

# Certificate in Accounting and Finance Stage Examination

## Business Law Dynamics (Company Law Section)



4 March 2026

50 marks

1 hour and 45 minutes (including 15 minutes' reading time)

### **Instructions to examinees:**

- (i) Answer all **SIX** questions.
- (ii) Answer in **black** pen only.
- (iii) Use the first page of the answer script to answer the Multiple-Choice Questions.

## SECTION A

### QUESTION 1

Select the most appropriate answer from the options provided for each of the following Multiple-Choice Questions.

- (i) Under the Companies Act, 2017, which of the following particulars is **NOT** required to be included in the statutory report of a listed company?
  - (a) The total number of shares allotted, distinguishing between shares allotted for cash and shares allotted for consideration other than cash
  - (b) The nature and details of the company's assets, including their cost and book value, duly ascertained by a registered valuer
  - (c) The particulars of any contract to be modified, for which the approval of the statutory meeting is required, together with the proposed modification
  - (d) The extent to which underwriting contracts have been carried out, together with the reasons for their non-performance, if any **(01 mark)**
- (ii) Consider the following statements:
  - (I) At the time of formation of Gold Fabrics (Pvt) Ltd (GFL), Akhtar undertakes to subscribe 5,000 shares of Rs. 20 each. This amount shall be a debt due from him and shall be paid at the time of subscribing to GFL's memorandum of association.
  - (II) Upon the change of name of Teal Foods Ltd to Teal Foods Processing Ltd, the registrar shall enter Teal Foods Processing Ltd on the register in place of Teal Foods Ltd, and shall issue a fresh certificate of incorporation altered to meet the circumstances of the case.

Which of the following is correct under the Companies Act, 2017?

- (a) Only statement (I) is correct
  - (b) Only statement (II) is correct
  - (c) Both statements are correct
  - (d) Both statements are incorrect **(01 mark)**
- (iii) Amber Plastic Ltd (APL) has obtained a long-term loan from Blue Bank Ltd (BBL) against a first charge on its three factory buildings. The charge was duly created, but certain statutory compliances were not properly made. One of the factory buildings was later sold to Maroon Plastics Ltd (MPL).

Under the Companies Act, 2017, which of the following statements is **NOT** correct?

- (a) APL was required to file the prescribed particulars of the charge with the registrar within thirty days of its creation
- (b) If APL failed to register the charge within the prescribed period, BBL could apply for registration and recover the registration fees from APL
- (c) The registrar may, on evidence of purchase produced by MPL, record the release of the charge relating to the factory building sold to MPL and make the entries in the register
- (d) Once the debt has been paid in full, the registrar may, despite no intimation from APL, record satisfaction of the charge upon being satisfied with the evidence produced by MPL **(01 mark)**

- (iv) Beige Construction (Pvt) Limited (BCL) requires specialized services for a project. Akbar Ghazi, the Chief Operating Officer of BCL, proposes that the required services be procured from his partnership firm, Gray Associates (GA), which provides such services. The CEO instructed the relevant department to inspect GA's facilities and finalize the terms of the proposed arrangement for approval.

Under the Companies Act, 2017, which of the following statements is correct regarding the proposed arrangement?

- (a) The agreement shall become binding upon execution by the CEO, as the CEO has authority to approve arrangements of this nature on behalf of the company
- (b) The matter must be placed with BCL's board before the execution of the agreement, with disclosure of Akbar Ghazi's interest in the proposed transaction
- (c) Since BCL and GA are not associated undertakings and the transaction is routine in nature, and the CEO is fully aware of Akbar Ghazi's involvement, no further disclosure is required
- (d) As BCL and GA are not associated undertakings, the agreement may be executed, and Akbar Ghazi's interest may be disclosed at the next board meeting **(01 mark)**

- (v) Under the Companies Act, 2017, which of the following statements is correct regarding the filing of annual return containing the prescribed particulars with the registrar?

- (a) Every company shall file such return on or before the date of the annual general meeting
- (b) Every company shall file such return within thirty days from the date of the annual general meeting held in the year unless there is no change in particulars during the year
- (c) A company not having a share capital shall file such return as on the date of the annual general meeting or, where no such meeting is held, on the last day of the calendar year
- (d) Every company, for special reasons, is entitled for the extension of the period of such filing with the registrar, not exceeding fifteen days **(01 mark)**

- (vi) Green Foods Limited (GFL), a listed company, has a paid-up capital of Rs. 450 million divided into shares of Rs. 10 each. GFL issued a notice on 16 February 2026 for its annual general meeting to be held on 18 March 2026.

On 2 March 2026, Abdul Ghani, who holds 2.26 million shares of GFL, submitted a notice proposing a resolution to modify the powers and duties of directors as contained in the articles of association of the company.

Under the Companies Act, 2017, is Abdul Ghani eligible to give such notice of resolution?

- (a) Yes, because he holds more than the prescribed shareholding threshold and the notice was given within the required time limit
- (b) Yes, because any member of a company is entitled to propose a resolution for consideration by the members
- (c) No, because a member may only give notice of a resolution if the meeting is requisitioned by the members and the notice is sent along with such requisition
- (d) No, because the proposed resolution relates to alteration of articles, which can only be initiated by the board of directors **(1.5 marks)**

- (vii) Orange Textile Ltd (OTL) is a public unlisted company. On 7 December 2025, one of its directors, Azhar Zulfikar, died, as a result of which the number of directors fell below the statutory minimum requirement. The articles of association of OTL are silent on the filling of casual vacancies. On 27 January 2026, the name of Kamran was suggested for appointment as a director.

Under the Companies Act, 2017, which of the following statements is correct regarding the appointment of a director to fill the casual vacancy?

- (a) The casual vacancy must be filled by appointing Kamran not later than 6 March 2026
- (b) OTL's directors should approve a resolution for the appointment of Kamran as a director for three years
- (c) Kamran is required to give his written consent to act as a director, and the directors may fill the casual vacancy by passing a resolution at a duly convened directors' meeting
- (d) The casual vacancy shall be filled only on the date a special resolution is passed approving Kamran's appointment **(1.5 marks)**

(viii) Consider the following entities:

- (I) Pink Technologies Limited, incorporated in 1958 under the Companies Act, 1913
- (II) Rose River Co-operative Housing Society Limited, registered in 2010 in Lahore under the Co-operative Societies Act, 1925
- (III) National Highway Authority, established in 1992 under the National Highway Authority Act, 1991
- (IV) Violet Systems Inc., incorporated in 1997 in the State of Delaware, USA

Which of the following correctly identifies the entities that fall within the definition of “body corporate” under the Companies Act, 2017?

- (a) Entities (I) and (IV) only
- (b) Entities (III) and (IV) only
- (c) Entities (I), (II) and (III) only
- (d) Entities (I), (III) and (IV) only **(02 marks)**

## SECTION B

### QUESTION 2

- (a) The license of a company formed for not-for-profit objects has been revoked by the SECP. Under the Companies Act, 2017, discuss the consequences of revocation of license and state the procedures required to be followed by the company. **(05 marks)**
- (b) Under the Companies Act, 2017, list the circumstances under which a person who is not a member of the company may be eligible for appointment as a director. **(03 marks)**

### QUESTION 3

- (a) Aqua Bike (Pvt) Limited (ABL), a motorcycle assembling company, was incorporated on 1 July 2019 with a paid-up capital of Rs. 2 million, divided into shares of Rs. 10 each. The company currently has five directors.

ABL had acquired 50,000 shares of Black Tyres (Pvt) Limited (BTL) on 1 April 2025. BTL has a paid-up capital of 80,000 shares of Rs. 10 each. Both ABL and BTL have the same financial year-end, i.e., 31 March, and all statutory requirements relating to the share transfer have been duly completed.

At a board meeting held on 2 March 2026, the directors discussed the finalization of the annual financial statements and resolved to hold the Annual General Meeting (AGM) on 29 July 2026. The board was informed that no special business would be transacted at the AGM.

Under the Companies Act, 2017, discuss the requirements relating to the preparation and approval of ABL’s financial statements, and outline the statutory filing requirements. **(05 marks)**

- (b) Assume that, at the same board meeting discussed in part (a) above, the Chairman informed the board that he would be unable to attend the AGM due to unavoidable reasons. Shoaib Ali, a director, proposed that the AGM be rescheduled to 13 August 2026. However, another director, Zafar Ahmed, suggested that the matters be approved through circulation instead of rescheduling the AGM.

Under the Companies Act, 2017, explain the requirements that must be complied with for holding the AGM at an extended date, and evaluate the suggestion made by Zafar Ahmed. **(03 marks)**

**QUESTION 4**

Yellow Telecom Limited (YTL) is a public unlisted company with a paid-up share capital of Rs. 30 million. YTL has ten members, each holding 10% of the voting power.

The board of directors is of the view that, in light of the strong prospects for revenue growth, YTL should diversify into media and broadcasting services and discontinue its existing telecom business. This new line of business requires obtaining a specific licence from the Pakistan Electronic Media Regulatory Authority (PEMRA).

- (a) Under the Companies Act, 2017, advise on the steps required to be taken by YTL in order to engage in the proposed business. **(05 marks)**

An extraordinary general meeting (EOGM) was convened by YTL on 25 February 2026 at 5:00 p.m. to consider and approve the aforesaid proposal. Out of ten members, three members including Zia, attended the meeting in person. Farid, one of the members, had deposited a proxy in favour of Zia with the company secretary at 11:00 a.m. on 24 February 2026. Zia was the only member who voted against the proposal.

- (b) Under the Companies Act, 2017, discuss the effects of non-participation of members in the EOGM and evaluate the validity of the resolution passed at the meeting. **(05 marks)**

**QUESTION 5**

Under the Companies Act, 2017:

- (a) describe the manner in which the rights of shareholders of a company may be varied. **(03 marks)**
- (b) discuss the restrictions imposed on a subsidiary company in respect of non-cash transactions with a director of its holding company. **(03 marks)**

**QUESTION 6**

- (a) Under the Companies Act, 2017, discuss the requirements that must be complied with by a borrower in the event of modification of charges previously registered in favour of a bank. **(03 marks)**

- (b) White Rice Limited (WRL) is an unlisted public company engaged in the export of rice. In the previous year, WRL acquired a 15% shareholding in Charcoal Bags Limited (CBL) and nominated one of its directors, Zafar, to the board of directors of CBL.

Based on Zafar's recommendation, CBL plans to import new machinery to improve the quality of bags supplied to WRL and has requested WRL on 23 February 2026, to provide financial assistance of Rs. 50 million for a period of three years.

Under the Companies Act, 2017, specify all the conditions that must be satisfied by WRL before it can grant the proposed financial assistance to CBL. **(05 marks)**

**(THE END)**