

Fundamentals Level – Skills Module

# Corporate and Business Law (Singapore)

Tuesday 2 June 2009

**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**



Institute of  
Certified Public Accountants  
of Singapore

# Paper F4 (SGP)

**ALL TEN questions are compulsory and MUST be attempted**

- 1 In relation to the Singapore legal system, explain the following rules of statutory interpretation:**
- (a) the literal rule; (4 marks)
  - (b) the golden rule; and (3 marks)
  - (c) the mischief rule. (3 marks)
- (10 marks)**
- 2 In relation to breach of contract, explain the rule for remoteness of damage.**
- (10 marks)**
- 3 In relation to the tort of negligence, explain the duty of care for negligent misstatements.**
- (10 marks)**
- 4 Explain the authority of partners under the Partnership Act (Cap 391) to enter into contracts that are binding on the partnership.**
- (10 marks)**
- 5 In relation to company law, explain what is meant by:**
- (a) an exempt private company and; (5 marks)
  - (b) a public listed company. (5 marks)
- (10 marks)**
- 6 Explain whether the *ultra vires* doctrine has been abolished under the Companies Act (Cap 50).**
- (10 marks)**
- 7 In relation to company law, explain the roles and duties of directors.**
- (10 marks)**

- 8** On 1 June 2009, Shoes Galore received brochures from Rubbersoles, the local distributor of the 'Adeedust' brand of sports shoes, advertising the latest limited edition of Adeedust shoes for sale at \$50 per pair. Shoes Galore wanted to get their hands on the limited edition shoes, so they quickly sent an e-mail to Rubbersoles stating, 'we are glad to place an order for 100 pairs, on 30-day credit terms.'

On 2 June 2009, Rubbersoles replied by e-mail that they could deliver 100 pairs, cash on delivery. On 3 June 2009, Shoes Galore sent out a letter informing Rubbersoles that they were agreeable to paying cash on delivery of the Adeedust shoes. This letter reached Rubbersoles on 5 June 2009.

On 4 June 2009 Rubbersoles e-mailed Shoes Galore stating that they were no longer in a position to deliver the Adeedust shoes as they had run out of stock (inventory) due to overwhelming demand.

**Required:**

**Discuss whether there is a binding contract between Rubbersoles and Shoes Galore.**

**(10 marks)**

- 9** Rich Pte Ltd has gone into insolvent liquidation. The company has a factory in Singapore. Beng owns 10,000 ordinary shares in Rich Pte Ltd, which are paid up to 50%. The company owes;

- (i) \$130,000 in unpaid wages to employees,
- (ii) \$200,000 in respect of goods bought on credit,
- (iii) \$1 million to a bank supported by a fixed charge over the land on which the factory is built.

**Required:**

**(a) Explain what funds are available for distribution by the liquidator; and**

**(3 marks)**

**(b) Explain the order of priority for payment of the debts owed by Rich Pte Ltd.**

**(7 marks)**

**(10 marks)**

- 10** Andy, Bob and Charlie are directors and equal shareholders of Roxy Pte Ltd. Andy is the managing director and Bob is the finance manager of the company. Recently, Andy and Bob each purchased a car on the company account. Charlie became very unhappy when he found out that the cars are being used by their families, incurring expenses for petrol at company expense. Charlie has complained about the use of the cars but Andy and Bob disregard his complaints and tell him that there is nothing he can do about it.

**Required:**

**Advise Charlie of his rights as a minority shareholder.**

**(10 marks)**

**End of Question Paper**