

INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS OF PAKISTAN



Fall (Winter) 2009 Examinations

Tuesday, the 24th November 2009

CORPORATE LAWS & SECRETARIAL PRACTICES – (S-403)
STAGE – 4

Time Allowed – 2 Hours 45 Minutes

Maximum Marks – 80

- (i) Attempt ALL questions.
- (ii) Answers must be neat, relevant and brief.
- (iii) In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, effective presentation, language and use of clear diagram / chart, where appropriate.
- (iv) Read the instructions printed on the top cover of answer script CAREFULLY before attempting the paper.
- (v) Use of non-programmable scientific calculators of any model is allowed.
- (vi) DO NOT write your Name, Reg. No. or Roll No. anywhere inside the answer script.
- (vii) Question No.1 – “Multiple Choice Question” printed separately, is an integral part of this question paper.

SECTION - A

Marks

Q. 2 “The Memorandum & Articles of Association of a company are fundamental and regulatory documents respectively.”

(a) In the light of the above statement you are required to show at least five distinctions between the two documents. 5

(b) Quality Office Furniture Limited is a well established company and presently is reviewing the objects clauses in the Memorandum of Association which contains the following provisions:

Object 1: “The company shall carry on the business of retailing office furniture”.

Object 2: “The company may borrow money in such amounts as the directors consider appropriate”.

Object 3: “The above shall each be regarded as separate and distinct objects”.

The Board of Directors of Quality Office Furniture Limited has proposed that the company should cease acting as a retailer of office furniture, and should instead changeover as a retailer of computer games. To facilitate this change, the Board intends to obtain a bank loan of Rs.5,000,000 by offering the company’s leasehold premises as security.

As a finance director of Quality Office Furniture Limited prepare a report for the Board explaining the following:

(i) Whether the company’s object clauses facilitate the proposed change of business activity? 5

(ii) How the Board should proceed changeover in accordance with the provisions of the Companies Ordinance, 1984? 5

(iii) What matters should be considered by the Securities and Exchange Commission of Pakistan (SECP) before confirming the alteration in memorandum. 5

Q. 3 (a) In the event of mismanagement of the affairs of a limited company, on what basis can the creditors of the company make representation to the Commission for appointment of administrator of the company? Elaborate how this will be accomplished under the corporate law? 14

(b) Elucidate the differences between transfer and transmission of shares of a company. 6

PTO

SECTION - B

Marks

- Q. 4 (a)** In accordance with the Securities and Exchange Commission of Pakistan Act, 1997 elaborate the following:
- (i) Can the commission “*suo motu*” conduct investigation of an offence under the Securities and Exchange Commission of Pakistan Act? **1**
 - (ii) Elucidate the powers of the investigating officers of the commission. **3**
 - (iii) How far force can be used by the investigating officer to enter any place or building on his own? **2**
- (b)** Describe the books of accounts to be maintained by each member of stock exchange to ensure compliance with the Securities and Exchange Rules, 1971. **4**
- (c)** In accordance with the Non-Banking Finance Companies (NBFC) Rules, 2003 elaborate the following:
- (i) NBFC **2**
 - (ii) Closed ended scheme **2**
 - (iii) Open ended scheme **2**

SECTION - C

- Q. 5** Assume you are the company secretary of Trito Limited, an established company for many years. The management is going to establish another company. The Chief Executive Officer/ Promoters of your company have desired you for an advice on the following matters:
- (a)** What is the minimum number of persons who may form a company? **3**
 - (b)** What is the minimum number of directors fixed by the law? **3**
 - (c)** How the first directors of a company are appointed and what is their terms of office? **6**
- Q. 6 (a)** State the specific provisions as required by the Companies Ordinance, 1984 for keeping minutes of proceedings of general meetings and meetings of its directors. **6**
- (b)** The 5th Annual General Meeting of Matrimax Limited was conducted on 25th August 2009 at the registered office of the company at 20 Hill Crow Road, Clifton, Karachi at 10.00 a.m. As a company secretary you were present at the meeting and recorded your draft notes on the following ordinary business transacted:
- (i) Consideration and adoption of annual audited accounts and balance sheet of the company as on 31st July 2009 and the Auditors’ and Directors’ report thereon.
 - (ii) Dividend declaration @ 10% being final dividend for the year ended 31st July 2009.
Note: (The share transfer books of the company remained closed from 11th August 2009 to 25th August 2009, both days inclusive).
 - (iii) Appointment and fixation of remuneration for the auditors M/s Javed, Leeman & Company, Chartered Accountants.

Required:

Draft extracts of minutes for the above transactions of the Annual General Meeting held on 25th August 2009. **6**

THE END