



# The Institute of Chartered Accountants of Pakistan

## Company Law

Intermediate Examination  
Autumn 2011  
Module D

7 September 2011  
100 marks – 3 hours  
Additional reading time – 15 minutes

*(All questions are compulsory)*

- Q.1 (a) Briefly describe the provisions of Companies Ordinance, 1984 relating to alteration of the objects of a company. **(08 marks)**
- (b) In the annual general meeting of Paramount Limited, a shareholder objected to the shifting of the registered office from Multan to Lahore without obtaining confirmation from the Commission. Explain whether the objection is valid. **(02 marks)**
- (c) What is the required quorum for a board meeting of a listed company and who would be responsible if a meeting is held without the quorum? **(02 marks)**
- Q.2 Explain the provisions relating to redemption of preference shares as contained in the Companies Ordinance, 1984. **(05 marks)**
- Q.3 Briefly explain the exceptions to the following provisions as specified under the Companies Ordinance, 1984.
- (a) An annual general meeting shall, in the case of a listed company, be held in the town in which the registered office of the company is situated. **(02 marks)**
- (b) Notice of an extraordinary general meeting shall be sent to the members at least twenty-one days before the date of the meeting, and in the case of a listed company shall also be published in the prescribed manner. **(02 marks)**
- (c) No person shall be appointed as a director of a company if he is not a member. **(03 marks)**
- (d) If a copy of the representation received from the retiring auditor is not sent to every member of the company because it was received too late or because of the company's default, the auditor may, without prejudice to his right to be heard in person, require that the representation shall be read out at the meeting. **(03 marks)**
- (e) No director of a company shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void. **(04 marks)**
- Q.4 On 12 July 2011, JFK Limited issued a prospectus which stated that an application has been made for permission for the shares being offered, to be dealt on the Karachi Stock Exchange.
- Explain the responsibilities of the directors regarding the subscription money received and the consequences, if the Karachi Stock Exchange refuses to grant such permission. **(07 marks)**
- Q.5 Briefly describe the conditions specified in the Companies Ordinance 1984, which the High Court must adhere to, in order to ensure expeditious delivery of the final judgement. **(05 marks)**

Q.6 On 15 August 2011 Ejaz lodged an instrument of transfer with Fast Technology Limited (FTL), a listed company, for transfer of 10,000 shares in the name of his son, Riaz.

However, on 5 September 2011 the directors refused to transfer the shares by giving him notice in writing in this regard.

Explain the recourse available to Ejaz. *(05 marks)*

Q.7 Describe the term “associated company” in accordance with the Companies Ordinance, 1984. *(05 marks)*

- Q.8
- (a) In a general meeting, ordinary as well as special businesses are put up for consideration of members. Distinguish between ordinary business as opposed to special business. *(03 marks)*
  - (b) State the requirements that a company needs to satisfy, as regards notice of the meeting, in case a special business is to be transacted at a general meeting of the company. *(03 marks)*
  - (c) Explain the provisions specified in the Companies Ordinance, 1984 relating to requirements to be completed before the commencement of business by a public company. *(06 marks)*

- Q.9
- (a) Describe the formalities to be completed by an unlisted company, not being a private company having paid up capital of less than Rs. 7.5 million, before and after the annual general meeting, with respect to the annual audited accounts, under the Companies Ordinance, 1984. *(05 marks)*
  - (b) Describe the contents of the Directors’ Report to be attached with the balance sheet of a public company, as specified under Companies Ordinance, 1984. *(10 marks)*

Q.10 State with reasons whether the following statements are in accordance with the provisions of the Companies Ordinance, 1984 :

- (a) A company has the power to deposit a portion of the employees provident fund contribution in any suitable investment that the directors of the company may deem fit. *(05 marks)*
- (b) It is mandatory for all manufacturing companies to have their cost accounts audited by a cost and management accountant. *(02 marks)*
- (c) The chief executive of a company can be removed by the shareholders, not more than one year before the expiration of his term of office. *(03 marks)*

- Q.11
- (a) List the mortgages and charges which, if not registered by the company, shall be considered as void. *(06 marks)*
  - (b) Explain the circumstances under which the registrar has the power to make entries of satisfaction and release of charge, in the register of mortgages and charges, without intimation from the company. *(04 marks)*

**(THE END)**