



Company Law

Intermediate Examinations
Autumn 2012
Module D

3 September 2012
100 marks - 3 hours
Reading time – 15 minutes

Q.1 UHY Limited intends to raise funds through issuance of shares to the public. Proceeds of the issue would be utilized for installation of a new plant. The directors plan to issue the prospectus on 10 September 2012. The subscription list will be opened in the second or the third week of October 2012. An expert opinion would also be required to be included in the prospectus.

You are required to advise the company, based on the provisions of the Companies Ordinance 1984, in respect of the following:

- (a) Date of publication of the prospectus and the opening of subscription list. *(04 marks)*
- (b) The places where UHY would be required to make available copies of its prospectus. *(02 marks)*
- (c) The conditions that UHY would be required to comply with in respect of the inclusion of the statement by the expert. *(03 marks)*

Q.2 Neptune Technologies Limited has recently established its branch office in Malaysia. Tariq, the Branch Manager for Malaysia, has requested the directors to provide him the common seal of the company that will be required to be affixed on certain documents.

State the conditions, specified under the provisions of the Companies Ordinance, 1984, which would be required to be fulfilled by Tariq while using the common seal of the company.

(07 marks)

Q.3 (a) Describe the term “Member” in accordance with the Companies Ordinance, 1984.

(04 marks)

(b) The board of directors of Sunrise (Private) Limited are planning to raise funds amounting to Rs. 80 million from the general public to meet the cost of expansion of its production capacity. The current authorized and paid up capital of the company is Rs. 200 million.

Advise the company about the changes that would be required to be incorporated in its memorandum and articles of association, to allow the company to raise capital from the public.

(04 marks)

Q.4 The trading business of BR (Private) Limited (BRPL) has been growing significantly during the last few years. To cater to the needs of its expanding business, it has arranged a short term loan of Rs. 10 million which will be provided by XYZ Bank Limited on 1 October 2012 and would be secured by mortgage of factory building of the company. The entire amount of loan would be repaid on 1 May 2013.

In the context of provisions of the Companies Ordinance, 1984 discuss the following:

- (a) The responsibilities of BRPL relating to the registration of mortgages and matters related thereto. *(05 marks)*
- (b) Importance of registering the charge with the registrar of companies. *(03 marks)*

- Q.5 Discuss the following, in the light of provisions of the Companies Ordinance, 1984:
- Haris is director of ABC Limited. He intends to assign his office to his friend, Gibran, to act for him during his absence from Pakistan. **(03 marks)**
 - On 30 August 2012, Rafiq Nizami & Co. (RNC), Chartered Accountants, were appointed as auditors of Delton Tractors Limited (DTL), a listed company, for the year ending 30 June 2013. Zafar, a partner of RNC, holds 5,000 shares of DTL. **(03 marks)**
- Q.6 Explain whether or not the following statements are in accordance with the provisions of the Companies Ordinance, 1984.
- If the chairman of the Board of directors is not present within ten minutes after the time appointed for holding the general meeting, then the senior most member of the Board will preside as chairman of the meeting **(03 marks)**
 - The liability of a director is always limited, similar to the liability of a shareholder of a limited company. **(03 marks)**
 - A director shall, *ipso facto*, cease to hold office if he absents himself from any meeting of the directors. **(03 marks)**
 - All moneys deposited with a company by its employees in pursuance of their contract of service with the company may be utilized by the company. **(03 marks)**
- Q.7 (a) The Board of Directors of Kamran Limited, a listed company, declared interim dividend for the half year ended 30 June 2012. However, subsequently it was found that there was a defect in the appointment of Farhan, a director, who participated in the meeting in which the dividend was approved.
- Describe the impact of the defect in appointment of Farhan on the dividend declared by the company and the current status of Farhan. **(03 marks)**
- (b) Moonlight Limited has provided a copy of its board resolution to LMO Bank Limited for opening of a current account. However, the bank objected that the common seal of the company was not fixed on the copy of board resolution.
- Explain whether the objection raised by LMO Bank Limited is in accordance with the provisions of Companies Ordinance, 1984. **(03 marks)**
- Q.8 Jameel is a Director of FG Limited. He is indirectly interested in a contract for purchase of machinery by FG Limited. The contract is expected to be executed in due course.
- In view of the provisions of the Companies Ordinance, 1984, you are required to discuss:
- The manner and the period within which Jameel can disclose his interest and the validity of such disclosure. **(05 marks)**
 - The responsibility of FG Limited regarding keeping a record of the information provided by Jameel about his interest in the contract. **(06 marks)**
- Q.9 The Directors of Worldwide Motors Limited (WML) and its subsidiary Worldwide Autos (Private) Limited (WAPL) 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:
- Worldwide Motors Limited, 101, Hali Road, Lahore.
 - Worldwide 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. **(10 marks)**

Q.10 Narrate the provisions of the Companies Ordinance, 1984 related to the following:

- (a) Authentication of balance-sheet. *(04 marks)*
- (b) Quorum requirements of a general meeting. *(06 marks)*

Q.11 On 10 June 2012, Shakeel purchased 8% shares of TM Limited, a listed company. He acquired further 5% and 8% shares of TM Limited on 20 July 2012 and 31 August 2012 respectively.

In view of the provisions of the Companies Ordinance, 1984 you are required to discuss Shakeel's responsibility as regards submission of Statement of Beneficial Ownership along with the relevant dates. *(07 marks)*

Q.12 The Directors of Silver Limited, a listed company, plan to redeem 10% preference shares of the company.

In view of the provisions of the Companies Ordinance, 1984 you are required to:

- (a) Explain the conditions that Silver Limited needs to comply with, if it intends to redeem preference shares out of the proceeds of a fresh issue of shares. *(02 marks)*
- (b) Identify what other modes of redemption of preference shares are available to Silver Limited. *(04 marks)*

(THE END)