

# **Georgian Federation of Professional Accountants and Auditors**

## **Professional Certification Examination based on the requirements of ACCA**

**PAPER NAME**

**GEORGIAN BUSINESS LAW**

**The Cases all are Compulsory**

**Code**

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**Name**

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**Code**

## Case №1

On August 3, 2021, the Government of Georgia issued a decree on the extraction of natural resources in a state of emergency.

## Questions:

1. To what extent does the decree issued by the Government comply with the norms established by the legislation of Georgia and why? 2 marks
2. Which normative act - an organic law or a decree of Georgia - is at a higher level in the hierarchy? 2 marks

## Case №2

According to the current legislation, the dispute shall be heard by the district (city) court in the first instance. Citizen Davitashvili, once became aware of this legal norm, decided to file a lawsuit against his neighbour before the Vake-Saburtalo District Court of Tbilisi, as he himself lived in Vake.

## Questions:

1. To what extent does the decision of citizen Davitashvili comply with the current legislation and why? 2 marks
2. Which court is the highest and the final instance court administering justice in the whole territory of Georgia? 2 marks

## Case №3

In 2021, the Parliament of Georgia passed a law, in which, as it turned out later, one of the articles contradicted the norm established by the organic law adopted in 2017.

## Questions:

1. A legal norm of which act does apply in the given case and why? 3 marks

2. What are the types of legal acts? 1 mark

## Case №4

Individual entrepreneur Gela Gegeshidze submitted an application to the Public Defender of Georgia on issues related to the implementation of entrepreneurial activities. The Office of the Public Defender of Georgia refused to accept the application.

## Questions:

1. How lawful is the refusal of the Office of Public Defender of Georgia in this case and why? 2 marks
2. What type of document is issued by the Public Defender of Georgia if the examination of the application/appeal confirms the fact of discrimination? 2 marks

## Case №5

JSC "IORI" decided to extract and process natural resources, although this type of entrepreneurial activity was not provided for in its Charter.

## Question:

Was JSC "IORI" entitled to engage in such activities and if so, in which case? 4 marks

## Case №6

Ramaz Chkonia, after the threats made against his wife, concluded a land purchase agreement.

## Questions:

1. What is the period within which a coercive transaction (transaction made by duress) may be rescinded? 2 marks
2. What are forms of transaction provided by law? 2 marks

## Case №7

The Alpha Foundation (a non-entrepreneurial (non-commercial) legal entity) was engaged in entrepreneurial activity of an auxiliary nature. Half of its profits received at the end of the financial year, based on the protocol of the meeting, was distributed to the founders and the other half was used to achieve the objectives of the Foundation.

## Questions:

1. To what extent is the law requirement is observed in this particular case and why?

3 marks

2. Which normative act regulates the activities of a non-entrepreneurial (non-commercial) legal entity? 1 mark

1 mark

## Case №8

According to the Civil Code of Georgia, the right to demand that another person perform or refrain from a certain action shall be subject to a period of limitation.

## Questions:

1. To what the period of limitation does not apply? 3 marks

2. What is the standard period of limitation? 1 mark

## Case №9

To secure a claim of the bank, the facility is used (encumbered) by a mortgage. The debtor failed to pay the debt. In the given case the creditor considered that instead of alienating the immovable thing, the compulsory administration of the thing would be more justified and by his own decision established the sequestration after 1 month.

## Question:

To what extent is the rule for sequestration observed in this particular case and why?

4 marks

## Case №10

Individual entrepreneur Nukri Getsadze employed Lana Siradze as a seller in his shop on the basis of the contract. He delivered goods worth 15,000 GEL on the basis of the acceptance-delivery act. In addition, an agreement on material liability was concluded.

## Questions:

1. Is citizen Lana Siradze a possessor of the thing and why? 2 marks

2. In what case the right to possess the thing shall be acquired? 2 marks

## Case №11

To secure a loan, Nugzar Papashvili concluded a pledge agreement with Alexander Kereselidze over the Mercedes-Benz Sprinter.

## Questions:

1. Who registers the pledge in this particular case? **2 marks**

2. What are types of pledge envisaged by current legislation? **2 marks**

## Case №12

Vasil Gigauri, who lived in Tbilisi, owned a small house inherited from his grandfather in a high mountainous village in Dusheti district. Vasil Gigauri could not afford to take care of the house, so he decided to abandon the ownership over it.

## Question:

What are rules for abandonment of ownership of immovable things envisaged by the current legislation? **4 marks**

## Case №13

Leasing company "ALGETI" handed over two tractors to "MSHENEBELI" Ltd for a period of 6 years under a lease agreement. After the expiration of the agreement, the lessor requested the MSHENEBELI" Ltd to purchase the subject-matter of lease, in which it was refused. The respective provision was not included in the agreement, however the leasing company "ALGETI" argued that it was not necessary either, because according to the current legislation, the essence of leasing is the final purchase of the subject- matter.

## Questions:

1. Is the request of the leasing company lawful and why? 3 marks

2. Can the subject-matter of lease be a share in an enterprise? 1 mark

## Case №14

“CARAVANI” Ltd rented a living space to citizen Akaki Melia. The lessee failed to pay the rent for three months. For that reason, to secure a claim, the lessor used the lessor’s lien on the things that the lessee has brought to the place.

## Questions:

1. Does the lessor have a lien on the things that the lessee has brought to the place?

2 marks

2. Is there a specific form prescribed by current legislation that must be observed for the termination of a tenancy agreement? 21

2 marks

## Case №15

“LEADER” Ltd and individual entrepreneur Liana Eradze concluded an oral agreement for the supply of food products worth GEL 10,000. Under the same agreement, the parties determined a penalty of 0.5% of the amount not-paid in time for each day overdue.

## Questions:

1. Substantiate to what extent the law requirement is observed in the given case. 3 marks

2. Who can reduce a disproportionately high penalty? 1 mark

## Case №16

JSC "GOLDEN WHEAT" has concluded a contract for the supply of 5 tons of high quality flour with "KONDITERI" (Bakery) Ltd. Only 4 tons of high quality flour was delivered within the timeframe defined by contract.

## Question:

1. What are rights of the buyer envisaged by the applicable legislation in such a case?

2 marks

2. What does a thing free of material and legal defects mean for the purposes of the purchase contract? 2 marks

2 marks

## Case №17

Nodar Kirvalidze was employed at the “NOBATI” Ltd on the basis of agreement for a 4-month trial period. After 3 months, the employer terminated the agreement. Kirvalidze, considering that the agreement was terminated at the initiative of the employer, demanded an additional payment of one month’s remuneration.

## Questions:

1. Could Nodar Kirvalidze demand an additional payment of one month's remuneration?

3 marks

2. In what form an employment agreement could be concluded for a trial period? 1 mark

## Case №18

After strong wind (storm), auxiliary facilities where raw materials have been stored were damaged on the territory of “KEDARI” Ltd. The management of the company instructed the workers of the enterprise to perform overtime work to liquidate the consequences of the storm.

The workers demanded compensation for overtime work, which was refused by the management.

## Questions:

1. How lawful is the demand of workers in this case and why? 3 marks

2. Can an additional rest period be granted to an employee to compensate overtime work?

1 mark

## Case №19

Diana Kereselidze worked as an accounting manager in the store. Her salary amounted to 750 GEL. On February 10, 2020, damage of 1,100 GEL was caused to the employer because of guilty omission of Diana Kereselidze.

On March 1, 2020, the employer deducted a lump-sum in the amount of 400 GEL from the remuneration of Diana Kereselidze, another 400 GEL on April 1, 2020, and the remaining 300 GEL on May 1, 2020.

### Question:

To what extent is the current legislation observed in this case? Please, substantiate.

4 marks

## Case №20

Lali Getsadze worked as an operator in JSC "TOLIA". The employment agreement concluded between the parties directly stipulates that the internal labour regulations is an integral part of the agreement.

As it turned out, the duration and rules of paid leave defined in the internal labour regulations is in conflict with the employment agreement.

## Questions:

1. In the given case which document shall prevail - an internal labour regulations or an employment agreement? 2 marks
2. When it is required to conclude an employment agreement in writing? 2 marks

## Case №21

The audit firm “ALPHA” provided audit services to the entity, in which the chief accountant was the cousin of the head of the audit firm.

## Questions:

1. In the given case, does the audit firm have the right to provide audit services to the entity and why? 2 marks
2. In what cases does the audit firm have the right to disclose confidential information on the entity? 2 marks

## Case №22

Levan Gotsiridze, a partner of "INDI" Ltd., requested information on the activities of the company from the management body, in which he was refused on the grounds that, in case of disclosure, there would be a risk of violation of the public interest of the company.

## Question:

Could the management board of “INDI” Ltd. refuse to provide the information and if so, in what case? 4 marks

## Case №23

Badri Nakaidze owned 50 shares of JSC "ERETI". He received dividend every year; however, he did not receive it in the last year.

At the request of Badri Nakaidze for the dividend, the management of the company explained that it has no right to pay the dividend as it will cause the insolvency of the company. Badri Nakaidze did not agree with the explanation of the management.

## Questions:

1. How lawful is the explanation of the management of JSC in the given case? 2 marks

2. What are the types of shares in an entrepreneurial company? 2 marks

## Case №24

Ekaterine Berdzenishvili, who moved to France, considered that she has no more interest in owning the shares of JSC “ALMASI” and require the company to evaluate and redeem her shares.

## Question:

## How lawful is the request of Ekaterine Berdzenishvili and why?

4 marks

## Case №25

Two individuals have established a limited partnership in which liability of both partners is limited by the guarantee amount they have contributed. The partners also indicated in the Statute that if the guarantee amount is not fully paid, the partners will be liable to the creditors in the amount of the deposit.

## Question:

To what extent is the Law on Entrepreneurs observed in the given case and why? 4 marks