



Certificate in Accounting and Finance Stage Examination

5 September 2025

3 hours – 100 marks

Additional reading time – 15 minutes

Company Law

Instructions to examinees:

- (i) Answer all **ELEVEN** questions.
- (ii) Answer in **black** pen only.
- (iii) Multiple Choice Questions must be answered in answer script only.

Q.1 Select the most appropriate answer from the options available for each of the following Multiple Choice Questions.

- (i) Which of the following is the objective of holding a statutory meeting of a public limited company under the Companies Act, 2017?
 - (a) Obtain shareholders' approval for all significant capital expenditures exceeding a pre-defined threshold set by the board of directors
 - (b) Discuss and finalize the annual financial statements and appoint auditors for the upcoming fiscal year
 - (c) Present a report to the shareholders for providing details on share allotments, cash receipts and the company's financial position
 - (d) Gather shareholders' input on the company's long-term strategic objectives and get approval for commencement of business of the company

(01)
- (ii) Under the Companies Act, 2017, which of the following is the main advantage of converting a partnership firm into a private limited company?
 - (a) The company will be able to raise funds by offering its shares for sale to the public and will get recognition in the market
 - (b) The business activities will gain complete immunity from all forms of legal disputes and market competition
 - (c) All partners will become initial shareholders, thereby protecting their personal assets from the company's debts and obligations
 - (d) As directors of the company, they will be completely exempt from any personal liability for company malpractices or statutory non-compliances

(01)
- (iii) Truck Suppliers Ltd (TSL), an unlisted company having 45 members, urgently requires members' approval on the following matters:
 - (I) Change of TSL's name to Tow Truck Supplier Ltd
 - (II) Election of directors in place of retiring directors

Under the Companies Act, 2017, which of the above matters can be lawfully approved by a resolution through circulation?

(a) Matter I only	(b) Matter II only
(c) Both matters I and II	(d) Neither matters I nor II

(01)
- (iv) Under the Companies Act, 2017, which of the following is **NOT** a statutory requirement for a public unlisted company, to make part of its annual financial statements?
 - (a) Statement of financial position
 - (b) Statement of profit or loss and other comprehensive income
 - (c) Summary of accounting policies
 - (d) Consolidated financial statements

(01)

- (v) Which of the following is an essential condition under the Companies Act, 2017 for initiating the members' voluntary winding up of a company?
- (a) The company has defaulted in filing its statutory report and holding its statutory meeting for over six months from its incorporation
 - (b) The members have passed special resolution that the company be wound up voluntarily
 - (c) The company has not commenced business since incorporation
 - (d) The SECP has issued a winding-up notification in the Official Gazette in respect of the company

(01)

- (vi) Ambulance Engineering Ltd (AEL) has recently obtained a long-term loan, from Tractor Bank Ltd, secured against its plant and machinery. Nasir Anees, one of the members of AEL and Zia ur Rehman, a journalist investigating corporate lending patterns, have individually approached AEL seeking to inspect the register of charges maintained at its registered office.

Under the Companies Act, 2017, which of the following best describes their right to inspect the register of charges?

- (a) Nasir may inspect the register without any fee, whereas Zia may do so, provided he pays a fee prescribed by the company
- (b) Nasir, Zia or any other person can inspect the register without fee subject to the approval of the shareholders in the general meeting
- (c) Nasir, being a member, may inspect the register subject to payment of a fee prescribed by the company, and Zia, being non-member and non-creditor, is not entitled to inspection
- (d) Only creditors may inspect the register without fee; Nasir and Zia must pay a fee prescribed by the company

(01)

- (vii) Monorail Services (Pvt) Ltd (MSL) holds 18% of the voting power in Trailer Repairs (Pvt) Ltd (TRL) and TRL holds 12% of the voting power in Rail Services Ltd (RSL). Armughan Ali is a director in MSL and holds 7% of the voting power in TRL.

According to the Companies Act, 2017, is Armughan considered an 'associated person' of RSL?

- (a) Yes, because Armughan's positions in MSL and TRL give him indirect control over RSL
- (b) Yes, because the investments of Armughan, MSL, and TRL result in Armughan having that relationship
- (c) No, because he does not hold at least 10% of voting power in RSL directly or indirectly
- (d) No, because TRL does not qualify as an associated company of RSL and Armughan's link is too remote

(01)

- (viii) Car Company Limited (CCL) has a paid-up capital of Rs. 200 million, with par value of Rs. 10 per share. The AGM is scheduled for 18 September 2025. Talha Waseem, holding 1.02 million shares, gave notice on 4 September 2025 of an additional resolution to amend the articles of association by increasing the AGM notice period to 25 days.

Under the Companies Act, 2017, is Talha eligible to propose the resolution?

- (a) Yes, because he holds the requisite shareholding and the notice was given in time
- (b) Yes, because any member, regardless of shareholding, may propose a resolution
- (c) No, because a member can propose a resolution only when the meeting is requisitioned by members
- (d) No, because he does not hold at least 10% of the voting power in CCL

(01)

- (ix) Fahad Zuberi is applying to register a new private company. He wants to avoid delays caused by names that require prior approval. Which of the following proposed names is most likely to be accepted for registration without needing prior approval from the Commission under the Companies Act, 2017?
- (a) A name identical or closely resembling an existing company
 - (b) A name that implies connection with a government department
 - (c) A name likely to offend religious sentiments
 - (d) A name free from any suggestion of a regulated activity or sensitive association (01)
- (x) Delivery Van Automakers Ltd is a listed company with three executive directors, the CEO, two independent directors and one non-executive director. The audit of its financial statements for the year ended 30 June 2025 has been completed and the financial statements is pending board's approval.

Under the Companies Act, 2017, who can sign the financial statements, considering that the CEO is currently abroad attending a conference?

- (a) An executive director, a non-executive director and the company secretary
 - (b) An independent director, an executive director and the company secretary
 - (c) A non-executive director, an independent director and the chief financial officer
 - (d) An executive director, the company secretary and the chief financial officer (01)
- (xi) Crane Truck Assemblers Ltd passed a resolution altering the rights of Class A shareholders, holding 45 million shares, which was duly approved. Holders of 4.23 million Class A shares who had voted against the resolution applied to the Court to have it annulled, alleging concealment of facts. Under the Companies Act, 2017, what is the likely response of the Court?
- (a) Cancel the resolution and restore original Class A rights if unfair prejudice is proven
 - (b) Reject the application as the required shareholding threshold was not met
 - (c) Suspend the resolution pending investigation of the allegations
 - (d) Notify SECP to suspend implementation until final decision on the application (01)
- (xii) The Government of Sindh (GOS) and Oil & Gas Exploration Company Inc. USA (OGE), entered into a joint venture agreement and incorporated a private company named Oil Exploration Co. (Pvt) Limited (OEC) for the purpose of oil extraction. GOS holds 53% of the shareholding, while OGE holds 47%.

Under the Companies Act, 2017, how should OEC be classified based on its ownership and control?

- (a) A joint venture between GOS and OGE
 - (b) A public sector company
 - (c) A private company limited by shares
 - (d) A subsidiary company of OGE (01)
- (xiii) Glider Limited (GL) seeks a loan of Rs. 50 million from Tanker Bank Limited (TBL). The credit manager requires GL to pledge assets as security before disbursement of the loan.

According to the Companies Act, 2017, which of the following describes a charge created by way of pledge?

- (a) Creation of a floating charge over assets of GL which changes over time
- (b) Creation of a fixed charge over specified assets of GL in favour of TBL
- (c) Transfer of interest in immovable property of GL to TBL as a charge
- (d) Transfer of possession of movable assets of GL to TBL as a charge (01)

(xiv) Consider the following conditions:

- (I) The resolution is signed in writing by all directors of the committee entitled to receive notice
- (II) The resolution is approved and signed in writing by a majority of the directors of the committee entitled to receive notice
- (III) The resolution is circulated with necessary papers to all directors entitled to receive notice, and recorded in the minutes of a later meeting
- (IV) The resolution was circulated to all the directors entitled to receive notice within ten days of the request and recorded in the minutes of a later meeting

Under the Companies Act, 2017, which of the above conditions are required to be complied with in order to pass a resolution through circulation by the Human Resource Committee of directors of a listed company?

- | | | |
|--------------------------------|-------------------------------|-------------|
| (a) Condition I only | (b) Condition II only | |
| (c) Conditions II and III only | (d) Conditions II and IV only | (02) |

Q.2 Under the Companies Act, 2017:

- (a) outline the restrictions imposed on a company regarding the declaration of final dividends. **(06)**
- (b) enumerate the circumstances in which failure to pay a dividend within the prescribed period does not constitute an offence. **(04)**

Q.3 Under the Companies Act, 2017, state any **eight** circumstances in which a company formed for not-for-profit objects may be wound up by the Court. **(08)**

Q.4 (a) Under the Companies Act, 2017, explain how a voluntary winding up of a company may be placed under the supervision of the Court. Also, state the legal effect of filing a petition for the continuation of a voluntary winding up under Court supervision. **(05)**

- (b) The High Court of Balochistan has appointed Mujtaba Ahmed as the official liquidator of Yacht Ltd (YL). YL has submitted a statement of affairs in the prescribed form, containing the necessary particulars, as required under the Companies Act, 2017. However, Mujtaba requires additional information to perform his duties.

Under the Companies Act, 2017, discuss the persons from whom Mujtaba is entitled to require the submission of such additional information, and within what time frame it must be provided. **(04)**

- (c) Assume that Mujtaba Ahmed received the necessary information as discussed in part (b) above. Barge Ltd (BL), a creditor of YL, has requested to either obtain a copy of, or access to inspect, the statement of affairs and other related information submitted to Mujtaba.

Under the Companies Act, 2017, explain whether BL is entitled to obtain a copy of or inspect the information, as requested. **(02)**

Q.5 Under the Companies Act, 2017:

- (a) state who is permitted to form a single-member company, and explain the responsibilities and succession mechanism in the event of the member's death. **(04)**
- (b) state the requirements that a public company limited by shares must comply with in order to commence its operations. **(04)**

- Q.6** Glider Trading (Private) Limited (GTL) was incorporated on 20 August 2025. Sajid, Khurram, Fareed and Boat Travels (Pvt) Limited (BTL) have subscribed for 2.5 million, 1 million, 1.5 million and 3 million shares respectively, at a face value of Rs. 10 per share. Sajid, Khurram and Fareed were appointed as the first directors of GTL, with Sajid assuming the role of CEO. Sajid also serves as a director in seven other companies, including a listed company and its two listed subsidiaries.

On 3 September 2025, BTL raised an objection to Sajid's directorship, citing non-compliance with the statutory limit on the number of directorships and asserting that he was ineligible for appointment. Consequently, BTL informed GTL that it has nominated two of its directors, Mansoor and Mumtaz, as the first directors of GTL, with Mansoor intended to replace Sajid as CEO.

Under the Companies Act, 2017, advise the board:

- (a) on the objection raised by BTL and validity of its nominations. **(03)**
- (b) whether Sajid may be removed from the office of CEO, in line with BTL's nomination and what are the modes of his removal, if Fareed is also in favour of his replacement. **(06)**

- Q.7** Scooter Trading Limited (STL), an unlisted company, plans to hold its AGM in February 2026 to enable timely shareholder consideration of certain strategic matters. Following STL's acquisition of 70% voting rights in Bicycle Sellers (Private) Limited (BSL) in August 2025, STL is now required to prepare and submit consolidated financial statements.

A timing issue has arisen because BSL's financial year ends on 30 September, while STL's ends on 31 December, making it difficult to finalize consolidated financial statements in time for the AGM planned in February 2026. Faraz, a STL's director, suggested aligning BSL's year-end with STL's to ease the consolidation process. However, the chief operating officer of STL responded that, due to the seasonal nature of BSL's business, changing its financial year-end may not be practical.

Under the Companies Act, 2017, advise STL on the following matters:

- (a) How the consolidated financial statements should be prepared when STL and BSL have different financial year-ends. Also, evaluate Faraz's suggestion in this respect. **(04)**
- (b) The requirements for holding the AGM at a later date if it cannot be held within the statutory timeline. **(02)**

- Q.8** Tram Transport Limited, an unlisted company with paid-up share capital of Rs. 100 million comprising shares of Rs. 10 each, held an extraordinary general meeting on 4 September 2025. One of the agenda items was to approve, by special resolution, an additional loan of Rs. 100 million to Rocket Travels Limited, an associated company.

During the meeting, Qais (present in person) and Qamar (present through video-link) as proxy for Qandeel, jointly holding 15% of the voting power, demanded a poll on the Chairman's declaration of the result, which was based on a show of hands.

Under the Companies Act, 2017, discuss whether the demand for a poll is valid. If valid, state whether it may be conducted at a later date. Also, describe how the result of the poll should be determined and announced. **(04)**

- Q.9** Under the Companies Act, 2017:

- (a) define the terms "listed company" and "public sector company". **(04)**
- (b) state who would be regarded and classified as a "non-executive director" of a listed company or public sector company for the purpose of determining eligibility for protection from liability for acts or omissions that were not within their knowledge? **(05)**

- Q.10 Airplane Spinning Limited (ASL), a listed company, is planning to invest in Bulldozer Textiles Limited (BTL), another listed company. The proposed initial investment in BTL is Rs. 20 million at a market price of Rs. 80 per share. BTL has a paid-up capital of Rs. 300 million, with a face value of Rs. 10 per share.

ASL also intends to acquire BTL's factory located in Hyderabad, as BTL expressed an interest in selling the factory. However, a director raised concerns regarding the transaction due to the involvement of Zaki, a non-executive director of ASL, whose minor son holds 7 million shares in BTL.

Meanwhile, Khalil, a director of Excavator Fibers Limited, the holding company of BTL, also expressed interest in acquiring the factory in exchange for his investments in shares of various companies.

Under the Companies Act, 2017:

- (a) discuss the procedures ASL must follow before making the investment in BTL. (04)
- (b) explain the requirements that ASL must meet before acquiring the factory, together with the post-acquisition reporting obligations to shareholders. (03)
- (c) advise BTL's board on the formalities that must be fulfilled before proceeding with the proposed sale of the factory to Khalil. (03)

(Ignore the provisions relating to issuance and contents of notice of meetings)

- Q.11 On 15 July 2025, Helicopter Trading Limited (HTL) obtained a four-year loan from Drone Bank Limited (DBL), secured by a mortgage over its factory building in Faisalabad. However, the company secretary failed to file the particulars of the charge with the registrar. The omission was discovered on 20 August 2025, and the charge was subsequently registered later that month.

- (a) Under the Companies Act, 2017, discuss the obligations of HTL upon creation of the charge, the rights of DBL in such circumstances and the procedure undertaken, together with the grounds upon which the subsequent registration was authorized. (06)

Assume that today's date is 27 August 2029.

On 19 June 2028, HTL entered into an agreement to sell the mortgaged property to Hamid Baig. After signing the agreement, Hamid became aware of the existing registered charge and accused HTL of concealing material facts, threatening legal action and claiming damages. As a result, the sale was not finalized, and HTL retained ownership of the property.

On 18 July 2029, HTL repaid the loan in full, but the company secretary failed to notify the registrar of the satisfaction of the charge.

Analyse the following under the Companies Act, 2017:

- (b) the validity of Hamid's accusation regarding the concealment of the registered charge. (02)
- (c) the obligations of HTL upon full repayment of the loan, and how the failure to notify the registrar may be ratified. (02)

(THE END)