



The Institute of Chartered Accountants of Pakistan

Company Law

Intermediate Examination
Spring 2012
Module D

7 March 2012
100 marks - 3 hours
Additional reading time - 15 minutes

- Q.1 (a) Mr. Zameer is the first chief executive of Ryan Industries Limited, a public company. The directors of the company are not satisfied with his performance. In view of the provisions of the Companies Ordinance, 1984 specify the term of office of Mr. Zameer and explain how he can be removed before expiry of the above term. **(05 marks)**
- (b) Describe the provisions of the Companies Ordinance, 1984 which restrict the chief executive of a public company from carrying on any business competing with the company's business. **(03 marks)**
- Q.2 Abid, Qasim and Tariq were the only members of Alpha Securities Limited, a public company and were elected as directors on 30 June 2009. Qasim expired on 2 February 2012 in a road accident.
- (a) Briefly describe the provisions of the Companies Ordinance, 1984 relating to the casual vacancy as described above. **(05 marks)**
- (b) Discuss the consequences if Abid and Tariq failed to fill the above vacancy. **(05 marks)**
- Q.3 Narrate the provisions of the Companies Ordinance, 1984 relating to a private company in respect of:
- (a) Appointment of the first directors and their tenure. **(03 marks)**
- (b) Procedure for election of subsequent directors. **(09 marks)**
- Q.4 Explain the exceptions to the following provisions as specified under the Companies Ordinance, 1984:
- (a) Where the directors decide to increase the capital of a company by issuance of further shares, such shares shall be offered to the members in proportion to the existing shares held by each member. **(04 marks)**
- (b) Every company shall hold its annual general meeting within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting. **(03 marks)**
- Q.5 (a) On 5 March 2012 FMG Limited issued fully paid shares to Mehboob Engineering (Pvt.) Limited against supply of machinery.
- State the requirements of the Companies Ordinance, 1984 which FMG Limited is required to comply with, in this respect. **(05 marks)**
- (b) Explain the provisions relating to issuance of duplicate share certificates as specified in the Companies Ordinance, 1984. **(05 marks)**

- Q.6 (a) Describe the restrictions that have been mentioned in the Companies Ordinance, 1984 regarding selection of names of companies. *(06 marks)*
- (b) PQR Limited has received security deposits from its customers. Describe the provisions of the Companies Ordinance, 1984 which PQR Limited is required to comply with, in respect of such deposits. *(05 marks)*
- Q.7 SQL Plastics Limited is a wholly owned subsidiary of a foreign company and has its registered office in Karachi.
- (a) List the books of account the company is required to maintain. *(04 marks)*
- (b) State the conditions which the directors shall be required to comply with if they want to keep the books of account at SQL's factory located in Peshawar. *(02 marks)*
- Q.8 (a) Describe the restrictions that have been imposed by the Companies Ordinance, 1984 in respect of investment by a company in its associated undertaking. *(06 marks)*
- (b) Identify the situations specified under the Companies Ordinance, 1984 in which a company shall be considered to be a subsidiary of another company. *(04 marks)*
- Q.9 Explain the provisions of the Companies Ordinance, 1984 relating to the following:
- (a) Company's register of mortgages. *(04 marks)*
- (b) Right to inspect a company's register of mortgages. *(04 marks)*
- Q.10 Atif Industries Limited (AIL) intends to carry out a restructuring whereby its share capital would be reduced from Rs. 3 billion to Rs. 1.8 billion. However, two of its creditors have refused to give their consent for the reduction of the share capital.
- Explain what options are available to AIL under the provisions of the Companies Ordinance, 1984 in the above situation. *(06 marks)*
- Q.11 (a) Few shareholders of Nadeem Industries Limited (NIL) have lodged a complaint that they have not received notice of the last annual general meeting.
- To satisfy the above shareholders, you are required to describe the circumstances in which the notices sent to the members would be deemed to be duly served, in accordance with the provisions of the Companies Ordinance, 1984. *(07 marks)*
- (b) In the context of the provisions of the Companies Ordinance, 1984 state the reasons on account of which a company could declare the appointment of a proxy as invalid. *(05 marks)*

(THE END)