



**THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF
PAKISTAN (ICPAP)**

Stage	Professional	Course Code	P-501
Examination	Winter-2011	Course Name	Corporate Law and Governance
Time Allowed	03 Hours	Maximum Marks	100
NOTES: 1. All questions are to be attempted. 2. Answers are expected to be precise, to the point and well written. 3. Neatness and style will be taken into account in marking the papers.			

Question No 1:

State, with reasons in brief, whether the following statements are correct or incorrect. Attempt any eight:

- i. An individual who has subscribed his name in the memorandum of association of a company is necessarily a promoter of that company.
- ii. Underwriting an issue of share/debenture is in fact an insurance for the issue
- iii. Annual general meeting of a company cannot be held on a public holiday. Therefore, it cannot be held on Sunday.
- iv. Minutes of a Board meeting must be duly written and signed by the chairman of that meeting within 14 days of conclusion of that meeting.
- v. Minority shareholder(s) can also be oppressive on majority.

(20 marks)

Question No 2:

What are the circumstances in which a company shall be deemed to be unable to pay its debts? Will a simple dishonor of an accepted bill of exchange, without a demand or levy of execution, tantamount to proof of inability to pay its debts?

(10 marks)

Question No 3:

a) Draft a special resolution for amendment of main objects as enunciated in the memorandum of association of Power Enterprises Ltd. by deleting existing clause 1 and clause 4(a) and substituting with new clauses to give effect to the following activities:

- i. To empower the company inter alia to plan, promote and organize an integrated and efficient development of thermal/hydel power and power through non-conventional renewal energy sources in Pakistan and abroad.

- ii. To make a foray into the business of nuclear power generation and to undertake different activities in connection with nuclear power generation.
- b) Draft a suitable explanatory statement pursuant to section 160 in respect of the change in the main objects of the memorandum of association as detailed in question (a) above.

(20 marks)

Question No 4:

Explain the provisions contained in the Code of Corporate Governance as regards the appointment of external auditors.

(10 marks)

Question No 5:

What is quorum? State necessary requirements of quorum

(10 marks)

Question No 6:

Sigma Industries Limited is a company listed on Karachi Stock Exchange. Its financial year ends on December 31. The final dividend for the year 2007 was approved in the AGM held on March 31, 2008. To maintain its good payout ratio, the company declared two interim dividends of 10% and 12% in January and February 2008 respectively. The books were closed for a period of 12 days and 18 days respectively. The directors of Sigma Industries Limited have now proposed a final dividend of 20% which is to be approved in the forthcoming AGM of the company. The directors intend to close the share transfer register from March 25, 2009 for determining shareholders entitlement for the purpose of dividend, meeting, etc.

In the light of Companies Ordinance, 1984 you are required to advise the directors as regards the following:

- a) The maximum period for which the books of Sigma Industries Limited can be closed and the procedure that should be followed in this regard.
- b) The last date up to which Sigma Industries Limited can hold its AGM.
- c) The procedure relating to sending of notices, annual report and audited accounts to the members and concerned authorities.

(20 marks)

Question No 7:

Draft notice of Annual General Meeting.

(10 marks)

The End