

June 08, 2005

CORPORATE LAWS

(MARKS 100)
(3 hours)

- Q.1 Discuss the requirements of law related to filing of accounts of companies operating in Pakistan but incorporated outside Pakistan. (07)
- Q.2 (a) Briefly describe the contents, signatories and other requirements relating to members voluntary winding-up. (08)
- (b) Discuss powers of the Liquidator of a company in a voluntary winding-up proceedings to make a compromise with the creditors that they should accept forty paise in the rupee i.e. 40% of their total dues as full and final settlement. (04)
- Q.3 Majority shareholders/directors of a group of companies in the financial services sector comprising a closed end mutual fund, leasing, and housing finance company believe that these activities need to be merged and brought under the umbrella of a single corporate entity. They feel that in this manner they would be able to achieve synergies and the combined capital can be utilized in a most efficient manner.
- What steps and legal formalities need to be complied with to give effect to the above concept? (10)
- Q.4 (a) A group of sponsors want to incorporate a company into which they will transfer a business unit they are acquiring from another group of companies. They intend to induct another group of investors as equity partners. These are financiers and are not interested in voting rights, rather their principal aim is the return on investment.
- Explain how the objective of the financiers can be achieved in light of the provisions of the Companies Ordinance and any related rules. (10)
- (b) A company with a 5 year profitable track record is planning to go public by offering shares at a premium. Discuss the requirements contained in the Companies Issue of Capital Rules, 1996 with respect to the company's plans. (08)
- (c) A shareholder in a listed company has acquired about 8% shares of the company. He intends to contest for election to the Board of Directors of the company in the forthcoming elections. What corporate secretarial steps need to be taken by the member and the company in this regard? (05)
- Q.5 (a) An investor purchased some shares from the stock market in good faith and got them registered in his name. Subsequently, the company received a notice from the original member reporting these shares as lost.

Discuss the right of such an investor as well as the original owner under the

(2)

- (b) The following are some points noted by company secretary of a limited liability company immediately after the Board meeting for approval of accounts:
- (i) Interim dividend 20% already paid; proposed final dividend 20% in addition to interim.
 - (ii) Auditors – existing auditors have consented to their re-appointment.
 - (iii) Acquiring 40% stake in an existing company.
 - (iv) Appointment and remuneration of chief financial officer approved.
 - (v) Capital expenditure of up to 10% of equity.
 - (vi) Bonus issue utilizing all available reserves
 - (vii) Increase in paid up capital through further issue to existing shareholders.

Draft a notice for the forthcoming Annual General Meeting (AGM) of the company and the agenda containing items that are normally included in an AGM for members' approval. Also comment on any aspect that is not in accordance with the provisions of the company law or related rules. (10)

Q.6 (a) State the authority that is empowered to approve the following businesses of a Modaraba, giving a brief explanation of the rationale for the particular approving authority:

- (i) Annual accounts.
- (ii) Interim dividend.
- (iii) Further issue of Modaraba Certificates.
- (iv) Appointment of auditors. (06)

(b) A branch of a foreign company operating in Pakistan wants to raise working capital and capital expenditure financing. Briefly explain the law contained in the foreign exchange regulations in this regard. (06)

Q.7 List preferential payments laid down in the law at the winding-up stage of the company. (08)

Q.8 State the authorized persons who can sign the annual accounts of the following companies under the respective provisions of the laws applicable to such companies:

- (a) an insurance company
- (b) a banking company (04)

Q.9 State the provisions contained in the Companies Ordinance 1984 relating to extension in the date of holding the Annual General Meeting. (03)

Q.10 Identify any six points, which can be included in the company's plan for rehabilitation purposes upon having been declared a sick industry. (06)

(THE END)