

Fundamentals Level – Skills Module

Corporate and Business Law (Singapore)

Tuesday 3 June 2008

Time allowed

Reading and planning: 15 minutes

Writing: 3 hours

ALL TEN questions are compulsory and MUST be attempted.

Do NOT open this paper until instructed by the supervisor.

During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.

This question paper must not be removed from the examination hall.

The Association of Chartered Certified Accountants

The Institute of Certified Public Accountants of Singapore

ACCA



Paper F4 (SGP)

ALL TEN questions are compulsory and MUST be attempted

- 1 In the context of sources of Singapore law explain:**
- (a) statutory law; and (5 marks)
 - (b) case law. (5 marks)
- (10 marks)**
- 2 In the context of contract law explain:**
- (a) how an offer can be accepted; and (5 marks)
 - (b) when an offer can be revoked. (5 marks)
- (10 marks)**
- 3 Explain how a limited liability partnership combines the benefits of a company and a partnership.**
- (10 marks)**
- 4 In relation to an action in negligence, discuss the defences of contributory negligence and consent.**
- (10 marks)**
- 5 In the context of company law, explain and distinguish between share capital and loan capital.**
- (10 marks)**
- 6 In the context of company law, explain and distinguish between annual general meetings, extraordinary general meetings, and class meetings.**
- (10 marks)**
- 7 In the context of company law, explain what a derivative action is, and when and how a shareholder can bring such an action under the Companies Act (Cap 50).**
- (10 marks)**

- 8** Heng contracted to hire a Mercedes Benz car from Speedy Car Rentals for use on his wedding day. He paid a deposit of \$200. On the morning of his wedding, when he turned up at the Speedy Car Rentals office, he was given the keys to a Toyota car and was told that the Mercedes Benz was in the workshop for repairs. Heng was very upset and refused to take the keys. He also found that he could rent a Mercedes Benz from another company but it would be at a higher price.

Required:

Advise Heng whether he has the right to terminate the contract and whether he is entitled to claim damages for the higher rental.

(10 marks)

- 9** Initial Pte Ltd was set up 10 years ago by a group of friends during the dot com boom. The company has been rather inactive in the last two years and the shareholders have lost interest in the business. Cheong, who owns 20% of the shares in Initial Pte Ltd, wants to liquidate the company.

Required:

Advise Cheong how and when he can take steps to liquidate the company.

(10 marks)

- 10** Dan is the managing director of Ace Pte Ltd. He entered into a contract on behalf of the company to buy a shophouse in a prime location in the city centre for a rather high price of \$4 m. The other directors were not happy with Dan's action because the price was too high and they felt it was not a good time to buy property. In addition, Article 58 of the articles of association of the company, states:

'The managing director shall have authority to enter into, on behalf of the company, agreements for the purchase of property provided that the purchase price per agreement shall not exceed \$500,000. Where the purchase price of a proposed agreement exceeds \$500,000, the prior approval of the board of directors is required.'

Required:

Advise whether Ace Pte Ltd is bound by the purchase agreement.

(10 marks)

End of Question Paper