



The Institute of
Chartered Accountants
of Pakistan

Certificate in Accounting and Finance Stage Examinations

6 March 2015
1 hour 30 minutes – 50 marks
Additional reading time – 15 minutes

Business Law (Company Law Section)

- Q.1 (a) Under the provisions of the Companies Ordinance, 1984 briefly describe the following:
- (i) special resolution (04)
 - (ii) chief executive in relation to a company (03)
- (b) Under the provisions of the Companies Ordinance, 1984 list the circumstances under which Mehkoum Limited may be deemed to be the subsidiary of Hakim Limited. (03)
- Q.2 (a) Under the provisions of the Companies Ordinance, 1984 answer each of the following:
- (i) the subscription list of Mayanaz Limited (ML) is due to open on 20 March 2015. ML is in the process of issuing a prospectus. Assuming ML has no subsidiaries, specify the auditor's reports which are required to be set out in the prospectus. (02)
 - (ii) 'No one shall issue any form of application for shares in or debentures of a company, unless the form is accompanied by a prospectus.' What are the exception(s) to this general rule? (04)
- (b) Samjhota Limited (SL) has an authorised capital of Rs. 100,000,000 divided into 2,000,000 shares of Rs. 50 each. The directors have decided to alter the conditions of the capital clause of SL's memorandum of association. Advise the directors about the provisions of the Companies Ordinance, 1984 applicable to such alteration. (04)
- Q.3 (a) Karamad (Pvt) Limited was incorporated on 1 July 2014. Subsequently it was converted into a public unlisted company on 1 March 2015.
- Under the provisions of the Companies Ordinance, 1984:
- (i) describe whether the company is required to hold its statutory meeting; if yes, identify the time frame within which such a meeting must be convened. (03)
 - (ii) what would have been your decision, had the company been converted into a listed company on 1 July 2015? (01)
 - (iii) identify those contents of the statutory report which are required to be certified by the company's auditor. Also specify the purpose of the auditor's certificate. (02)
 - (iv) state the requirements of law regarding the certification and filing of statutory report. (02)
- (b) Under the provisions of the Companies Ordinance, 1984 state who may call an annual general meeting of the company. (02)
- Q.4 Mr. Khushkismat holds 10% shareholding in Basant Limited (BL), a company listed on Karachi Stock Exchange. He wants to propose Mustaid and Company, Chartered Accountants to be the new auditors of BL in place of the retiring auditors.
- Under the provisions of the Companies Ordinance, 1984 explain the duty of Mr. Khushkismat and the company in respect of the proposed appointment. Also explain the rights of the retiring auditor under the above circumstances. (10)

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- Q.5 (a) The company's annual financial statements are in the process of finalisation for presentation at company's AGM.

Being company secretary, you are required to advise the company regarding approval and signing of financial statements under the provisions of the Companies Ordinance, 1984.

(05)

- (b) Munafa Limited (ML) is engaged in the business of leasing vehicles to corporate customers. The Board of Directors of ML is considering to authorise one of its directors, Mr. Farigh, to enter into a contract with Mrs. Laiqa, the Managing Director of Taizraftar Limited, for the purchase of six delivery vans. Mrs. Laiqa is also the wife of Mr. Farigh.

Under the provisions of the Companies Ordinance, 1984 analyse the above situation and advise Mr. Farigh about his responsibilities towards the company with respect to the above transaction.

(05)

(THE END)