

FINAL MOCK – CRASH COURSE MAY 2013**T.MARKS= 100****CORPORATE LAWS****TIME: 3 HOURS****Q1**

- a) In context of Companies (General Provisions and Forms) Rules 1985, discuss in detail the prescribed mode of submitting the documents or additional details to the SECP electronically (08)
- b) On submission of the report by the inspector appointed by SECP to investigate the affairs of Purple Limited, SECP is of the opinion that the financial position of the company is such that it endangers its solvency and as such has filed a petition in the Court for taking necessary action against the management of the company.

Under the provisions of Companies Ordinance, 1984 describe various actions which the Court may order against the management of Purple Limited. (04)

Q2

Brown Limited is a listed company and has not declared any dividend or bonus shares during the past few years. The board of directors is now considering distribution of bonus shares.

The Balance Sheet of the company prior to the issuance of bonus shares depicts the following position:

	Rs. in million
Share Capital (6.0 million shares of Rs. 10 each)	60
General Reserves	40
Share Premium	30
Revaluation Reserves	20
Intangible Assets	10
Tangible Assets	200

Advise the company whether it can issue 25% bonus shares out of the General Reserves, a part of which was accumulated in prior years. (04)

Q3

- a) Orange Textiles Limited is a company listed on the Karachi Stock Exchange. Its directors have decided to get a voluntary delisting. List down the steps to be taken for such delisting as specified in the Listing regulations of the Karachi Stock Exchange and the Companies (Buy-back of shares) Rules, 1999. (14)
- b) Define the term "Connected Person" as included in the NBFC Rules, 2003 (06)
- c) Black Limited a public unlisted company has two business segments X & Y. A meeting of the Board of Directors of the company is planned to be held in the first week of the third quarter and the following issue is on the agenda: A prospective buyer has made a very attractive offer for segment Y and there is a proposal from one of the directors that the offer may be accepted. In the light of the provisions of the Companies Ordinance 1984, explain how the directors can take decision in respect of the above issue. (02)

Q4

The Board of Directors of Off White Industries Limited, a recently incorporated listed company, intends to hold a meeting of the Directors for approval of the annual accounts, declaration of dividend and to make other important decisions relating to the company.

At the request of the directors, you being the company secretary, are required to explain the provisions of the Securities and Exchange Ordinance, 1969 as to what constitutes:

- (a) Insider trading (04)
 (b). Insiders (04)

Q5

a) Shocking Pink Modaraba, having multipurpose objectives, is incurring losses for the past three years. Its accumulated losses as at June 30, 2007 were Rs. 4.5 million as compared to the present paid up capital of Rs. 6.0 million. You are required to explain:

- The basis on which a winding up application may be filed against the Modaraba in the above situation.
- Who can file such an application and the relevant authority with whom the application may be filed? (05)

b) Mr Yellow and Mr Green are members as well as the directors on the Board of Indigo (Private) Limited and each of them hold 50% of the share capital. On August 28, 2008, Mr Yellow died in an accident in London while he was on a business visit. However, Mr Yellow's shareholdings could not be transferred to his nominated legal heirs as all of them were minors. Mr Green continued to carry on the business of the company. In March 2009, the company incurred heavy losses and could not meet its debt obligations. Mr Red, a creditor of the company, intends to make Mr Green personally responsible for the payment of the amount owed to him by Indigo (Private) Limited. Required: Narrate the provisions of the Companies Ordinance, 1984 which are relevant to the above issue and discuss the above situation in the context of those provisions. (04)

Q6

On January 1, 2011 Light Blue Limited (LBL), a company incorporated in Mauritius, established a branch office in Pakistan and commenced its business with the permission of the Board of Investment, Pakistan.

On February 10, 2011 LBL received a notice from the registrar's office for non-filing of certain documents.

In the light of the provisions contained in the Companies Ordinance 1984, you are required to give a list of the documents that LBL was required to submit to the Registrar before completion of 30 days from the date of establishment of the branch. Also discuss the requirements of law related to filing of accounts by LBL (07)

Q7:

The Directors of Gray Motors Limited (GML) and its subsidiary Gray Autos (Private) Limited (GAPL) have decided in their respective board meetings to shift their registered offices to Landmark Centre, G.T. Road, Lahore. The present addresses of the registered offices are:

- Gray Motors Limited, 101, Hali Road, Lahore.
- Gray Autos (Private) Limited, 2nd Floor, Modern Avenue, Peshawar.

You are required to list the procedures to be followed by each company for shifting its registered office, as specified under the provisions of the Companies Ordinance, 1984. (06)

Q8:

- a) Explain the term "Independent Director" in accordance with the provisions of the Code of Corporate Governance as enumerated in the listing regulations of the Karachi Stock Exchange Limited (07)
- b) What is the composition of Human Resource and Remuneration (HR&R) Committee under Code of Corporate Governance (03)

Q9:

- a) On 5 March 2012 White Limited issued fully paid shares to Violet Engineering (Pvt.) Limited against supply of machinery. State the requirements of the Companies Ordinance, 1984 and the requirement of issue of Capital Rules 1996, which White Limited is required to comply with, in this respect. (06)
- b) Sea Blue Oils Limited issued 50 million shares of Rs. 10/- each on March 20, 2007 and commenced its business on June 12, 2007. On April 7, 2008, the Board of Directors decided to issue further shares at a discount of Rs. 3/- per share. You are required to list the conditions specified under the Companies Ordinance, 1984 for the issuance of shares at discount. (05)

Q10:

Mr. Jet Black acquired 9% shares of Dark Orange Limited, a listed company, on July 10, 2007. He further acquired 4% and 3% shares of Dark Orange Limited on February 15, 2008 and March 7, 2008 respectively. Explain the requirements related to submission of statements of beneficial ownership in the above case. Also identify the dates by which Mr. Jet Black has to file the statement of beneficial ownership, in respect of the above purchases. (04)

Q11:

Blue Black Limited, a public unlisted company has a paid up capital of Rs 100 million consisting of shares having face value of Rs 10 each. Last election of its Board of Directors was held on April 15, 2008 in which eight directors were elected. Total votes casted in the election were 2,400,000. Four of the directors belonged to the same family. The remaining directors were Mr. White, Mr. Dark purple, Mr. Green and Mr. Yellow. They secured 600,000, 350,000, 480,000 and 220,000 votes respectively. The remaining votes were equally distributed among the four directors of the family. Mr. White died on May 30, 2008 and Mr. Light Gray was appointed as a director on June 15, 2008 to fill in the casual vacancy.

Explain the following in the light of the provisions of the Companies Ordinance, 1984:

Who is responsible to fill the casual vacancy in the Board and when would Mr. Light Gray's term of office be completed? (02)

The conditions required to be fulfilled if a person desires to remove the following directors :

(i) Mr. Light Gray (ii) Mr. Dark purple (05)

Best of Luck