.

ALL TEN questions are compulsory and MUST be attempted

- 1 Explain the jurisdiction and powers of the supreme court of Pakistan as envisaged by the Constitution of Pakistan, 1973.** (10 marks)
- 2 In relation to law of contract, analyse the meaning of an 'offer' and explain with illustrations what distinguishes it from an 'invitation to treat'.** (10 marks)
- 3 In relation to the law of torts:**
- (a) Define the different kinds of 'torts'; and (5 marks)
 - (b) State the remedies available for torts. (5 marks)
- (10 marks)
- 4 Under the Companies Ordinance, 1984, explain:**
- (a) the main characteristics of a private company; (4 marks)
 - (b) a special resolution; and, (3 marks)
 - (c) dividends. (3 marks)
- (10 marks)
- 5 Discuss the salient features of the Code of Corporate Governance.** (10 marks)
- 6 In relation to Companies Ordinance, 1984, describe the following:**
- (a) a statutory meeting; (3 marks)
 - (b) an annual general meeting; and, (3 marks)
 - (c) an extraordinary general meeting. (4 marks)
- (10 marks)
- 7 In relation to employment laws, describe the position of a workman.** (10 marks)

- 8 Before going out of town for one week, Ayaz asked his friend Farhan to look after his designer clothing store during his absence. The next morning Farhan noticed that the store locks had been tampered with, so he had them replaced. In order to boost the sales of Ayaz's store, Farhan offered to customers a 20% discount on all items in the store. Upon his return, Ayaz was unhappy with this situation and immediately removed the discount. Disappointed with Farhan's handling of the store matters, Ayaz has approached you for advice.

Required:

Analyse the situation from the perspective of the law of agency and explain what rights and remedies Ayaz has against Farhan.

(10 marks)

- 9 Best Foods (Private) Limited ('BFL') is a company authorised by the objects clause of its memorandum of association to solely engage in the business of food processing. To enhance the profits of the company, the board of directors of BFL are considering importing energy drinks and distributing and selling them in Pakistan. BFL's shareholders have asked the board of directors to explain whether the company is authorised to undertake the business of importing, distributing and selling energy drinks as proposed. The board of directors have approached you for advice.

Required:

In view of the provisions of the Companies Ordinance, 1984, analyse and explain whether BFL can undertake the proposed business.

(10 marks)

- 10 The chief executive officer ('CEO') of Shah Sugar Mills Limited, a public listed company, intends to appoint Mr Yusuf as the company's chief financial officer ('CFO'). Mr Yusuf holds an MBA degree from the Lahore University of Management Sciences and has been working for the last six years for the corporate department of National Bank. The CEO hopes that with this appointment his workload shall be reduced and thereafter the CFO and the board of directors of Shah Sugar Mills Limited shall approve the financial statements. Before announcing the appointment of Mr Yusuf as the CFO, the CEO has approached you for advice.

Required:

Analyse the situation from the perspective of company law and the Code of Corporate Governance and advise the CEO as to whether Mr Yusuf could be appointed as the CFO and what would be his duties in this capacity.

(10 marks)

End of Question Paper