



Company Law

Intermediate Examination
Autumn 2013
Module D

2 September 2013
100 marks - 3 hours
Additional reading time - 15 minutes

- Q.1 (a) Describe the provisions as contained in the Companies Ordinance, 1984 which are aimed at ensuring expeditious disposal of matters referred to the High Court. (06)
- (b) State briefly the restrictive conditions under which a private company is incorporated. What are the consequences of not abiding by these conditions under the Companies Ordinance, 1984? (06)
- Q.2 The Sportsmen Foundation (Guarantee) Limited has resolved to increase the liability of its members from Rs. 50,000 to Rs. 500,000 by alteration of the liability clause of the Memorandum of Association.
- How would the above alteration in Memorandum of Association affect the existing members? Could it be made binding on them? (05)
- Q.3 In accordance with the regulations contained in Table A in the First Schedule to the Companies Ordinance, 1984, discuss the powers of the directors of a company to:
- (a) suspend the registration of transfer of shares for a specified period.
(b) decline to recognise an instrument of transfer. (05)
- Q.4 (a) An allottee of shares of a limited company has sought action against the directors in respect of false statements in the prospectus. The directors contend that the errors were not deliberate and were made inadvertently.
- Discuss the liability of the directors for the false statement in the prospectus in the above situation. (08)
- (b) Following the approval of prospectus of Top Engineering Limited, by the SECP on 31 August 2013, the directors have drawn up the following plan:
- (i) The prospectus would be published in an English newspaper on 25 October 2013.
(ii) 1000 copies of the prospectus would be printed.
(iii) The subscription list would remain open for two days on 10-11 November 2013.
(iv) The balloting for the successful applicants would be carried out on 25 November 2013.
- Discuss whether the above plan is in accordance with the provisions of the Companies Ordinance, 1984. (09)
- Q.5 Describe the provisions of the Companies Ordinance, 1984 relating to:
- (a) Issue of securities and redeemable capital not based on interest. (06)
(b) Repayment of subscription money to unsuccessful applicants. (06)

- Q.6 The directors of City Motors Limited plan to issue right shares at a discount of Rs. 2 per share. Describe the relevant provisions of the Companies Ordinance, 1984 that the directors would need to comply with, for issuing of shares at a discount. **(06)**
- Q.7 (a) Apex Petroleum Limited, a listed company, has been incurring losses for the past few years. Some shareholders are of the view that the management is misusing the company's resources thereby endangering the solvency of the company. Consequently, they want to inspect the books of accounts and appoint an expert to help them in the review.
- Advise the aggrieved shareholders in respect of the above matters in the light of the Companies Ordinance, 1984. **(06)**
- (b) Explain the situation whereby a shareholder may call for fresh election of directors prior to the end of the term of the present board. **(05)**
- Q.8 (a) SS Technology Limited was incorporated as a public limited company on 1 February 2012. No General Meeting of the company has been held so far. Explain the provisions of the Companies Ordinance, 1984 regarding the holding of general meeting and the liability of the directors if any, in this regard. **(05)**
- (b) An examination of the financial statements of Toys Manufacturers Limited, an unlisted company, for the year ended 30 June 2013 showed that the company had increased the remuneration of its chief executive and had also granted extra perquisites to him.
- State the procedures that the company would be required to take in order to apprise the shareholders as regards the above change. **(04)**
- Q.9 Briefly discuss the mandatory information that has to be provided in the Directors' Report of a public company as per the provisions of the Companies Ordinance, 1984. **(09)**
- Q.10 State the powers of the registrar with respect to seizure of books and documents of a company as specified under the Companies Ordinance, 1984. **(08)**
- Q.11 An unlisted public company has six members all of whom are directors of the company and were elected on 1 January 2012. One of the directors wishes to sell all his shares.
- In the light of above explain whether or not the following are correct:
- (i) The director selling the shares will no longer remain the director of the company.
(ii) It will be necessary to appoint another person as director in his place for the next three years.
(iii) The company may continue its business with five directors until the next annual general meeting. **(06)**

(THE END)