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The Chartered **Governance** Institute

Candidate number:							as indicated on your admission slip	
Desk number:	•							
Number of continuation sh	Number of continuation sheets attached:							

ICSA Qualifying Programme

Company Secretarial Practice

Sample assessment material 2019

Time allowed: 3 hours (plus 15 minutes reading time)

Do not open this examination paper until the presiding officer or an invigilator tells you to.

You must not take this paper out of the examination room.

The examination paper contains 12 questions of which you must attempt 11. You must attempt all 8 questions in Section A and 3questions in Section B.

Section A contains 25 marks and Section B contains 75 marks. There are **100 marks** available in total for the paper.

You may continue your answers on the continuation sheets at the back of the booklet if necessary. Separate answer sheets are available from the invigilator.

Note: Unless otherwise specified, you should assume that an Act or an organisation referred to in the questions is a UK Act or organisation.

Where questions refer to the Articles of Association, you should assume the relevant Model Articles apply, as prescribed under the Companies Act 2006.

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Section A

Answer **all** the questions in this section.

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	must be provided to the Registrar of Companies; and	
•	is visible by the public.	
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	owing an amendment to the Articles of Association, state what documents must be istrar of Companies and what the applicable timescale is.	filed at
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In respect of a director's address, explain with supporting reasons what information:

5.

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8.	In respect of the authority to convene a Board meeting, which one of the following is correct?			?
	(Tick	k one	box only)	
	A.		Only the Chair of the company may convene a Board meeting.	
	В.		Any one director may convene a Board meeting.	
	C.		At least two directors must agree to convene a Board meeting.	
	D.		The whole Board must unanimously agree to convene a Board meeting.	
				(1 mark)

TOTAL FOR SECTION A = 25 MARKS

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Section B

Answer three questions only.

[This has been produced for sample purposes, adequate spacing for answers will be included in the examinations.]

9. Bricklawn Limited (Bricklawn) is a company limited by shares and has an issued share capital of £10,000. The accounts have never been subject to audit and the accounting reference date is 31 December. Graham Jones is the only director and Anita Jones (his wife) was recently appointed as Company Secretary, even though she has no formal experience. Graham owns 95% of the company's shares and the other holder is Janet Smith, who owns the remaining 5%.

Bricklawn is expected to grow rapidly and Graham wants to re-register Bricklawn as a public limited company (plc). In three years' time Graham has ambitions for the company to apply for a premium listing on the Main Market of the London Stock Exchange. However, Graham understands that he may have to sell most of his shares should a listing be sought. He also understands that Bricklawn must appoint various advisors as part of the listing process but he tells you "I think there are already a lot of advisor firms forBricklawn. I really want to restrict the number of additional appointments to a minimum."

Pre	pare advice for Graham in which you:		
(a)	Assessthe areas whereBricklawn does not meet the statutory requirements for it to re- register as a plc and explain what must be done to resolve this.	r it to re-	
		narks)	
(b)	In respect of the listing of Bricklawn, discussthe points Graham has raised regarding the of shares and the hiring of advisors.	e sale	
		narks)	
	[Total for Question 9 = 25 r	narks]	

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10. You work for ABC Registrars Limited (ABC), which provides share registration services to County Cars plc (County). You receive the following emails from shareholders of County.

The first email is fromSarah Bell, who has a joint shareholding with her husband. She is the first-named holder. Whilst packing for a recent house move, Sarah found a dividend warrant which is four years old and has not been presented to her bank. She also claims that she did not receive a dividend payment made by County last month. She is worried about dividend payments going astray in the future.

The second email is from Linda Worth, who holds 40,000 shares. Linda would like to do the following:

- transfer 5,000 shares to her young grandson as a gift;
- transfer 10,000 shares to herlocalFootball Club (an unincorporated body) as a gift;and
- sell 5,000 shares to Jack Colson at market value.

Prepare advice which addresses the issues raised:

Unfortunately, Linda cannot find her share certificate. Linda is unclear whether stamp duty is payableon the transfers and if so who would need to pay it. She is also unsure whether any duty can be paid after the shares are transferred.

can be paid after the shares are transferred.

a) In Sarah's email. (8 ma	arks)
b) In Linda's email. (17 ma	arks)
[Total for Question 10 = 25 mag	arks]

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11. You are the Company Secretary of Kendal Trading plc (Kendal), a company listed on the London Stock Exchange. Kendal has a financial year end of 31 December (assume this is the date today). Julia Walsh is the Chair of Kendal and she has sent you the following email:

"As you know I don't see the point in having an AGM – it must cost a fortune to hire a room for the 1,000 shareholders who come each year. I've heard that companies no longer need to have an AGM, so can we abolish ours or at least just make it available as a live broadcast only via the internet? Nearly all of the votes are lodged via proxy anyway so I think if we have to have an AGM we can just declare the proxy results via the broadcast and don't worry with any other voting. I remember last year it took a long time to count all the votes at the AGM – there were so many paper voting ballots! We should also avoid shareholders asking questions, as they can be quite awkward. To save time if we do have another AGM, do we really need to put resolutions each year to re-appoint the directors, including Adam Tenby who as you know the board appointed as a director last month?

When is the last date we would have to hold an AGM? I'm planning to go on holiday so if I'm not back by then, as you are our governance expert what do you think of you chairing the AGM? I doubt if any of the board will volunteer to chair it."

Prepare a reply to Julia which considers the relevant statutory, regulatory and governance matters raised in her email.

[Total for Question 11 = 25 marks]

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12. You work in private practice as a Company Secretary and had a meeting earlier today with Frank Hughes, who is one of your clients. Frank is a wealthy businessman involved in the building and construction sectors. Frank plans to fund a project to improve homes in disadvantaged areas and it has been suggested he sets this up as a Community Interest Company (CIC) which will be a private company. However, he is not sure on the process to form a CIC and how it might be funded. He plans to name the CIC 'Better Homes For You' but he is not sure if he will be allowed to use that name or if he can change the name later on. He also is not sure whether the purpose of the business would qualify as a CIC and if he could change the purpose of the CIC after it has been formed. Separately, Frank has formed and is a director of Peer Construction plc (Peer), which is not listed on any stock exchange. Peer has been formed for a construction project which will last five years. Peer's assets include construction plant and machinery and Frank, who is also the sole shareholder, will ensure Peer is funded to meet all liabilities. Peer will no longer be needed at the end of the construction project. Provide advice to Frank in which you: Discuss the issues in respect oftheareas on which he is not sure regarding the proposed (a) CIC. (12marks) Evaluate the choices he will have for Peer at the end of the construction project and any (b) relevant additional actions he might need to take. (13marks) [Total for Question 12 = 25 marks]

TOTAL FOR SECTION B = 75 MARKS
TOTAL FOR PAPER = 100 MARKS

The scenarios included here are entirely fictional. Any resemblance of the information in the scenarios to real persons or organisations, actual or perceived, is purely coincidental.

END

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