Specimen Exam

Exam Name: Business Law – Singapore (K3 SGP)
Time allowed: 2 hours
Pass Mark: 50%

This exam contains:

50 questions, each worth 2 marks
100 marks in total

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Question 1

Which of the following is NOT a ground for the winding up by the court of a company?

A The company has no members
B The company is unable to pay its debts
C The company did not hold its statutory meeting
D The company has altered its primary business within the first 12 months of its incorporation

Question 2

In the context of contract law, which of the following statements about acceptance is CORRECT?

A It needs only be an unqualified assent to the important terms proposed by the offeror
B It can be inferred when the offeree does not respond to the offer
C It must be an unqualified assent to all the terms proposed by the offeror
D It may be made by a person other than the offeree

Question 3

Which of the following is the procedure to issue shares of a private company?

A All the members must approve the issue
B A special resolution has to be passed at the general meeting
C An ordinary resolution has to be passed at the general meeting
D A unanimous resolution has to be passed by the board of directors

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Question 4

Nelson set up a company with his friends, David and Polly. David and Polly were appointed directors of the company whereas Nelson was not. However, David and Polly are accustomed to act in accordance with Nelson's instructions when they make decisions as directors of the company.

Which of the following describes Nelson's office in the company?

A An executive director
B A non-executive director
C A shadow director
D An alternate director

Question 5

Which of the following statements about retrenchment is CORRECT?

A It is redundancy which arises from reorganisation of the employer's business
B It applies only to permanent employees
C It applies only to contract workers
D It is an employer terminating an employment contract with a plan to fill the vacancy

Question 6

Assuming a patent has been granted, which of the following is the number of years from the date of filing of the patent that the patent is in force?

A 5
B 10
C 15
D 20

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Question 7

Which of the following resolutions must be passed in order to alter a company's constitution?

A A written resolution
B An ordinary resolution
C A special resolution
D A unanimous resolution

Question 8

Benny hired Winston to renovate his flat for $50,000. Just before the work was due to commence, Winston informed Benny that he had mispriced the cost of the renovation. Winston said that he needed to charge an additional $10,000, or else he would not commence the work. Benny reluctantly agreed to pay Winston the additional $10,000.

Which of the following statements in relation to Benny is CORRECT?

A He is contractually bound to pay Winston the additional £10,000 because Benny has provided consideration when he promised to pay
B He is contractually bound to pay Winston the additional £10,000 because Winston has provided consideration by offering a new price
C He is not contractually bound to pay Winston the additional £10,000 because Winston did not provide consideration
D He is not contractually bound to pay Winston the additional £10,000 because Winston has provided past consideration

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Question 9

Beng accessed files on Chong's laptop without Chong's consent, by copying them onto his thumb drive when Chong left his laptop unattended to answer a phone call. Beng did not know what data Chong had in his laptop. It turned out the files were useless and Beng accessing them did not cause any damage to Chong.

Which of the following in relation to Beng and offences under the Computer Misuse Act 1993 is CORRECT?

A He did not commit an offence under the Computer Misuse Act 1993 because he did not target specific data
B He did not commit an offence under the Computer Misuse Act 1993 because it did not cause damage to Chong
C He did commit an offence under the Computer Misuse Act 1993 because he copied them onto his thumb drive
D He did commit an offence under the Computer Misuse Act 1993 because he accessed the files without Chong's consent

Question 10

Which of the following explains why a term is different from a representation?

A The consequences of breach are different
B The amount of damages claimable is different
C The method of proof is different
D The party which has to prove the statement is different

Question 11

Which of the following statements about a creditors' voluntary winding up of a company is NOT CORRECT?

A It is initiated by the creditors applying to court
B It is initiated by the members passing a special resolution
C The company must be insolvent
D The creditors may appoint a liquidator of their choice

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Question 12

Which of the following statements about preference shares and ordinary shares is CORRECT?

A Preference shares cannot carry voting rights but ordinary shares must carry voting rights
B It is a requirement that the rights of preference shares be stated in the constitution but there is no such requirement for ordinary shares
C Public companies can issue preference shares without voting rights but cannot issue ordinary shares without voting rights
D Preference shares cannot share in the company's surplus assets even when the constitution provides for it but ordinary shares can always share in the company's surplus assets

Question 13

Which of the following statements about a limited liability partnership is CORRECT?

A They are limited to a maximum of 50 partners
B There must be at least one partner with unlimited liability
C Partners can only be individuals but not body corporates
D A partner may be personally liable for losses resulting from their own wrongful actions

Question 14

Trellis Pte Ltd failed to register a floating charge created in favour of its creditor, Generous Bank. Trellis Pte Ltd subsequently went into liquidation.

In light of the non-registration of the charge, which of the following is it void against?

A Trellis Pte Ltd
B Trellis Pte Ltd's liquidator only
C Trellis Pte Ltd's other creditors only
D Trellis Pte Ltd's liquidator and other creditors

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Question 15

In the context of a contract of service, which of the following interests does the court NOT consider when it applies the doctrine of restraint of trade?

A Of the employee to exercise their skills
B Of the state in ensuring free flow of expertise
C Of the employer to protect their business
D Of the employee to enjoy their social rights

Question 16

Which of the following statements about termination of a contract of service with notice is CORRECT?

A If the contract of service specifies a notice period, the employee may pay compensation in lieu of notice to the employer
B If the contract of service does not specify a notice period, then no notice is required to be given
C Either the employer or employee may waive the notice period
D A notice of termination need not be in writing

Question 17

Which of the following is NOT a way in which an employee of a company may be conferred actual authority to enter a contract on behalf of the company?

A A board resolution
B The employee's representation to the third party
C The company's constitution
D The act is incidental to the employee's main functions

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Question 18

Which of the following statements about an employee under a contract of service is CORRECT?

A They carry out business on their own account
B They do business for their employer
C They are definitely not covered by the employment legislation
D They enjoy a client-contractor type of relationship with their employer

Question 19

Which of the following statements about the appointment of an auditor of a company which is subject to statutory audit is CORRECT?

A They have to be appointed within three months of the company's incorporation
B They must hold office for at least two years
C They are appointed by the directors at every general meeting
D They cannot be removed from office until their fixed term is up

Question 20

Which of the following is the legal effect of a company's constitution?

A It binds the company and its members, and members to members
B It binds the company and its members only
C It binds the company and its directors only
D It binds the directors and the members

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Question 21

Apex Pte Ltd has 10 members, with each holding one voting share. The company circulated a resolution to be passed by way of a written resolution. Only 8 members voted on the resolution.

What is the MINIMUM number of votes in favour of the resolution to pass it as an ordinary resolution?

A 4
B 5
C 6
D 8

Question 22

Which of the following may explain why a company chooses a scheme of arrangement instead of judicial management?

A It allows the board of directors to remain in control of the company
B Creditors cannot obstruct a scheme of arrangement by voting against it
C There is no need to get court approval
D It is easier to prove insolvency

Question 23

With regard to a company, which of the following describes limited liability?

A The company's members cannot be called on to contribute to its assets when it enters into insolvent liquidation
B The company's directors cannot be liable for the company's debts
C The company's liability to its creditors is limited to the amount of its share capital
D The company's liability to creditors is limited by the number of its members

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Question 24

Which of the following statements about subsidiary legislation is NOT CORRECT?

A It is a source of law
B It has to be passed by Parliament
C It is written law made under the authority of a statute
D It must be consistent with the Constitution

Question 25

Which of the following statement(s) about wrongful trading is/are CORRECT?

(1) The company, when insolvent, incurs debts without a reasonable prospect of repaying in full
(2) The company incurs debts that it has no reasonable prospect of repaying in full and that results in it becoming insolvent
(3) The company incurs debts with intent to defraud its creditors

A 1, 2 and 3
B 1 and 2 only
C 1 only
D 2 only

Question 26

Which of the following statements relating to limited liability partnerships is CORRECT?

A They are limited to a maximum of 20 partners
B They must have a minimum of two partners
C They must have at least one limited partner
D They must have at least one unlimited partner

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Question 27

On 1 March, Sally sent an instant text message to Rachel offering to sell her handbag for $500. Later in the day, Sally asked Peony, their mutual close friend, to tell Rachel that she no longer wished to sell the handbag.

Rachel was upset when she heard from Peony but still accepted the offer by replying to Sally's instant text message. Sally did not read Rachel's message.

Which of the following statements explains whether a legally enforceable contract has been concluded?

A A legally enforceable contract has been concluded because Sally's offer cannot be revoked within the day
B A legally enforceable contract has been concluded because Rachel accepted the offer before it was revoked
C A legally enforceable contract has not been concluded because Rachel's acceptance was not communicated to Sally
D A legally enforceable contract has not been concluded because the offer was properly revoked through Peony

Question 28

Alan entered into a contract to buy Bob's old car for $10,000.

With regard to terms in a contract, which of the following is the classification of Alan's obligation to pay $10,000?

A A condition
B A warranty
C An innominate term, breach of which results in serious consequences
D An innominate term, breach of which does not result in serious consequences

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Question 29

Within which of the following periods, after the end of a financial year, must the annual general meeting of a private company be held?

A 2 months
B 3 months
C 4 months
D 6 months

Question 30

Which of the following individuals has to assent before a bill can be passed?

A The Minister who initiated the bill
B The Speaker of Parliament
C The President
D The Chief Justice

Question 31

Belinda entered into a contract to purchase a house from John. John changed his mind about selling the house.

Which of the following remedies is Belinda likely to obtain?

A Specific performance
B Injunction
C Damages
D Rescission

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Question 32

Which of the following statements in relation to effective consideration is CORRECT?

A It must be both adequate and sufficient
B It must be adequate but need not be sufficient
C It must be sufficient but need not be adequate
D It must have monetary value

Question 33

Tan agrees to use his digital bank account to receive money from a company's customers and transfer the money to the company's bank account. He is paid $100 a day for the use of his digital bank account. He does not ask why his digital bank account is required to be used nor does he take reasonable steps to find out the source and destination of the funds. All the transactions are carried out on Tan's computer.

Which of the following offences may Tan have committed?

A Fraudulent trading
B Insider trading
C Money laundering
D Computer misuse

Question 34

Which of the following is an element of the offence of insider dealing?

A The person must have a position within the company
B The person must have made use of information that is not generally available
C The person must have made a profit
D The share price must have moved either upward or downward upon the company's announcement

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Question 35

In which of the following instances will a holding company NOT be liable for its subsidiary company's liabilities?

A The subsidiary is being used to evade the holding company's existing legal obligation
B The subsidiary is acting as the holding company's agent when it entered into a contract
C The subsidiary is being set up to limit the holding company's exposure to future liabilities
D The subsidiary is being used to defraud third parties

Question 36

In relation to contract law, whose intention does the court ascertain to determine whether a statement is an offer or an invitation to treat?

A The person to whom the statement is made only
B Both the maker of the statement and the person to whom the statement is made
C The reasonable person
D The maker of the statement only

Question 37

Mo has a significant holding in the shares of Nova Ltd. He wishes to use his shareholding to remove Owen from the board of directors but is not sure how to do so.

Which of the following must be used to remove Owen as a director?

A An ordinary resolution
B An ordinary resolution with special notice
C A special resolution
D A written resolution

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Question 38

Larry's wife is a partner of Justice LLP, a law firm. Larry is a director of Pinnacle Ltd. Pinnacle Ltd entered into a contract to appoint Justice LLP as its lawyers. Larry did not tell anyone at Pinnacle Ltd that his wife is a partner of Justice LLP. Justice LLP charged a very reasonable and fair rate for the service it provided to Pinnacle Ltd.

Which of the following directors' duties could Larry have breached?

(1) Duty to act bona fide in the interests of the company
(2) Duty to act with care
(3) Duty to avoid conflicts of interest

A 1, 2 and 3
B 1 and 3 only
C 1 only
D 3 only

Question 39

An auditor of Fortune Pte Ltd is sued by the company's shareholder in the tort of negligence.

If the auditor wishes to escape liability, which of the following arguments may be used?

A They do not know the shareholder
B Their negligence did not cause loss to the shareholder
C The loss caused is insignificant
D The shareholder did not appoint them as auditor of Fortune Pte Ltd

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Question 40

In the context of the Singapore legal system, which of the following courts does NOT hear cases on appeal?

A High Court
B Court of Appeal
C Small Claims Tribunal
D District Court

Question 41

Which of the following statements about the winding up of a company by the court on the just and equitable ground is CORRECT?

A The only remedy obtainable is an order for winding up
B The only remedy obtainable is an order for a buy-out of shares
C One of the remedies obtainable is for the directors to compensate the company
D Either an order for winding up or an order for a buy-out of shares is obtainable

Question 42

In the context of common law, which of the following applies to an *obiter dictum*?

A It is binding on all future courts
B It is binding on all lower courts
C It is not binding on any court
D It is not binding outside of the court it was issued in

Question 43

Which of the following, in the context of entering into a contract, constitutes a binding offer to sell a unique item of furniture?

A Placing an advertisement in a newspaper with a price attached
B Placing it on display inside a shop with a price attached
C Telling someone the price you may be willing to accept for it
D Telling someone you will reduce the marked price on it by 10%

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Question 44

Which of the following happens with regard to future obligations when a contract is discharged by breach?

A Only the innocent party need not perform their future obligations
B The party in breach has to perform their future obligations if the innocent party insists on it
C Both parties do not need to perform their future obligations
D Both parties are restored to their original positions prior to the contract

Question 45

In the context of corruption, which of the following statements about gratification is CORRECT?

A It must have a minimum monetary value
B It must be given, asked for or received with the requisite intent
C It must be given, asked for or received in relation to a contract
D The outcome for which it was given must materialise

Question 46

Which of the following statements about the division of powers between the board of directors and the general meeting of the members is CORRECT?

A The board of directors manages the business of the company and their powers cannot be limited in any way
B The board of directors manages the business of the company but the general meeting can override decisions of the board that it disagrees with
C The board of directors manages the business of the company but its powers can be limited by the company's constitution
D The board of directors and the general meeting have equal powers to manage the business of the company

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Question 47

In the context of contract law, which of the following is a bid at an auction?

A An invitation to treat
B An offer
C A counter-offer
D An acceptance

Question 48

Which of the following statements about the tort of passing off is CORRECT?

A It protects an invention
B It protects a trade secret
C It protects a trader's goodwill
D The owner's trademark must be registered

Question 49

Which of the following is NOT an implication of the company being a separate legal person from its members?

A The members enjoy limited liability
B Corporate property belongs to the company and not to its members
C The company, and not its members, is liable for its debts
D The company has perpetual succession

Question 50

Which of the following keeps the register of members of a public company?

A The Registrar of Companies
B The Registrar of Businesses
C The Ministry of Finance
D The company itself

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