

University of Southern Philippines Foundation
College of Accountancy
Salinas Drive, Lahug, Cebu City

Regulatory Framework for Business Transactions
Final Board Simulation Exam

October 2, 2019
Atty. J.M. Denila, CPA

I. Obligations

1. A, B, & C solidary debtors to X and Y joint creditors in the amount of P120,000. On due date, how much can Y collect from B?
 - a. P120,000
 - b. P60,000**
 - c. P40,000
 - d. P24,000

2. The debtor shall lost the right to make use of the period in the following cases, except:
 - a. When he becomes insolvent.
 - b. When he violates any undertaking in consideration of which the creditor agreed to the period.
 - c. When the debtor attempts to abscond.
 - d. When he does not furnish any guaranty or security to the creditor.**

3. A, B, & C obligated themselves to deliver to X a specific and determinate car valued at P600,000. Due to the fault of A, the car was not delivered to X causing the latter damages in the amount of P9,000.
 - a. By specific performance. X can compel B & C to deliver 1/3 each of the car and H to pay damages.
 - b. The action of X is converted into one for damages where he holds liable, A, B, & C for P203,000 each.
 - c. The action of X is converted into one for damages where he can hold B & C liable for P200,000 each and A for P209,000.**
 - d. The action being solidary and indivisible only A can be held liable by X for P609,000.

4. D is under obligation to deliver to C either a cow or a carabao or a horse. Due to the fault of D the cow, the carabao and the horse are lost in that order. The obligation of D is to pay damages to C:
 - a. On the basis of the value of the cow.
 - b. On the basis of the value of the horse or the last thing that was through his fault.**
 - c. On the basis of the value of the carabao.
 - d. On the basis of the value of any animals due at the choice of D.

5. A, B, and C solidary owe X P300,000. X remitted C's share. A, therefore, paid later only P200,000. Assuming that B is insolvent.
 - a. A can compel B to pay him P100,000.
 - b. A can recover reimbursement from C amounting to P50,000.**
 - c. A can recover reimbursement from C amounting to P100,000.
 - d. A can recover nothing from C at this moment and to wait until B recover from financial distress.

6. A natural obligation under the New Civil Code of the Philippines is one which
 - a. The obligor has a moral obligation to do, otherwise entitling the obligee to damages.
 - b. Refers to an obligation in writing to do or not to do.
 - c. The obligee may enforce through the court if violated by the obligor.
 - d. Cannot be judicially enforced but authorizes the obligee to retain the obligor's payment or performance.**

7. Which obligation is not valid?
 - a. "I promise to give you P100,000 on December 25, 2018."
 - b. "I promise to give you P100,000 if I go to Syria this weekend."**
 - c. "I promise to give you P100,000 if your patient dies."

d. "I promise to give you P100,000 if you pass the RFBT Review this 1st Semester of SY 2019-2020."

8. Anna Almeda, Belinda Bersola, and Claudia Cabrera executed the following promissory note:

"I promise to pay Dolores Dominguez or order the sum of P30,000 on June 30, 2018.

(sgd) Anna Almeda

(sgd) Belinda Bersola

(sgd) Claudia Cabrera"

On June 30, 2018, Dolores Dominguez can collect from Anna Almeda:

a. P10,000

b. P30,000

c. P20,000

d. Nothing, because the note is void since it says "I promise" but was signed by three persons.

9. Andy owes Baby P200,000.00 demandable and due on September 10, 2018. Baby, on the other hand, owes Andy P200,000.00 demandable and due on or before September 30, 2018. If Baby claims compensation on September 10, 2018, can Andy rightfully oppose?

a. No. Baby who was giving the benefit of the term, may claim compensation because he could then choose to pay his debt on September 10, 2018 which is actually "on or before September 30, 2018"

b. Yes, Andy can properly oppose because for compensation to take place, mutual consent of both parties is necessary.

c. Andy can properly oppose and if Baby still refuses to accept his payment made on September 30, 2018, Andy can deposit his payment in court.

d. None of the above.

10. D owes C P50,000.00. Subsequently, D proposed to C that T will assume his (D's) debt. C accepted the proposal of D. Assume that on due date, T could not pay because of his insolvency which was in fact subsisting but was not known to D or of public knowledge at the time that D delegated his debt. In this case –

a. C can revive D's debt because T's insolvency was already existing at the time that D delegated his debt.

b. C can revive D's debt whether or not he (D) was aware of T's insolvency since he (D) proposed the substitution.

c. C cannot hold D liable because his (D's) obligation was extinguished when he substituted by T.

d. The novation is void because D did not take steps to determine the solvency of T when he (D) delegated his debt.

II. Contracts

11. Michael Fermin, without the authority of Pascual Lacas, owner of a car, sold the same car in the name of Mr. Lacas to Atty. Buko. The contract between Atty. Buko and Mr. Lacas is -

a) void because of the absence of consent from the owner, Mr. Lacas.

b) valid because all of the essential requisites of a contract are present.

c) unenforceable because Michael Fermin had no authority but he sold the car in the name of Mr. Lacas, the owner.

d) rescissible because the contract caused lesion to Atty. Buko.

12. A sold his land to B. The sale was made orally. B paid the agree price. B wanted to have the sale registered but he needs a public instrument. Which is correct?

A. B may sue A for the return of his money as no one shall be unjustly enriched at the expense of another.

B. B cannot demand the return of the purchase price because the sale is unenforceable.

C. B may compel A to execute the public instrument because the sale is valid.

D. B may only occupy and use the land as buyer in good faith

13. Contracts take effect only between the parties or their assigns and heirs, except where the rights and obligations arising from the contract are not transmissible by their nature, by stipulation, or by provision of law. In the latter case, the assigns or the heirs are not bound by the contracts. This is known as the principle of

(A) Relativity of contracts.

(B) Freedom to stipulate.

(C) Mutuality of contracts.

(D) Obligatory force of contracts.

14. All the statements below are correct, except:

a. An option contract is separate and distinct from the contract of sale;

b. An option contract must be supported by consideration distinct from the price;

c. An option contract can only be supported by consideration in the form of money;

d. An option contract can be supported by consideration in the form of an undertaking.

15. Which of the following statements is **correct**?

a) Offers in interrelated contracts are perfected upon consent.

b) Offers in interrelated contracts require a single acceptance.

c) *Business advertisements* are definite offers that require specific acceptance.

d) Advertisements for Bidders are only invitations to make proposals and the advertiser is not bound to accept the highest/lowest bidder, unless it appears otherwise.

16. An offer becomes ineffective on any of the following grounds, **except**:

a) Death, civil interdiction, insanity/insolvency of either party before acceptance is conveyed.

b) Acceptance of the offer by the offeree.

c) Qualified/conditional acceptance of the offer, which becomes counter-offer.

d) Subject matter becomes illegal/impossible before acceptance is communicated.

17. It is rule which holds that the freedom of the parties to contract includes the freedom to stipulate, provided the stipulations are not contrary to law, morals, good customs, public order or public policy.

a) Obligatory force of contracts

b) Mutuality of contracts

c) Autonomy of contracts

d) Relativity of contracts

18. It is a principle which holds that contracts must be binding to both parties and its validity and effectivity can never be left to the will of one of the parties.

a) Obligatory force of contracts

b) Mutuality of contracts

c) Autonomy of contracts

d) Relativity of contracts

19. It is a principle which holds that parties are bound not only by what has been expressly provided for in the contract but also to the natural consequences that flow out of such agreement.

a) Obligatory force of contracts

b) Mutuality of contracts

c) Autonomy of contracts

d) Relativity of contracts

20. Lino entered into a contract to sell with Ramon, undertaking to convey to the latter one of the five lots he owns, without specifying which lot it was, for the price of P1 million. Later, the parties could not agree which of five lots he owned Lino undertook to sell to Ramon. What is the standing of the contract?

(A) Unenforceable.

(B) Voidable.

(C) Rescissible.

(D) Void.

III. Sales

21. Mrs. Go sold and delivered her diamond ring to Mrs. Pat. It was agreed upon that after ten (10) days Mrs. Pat will name and fix the price. On the tenth (10th) day, Mrs. Pat called up by telephone Mrs. Go and stated the price at P10,000. Mrs. Go agreed. IS the sale perfected?

- A. Yes, the price stated and named by one of the contracting parties was accepted by the other.**
- B. No, at the time of the sale the price was not fixed.
- C. No, the price was left to the discretion of one of the parties
- D. No, at the time of the sale the price is not known.

22. Mr. Sy sold a parcel of land to Mr. Tan for P200,000. Mr. Sy delivered the transfer Certificate of Title of the land to Mr. Tan. Later, Mr. Tan wanted to register the land to his name and he needed a Deed of Sale. What can Mr. Tan do?

- A. Mr. Tan can compel Mr. Sy to execute a Deed of Sale**
- B. Mr. Tan cannot compel Mr. Sy to refund the P200,000 because the contract is not enforceable
- C. Mr. Tan can sue Mr. Sy enriching himself at the expense of another.
- D. Mr. Tan can possess and utilize the land as a buyer in good faith.

23. A entered into a contract to sell over a residential lot. He has already paid more than 2 years installments. Thereafter, he failed to pay. What right does A have if the contract is cancelled?

- a. He has the right of reimbursement of all his payments regardless of the number of years of payment;
- b. He has the right to seek for a grace period of 1 month for every year of installment payments;
- c. He has the right of refund of the cash surrender value of the payments on the property equivalent to 50% of the total payments made;**
- d. He has the right of reimbursement of 100% of his installments after payment for five (5) years.

24. Mr. Mar orders for his workers 1,000 pieces of T-shirt ranging in size from small to large from RDG Garments Mfg. Corp. The specified sizes, although not then available, are manufactured by said corporation and consigned to its sales outlets regularly. The contract entered into by Mr. Mar with the RDG Garments Mfg. Corp. is a:

- A. Contract for a piece of work.
- B. Contract subject to a resolatory condition
- C. A contract of sale**
- D. Answer not given

25. Mr. Rene owns a mango tree bearing fruits, ready for harvest. He sells all the fruits of that tree to Mr. Mar who pays Mr. Rene the sum of P5,000. Rene tells Mar that he can just harvest the fruits anytime he likes pointing at the particular tree. For legal purposes, Rene has fulfilled his obligation to deliver the mango fruits to Mar by:

- A. Traditio brevi manu
- B. Traditio longa manu**
- C. Traditio simbolica
- D. Answer not given

26. Ces kidnapped and tortured Ed for refusing to sell his (Ed's) land to Ces. Ed who could no longer bear the physical pains inflicted upon him signed a document of sale in favor of Ces. This sale is:

- A. Void
- B. Voidable**
- C. Valid
- D. Answer not given

27. The following are the alternative remedies, except one available to the buyer in case of breach of warranty by the seller:

- A. Keep the goods and ask for damages
- B. Refuse to accept the goods and ask for damages
- C. Rescind the sale and retain the goods**
- D. Keep the goods and set up against the seller by way of recoupment in price.

IV. Credit Transactions

28. The distinction between a chattel mortgage and a pledge is that in chattel mortgage:

- A. The delivery of the personal property is necessary
- B. The registration of the property in the Registry of Property is not necessary
- C. The excess over the amount due after foreclosure, goes to the debtor**

D. Answer not given.

29. Pledge and Mortgage are accessory contracts because they:

- A. Are meant to secure the fulfillment of a principal obligation.**
- B. Cannot exist if the principal obligation is void.
- C. Can exist by themselves.
- D. Cannot secure fulfillment of rescissible obligation.

30. D pledged his Singer Sewing Machine to C for P8,000. D was unable to pay the obligation 60 days after it was due. C sold the machine at public auction for P6,000.

- A. C cannot recover the deficiency of P2,000 even if there is stipulation that he can.**
- B. C can recover the deficiency of P2,000 even without stipulation.
- C. C cannot recover the deficiency of P2,000
- D. C can recover the deficiency of P2,000.

31. A lent money to B in the amount of P3M and executed a mortgage over his house and lot to secure the payment of the obligation with a condition that if he fails to pay, A shall become the owner of the property. Is the stipulation valid?

- a. Yes, because the contract is the law between the parties;
- b. Yes, because of the doctrine of mutuality of contracts
- c. No, because it is a case of pactum commissorium;**
- d. Yes, because of the liberty of contracts.

V. Partnership

32. April, May and Jun formed a partnership with a capital of P100,000 and the partners contributing 50%, 30% and 20%, respectively. Mars has a claim of P160,000 against the partnership. If Mars files a suit to collect her claim, which of the following is not correct?

- a. All the partners are liable to the extent of their separate property.
- b. All the partners shall be liable pro-rata with all their property only after the partnership assets have been exhausted.
- c. The personal liability of the partners is merely joint and not solidary.
- d. After exhaustion of the partnership assets, April, May and Jun shall be liable 50%, 30% and 20% respectively to Mars for unpaid claim.**

33. On April 1, 2018, A and B entered into a contract of partnership for the purpose of buying and selling textbooks, with the former as capitalist partner and the latter as industrial partner. It was agreed that A shall contribute P100,000 to the common fund on May 2, 2018. Upon the arrival of the designated date, A failed to deliver the contribution he promised. As a result

- a. B should make a demand upon A for the delivery of his contribution to render A in default.
- b. The contract of partnership becomes void because A failed to give his contribution to the common fund.
- c. B can compel A to deliver his contribution with interest and damages without the necessity of demand.**
- d. The contract of partnership was never perfected because there was no delivery of contributions by the partners.

34. A and B orally entered into a partnership with each of them contributing P3,000 each and some personal properties in the amount of P1,000 each. The partnership contract is:

- a. Unenforceable because the amount involved exceeds P500.00
- b. Void because it is not in public instrument
- c. Valid**
- d. Void because it is not registered with the SEC

35. A and B entered into a universal partnership of profits. Subsequently A became a professor in a university. Will A's salary belong to the partnership?

- a. Yes, because the salary was acquired through A's industry or work.**
- b. No, unless it is stipulated that his salary shall be deemed contributed.
- c. No, because it is not considered a profit acquired from a property.
- d. Yes, if stipulated by the partners.

36. A and B are partners in buying and selling cars. A, by the partner's agreement, was authorized to buy only in cash. One day, A bought on credit a car from X, a client, who did not know of A's lack of authority. A's purchase was made in the name of the partnership. Is the partnership bound in the sale?

a. The partnership is not bound because the contract is unenforceable, A exceeded his authority.

b. It is not bound because the contract with X is not in the ordinary course of business.

c. It is bound because X was in good faith and the act of A was apparently in the conduct of business.

d. It is bound if it ratifies the contract of sale by acceptance of benefits.

37. A and B entered into a universal partnership of profits. Later, A purchased a parcel of land. Will the fruits of the said land belong to the partnership?

a. No, because the partnership of profits refer only to present fruits.

b. No, because the fruits of property refer only to property possessed by partners at the time of celebration of contract.

c. Yes, because the fruits are from the property of A.

d. Yes, because the fruits under the law shall cover after-acquired property also.

38. W, X, Y and Z organized a partnership with W and X as industrial partners and Y and Z as capitalist partners. Y contributed P.5M and Z contributed P.2M to the common fund. By a unanimous vote of the partners, W and X were appointed managing partners, without specification of their duties and powers. A applied as secretary and B applied as accountant of the partnership. The hiring of A was decided upon by W and X but was opposed by Y and Z. Whose decision shall prevail?

a. That of W and X because it is an act of management and as managers they can do so.

b. That of Y and Z because they are the capitalist partners.

c. The decision of Y and Z because they have the controlling interest.

d. The decision of W and X because it is an act of ownership.

39. Refer to #38, suppose the hiring of B was decided upon by W and Z, but was opposed by X and Y, whose decision shall prevail?

a. That of W and Z because W is the managing partner and the hiring is an act of administration.

b. That of X and Y because the controlling interest shall prevail in this case.

c. The decision of W and Z because Z is also a capitalist partner.

d. None because of the statement of equal rights.

40. X, Y and Z are partners who contributed equally to the partnership. A owes the partnership P9,000. Z collected from A P3,000 before X and Y could receive anything from A, who later became insolvent and therefore they could not collect their shares.

a. Z shall share P2,000 with his co-partners X and Y.

b. Z shall share the P3,000 with his co-partners X and Y.

c. X and Y should first exhaust all remedies to collect from A.

d. X and Y can automatically deduct from the capital contribution of Z their share of P2,000.

41. Ms. K owes P3,000 to RZT Company, a partnership composed of R, Z and T, with R as the manager who is authorized to collect all credits of the firm. She also owes T the amount of P6,000. Both debts are already due. Ms. K gives P3,000 to T in payment of her debt to the latter. T thus issues his own receipt.

a. Payment will be applied proportionately at P2,000 for T's credit and P1,000 for RZT's credit.

b. Payment will be applied equally to the two credits.

c. Payment will be applied to T's credit only.

d. Payment will be applied to RZT's credit only.

VI. Negotiable Instruments Law

42. The following instruments are presented for evaluation.

I. "Pay to the order of Kevin Dionisio P30,000."

II. "Pay to the order of Kevin Dionisio P30,000 or deliver to him a cellular phone of the same value at his option."

III. "Pay to the order of Kevin Dionisio P30,000 or deliver to him a cellular phone of the same value."

IV. "Pay to the order of Kevin Dionisio a cellular phone worth P30,000."

Assuming all other requisites of negotiability are present, which of the foregoing instruments are negotiable?

- A. Instruments I and II
- B. Instruments I and III
- C. Instruments II and III
- D. Instruments III and I

43. Jose loaned Mario some money and, to evidence his indebtedness, Mario executed and delivered to Jose a promissory note payable to his order. Jose endorsed the note to Pablo. Bert fraudulently obtained the note from Pablo and endorsed it to Julian by forging Pablo's signature. Julian endorsed the note to Camilo. May Camilo enforce the said promissory note against Mario and Jose?

- A. Camilo may not enforce said promissory note against Mario and Jose. The promissory note at the time of forgery being payable to order, the signature of Pablo was essential for the instrument to pass title to subsequent parties.
- B. Camilo may enforce said promissory note against Mario and Jose if Camilo is a holder in due course.
- C. The signature of Pablo was not essential for the instrument to pass title, thus, Camilo may enforce the note against Mario and Jose.
- D. Camilo may not enforce the note to Mario and Jose. The promissory note at the time of forgery being payable to bearer, the signature of Pablo was not essential for the instrument to pass title to subsequent parties.

44. Marimar signs a check amounting to Php50,000.00 but which is blank as to the name of the payee. He keeps the check in his drawer but Ofelia, his secretary, steals it, put her name as the payee on the blank, and negotiates it to Anastasia, Anastasia to Carmelita, Carmelita to Eugenio, and Eugenio to Gregorio, holder. Anastasia, Carmelita, and Eugenio have no knowledge of the theft of the check and its unauthorized completion by Ofelia. Based on the case, which of the following statement is true?

- A. Gregorio may enforce payment of the check against Marimar if Gregorio is a holder in due course.
- B. Gregorio may enforce payment of the check against Ofelia, whether Gregorio is a holder in due course or not.
- C. Gregorio may not enforce payment of the check against Anastasia, Carmelita and Eugenio, whether Gregorio is a holder in due course or not.
- D. Gregorio may enforce payment of the check against Marimar, whether Gregorio is a holder in due course or not.

45. Angelo is in immediate need of Php100,000.00 for the improvement of his recipe, but he cannot find anyone to lend him the sum he needs. No one trusts him because he has low credit rating. He goes to his popular friend, Jess, who is willing to accommodate him by letting him borrow his name. So, Jess signs a promissory note payable to Angelo and receives no consideration therefor. Angelo then indorses the note to BPO, a bank, which discounts it because of the credit-worthiness of Jess. Can Angelo enforce the note against Jess should the former pay BPO?

- A. Yes, because Angelo gave no consideration to Jess.
- B. No, because Jess is an accommodated party.
- C. No, because Angelo gave no consideration to Jess and he was merely accommodated by the latter.
- D. Yes, because Angelo paid BPO.

VII. Anti-Bouncing Check Law

46. An act penalizing the making or drawing and issuance of a check without sufficient funds or credit.

- a. Batas pambansa Blg. 20
- b. Batas pambansa Blg. 21
- c. Batas pambansa Blg. 22
- d. Batas pambansa Blg. 23

47. Shall be construed to mean an arrangement or understanding with the bank for the payment of such check.

- a. Debit
- b. Credit
- c. Balance
- d. None of the above

VIII. Cooperative Law

48. Shall mean the full membership of the cooperative duly assembled for the purpose of exercising all the rights and performing all the obligations pertaining to cooperatives.

- a. Shareholder's meeting
- b. Members meeting
- c. General assembly
- d. Partners assembly

49. Shall mean that body entrusted with the management of the affairs of the cooperative under its articles of cooperation and bylaws.

- a. Board of trustees
- b. Officers
- c. Board of regents
- d. Board of directors

50. I. Any newly organized primary cooperative may be registered as multipurpose cooperative only after compliance with the minimum requirements for multipurpose cooperatives to be set by the CDA.

II. A single-purpose cooperative may transform into a multipurpose or may create subsidiaries only after at least three (3) years of operations.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

51. I. A cooperative duly registered shall have limited liability.

II. A cooperative shall exist for a period not exceeding fifty (50) years from the date of registration unless sooner dissolve or unless said period is extended.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

52. Is one who has complied with all the membership requirements and entitled to all the rights and privileges of membership

- a. Regular member
- b. Irregular member
- c. Principal member
- d. Associate member

53. I. Any officer or employee of the CDA shall be disqualified to be elected or appointed to any position in a cooperative: Provided, that the disqualification does not extend to a cooperative organized by the officers or employees of the CDA.

II. All appointive officials of the Government shall be ineligible to become officers and directors of cooperatives: Provided, that the disqualification does not extend to a party list representative being an officer of a cooperative he or she represents.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

54. I. The general assembly shall be composed of such members who are entitled to vote under the articles of cooperation and bylaws of the cooperative.

II. The general assembly shall be the highest policy-making body of the cooperative and shall exercise such powers as are stated in the Philippine Cooperative Code, in the articles of cooperation and in the bylaws of the cooperative.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

55. I. A quorum shall consist of at least twenty-five per centum (25%) of all the members entitled to vote.

II. In the case of electric cooperatives registered under the Philippine Cooperative Code, a quorum, unless otherwise provided in the bylaws shall consist of five per centum (5%) of all the members entitled to vote.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

56. I. Each member of a primary cooperative shall have only one (1) vote.

II. In the case of members of secondary or tertiary cooperatives, they shall have one (1) basic vote and as many incentive votes as provided for in the bylaws but not exceed five (5) votes.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

57. I. Cooperatives transacting business with both members and non-members shall not be subjected to tax on their transactions with members.

II. The transactions of members with the cooperative shall not be subject to any taxes and fees.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

IX. Corporation Law

58. The following may be the consideration of the shares of stock of a corporation, except:

- a. Actual cash paid to the corporation
- b. Previously incurred indebtedness of the corporation
- c. Amounts transferred from unrestricted retained earnings
- d. Service to be performed by a lawyer on the proposed increase in capital stock of the corporation

59. The articles of incorporation of Acme Corporation provide for the issuance of 100,000 shares without par value and an issued price per share of P10.00. At the time of incorporation, the subscription and paid-up capital should not be less than:

- a. P250,000.00 and P62,500.00, respectively
- b. P1,000,000.00 and P250,000.00 respectively
- c. P250,000.00 and P250,000.00 respectively
- d. None of the above

60. A corporation acquires juridical personality:

- a. Upon the filing of the articles of incorporation
- b. Upon the filing of the by-laws
- c. Upon the issuance of the certificate of incorporation
- d. Within 30 days from the receipt of the notice of the issuance of the certificate of incorporation

61. A, B, C, D, E, F and G are the duly elected directors for 2014 of Excellent Corporation whose articles of incorporation provide for 7 directors. On August 1, 2014, Directors A, B, C, D and E met to fill two vacancies in the board brought about by the valid removal of F for disloyalty to the corporation and the death of G. In the said meeting, the remaining directors voted for X to replace F, and Y, a son of G, to replace his father. Both X and Y are owners of at least one share of stock of the corporation. The election of X and Y by the remaining directors is:

- a. Valid for both X and Y
- b. Not valid for both X and Y
- c. Valid with respect to X; not valid with respect to Y
- d. Not valid with respect to X; valid with respect to Y

62. Stock dividends differ from cash dividends in that stock dividends:

- a. Do not increase the legal capital
- b. Involve disbursements of corporate funds
- c. Require the approval of both the board of directors and the stockholders

- d. Once received by the stockholders, are beyond the reach of corporate creditors
63. Under this doctrine, the separate personality of a corporation may be disregarded if it is used for fraudulent or illegal purpose or to escape the faithful compliance of an obligation:
- Trust fund doctrine
 - Doctrine of piercing the veil of corporate entity
 - Doctrine of corporate opportunity
 - Doctrine of limited capacity
64. The right of a stockholder to demand payment of the fair value of his shares when he dissents from certain corporate acts is known as:
- Pre-emptive right
 - Appraisal right
 - Redemption right
 - Appreciation right
65. These statements pertaining to the meetings of directors are presented to you for evaluation:
- Directors or trustees may attend or vote by proxy at board meetings.
 - The articles of incorporation or the by-laws of a corporation may provide for a greater majority for its quorum during the meetings of the board of directors.
- Both statements are true
 - Both statements are false
 - Statement I is true; statement II is false
 - Statement I is false; statement II is true
66. A non-voting stock may vote in the following corporate acts, except in case of:
- Approval of the compensation of directors
 - Merger or consolidation
 - Increase or decrease in capital stock
 - Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all corporate property
67. One of the following acts may be performed by the executive committee of a corporation. Which is it?
- Declaration of stock dividends
 - Filling of vacancies in the board of directors
 - Amendment or repeal of the by-laws or adoption of new by-laws
 - Approval of contracts in the ordinary course of business
68. One of the distinctions between a proxy and a voting trust agreement is that in a voting trust agreement:
- The representative acquires legal title to the shares to be voted
 - The exercise of the right to vote is limited to a particular meeting
 - The representative cannot vote if the stockholder is present during the meeting
 - The agreement need not be recorded with the Securities and Exchange Commission
69. Which of the following statements is false concerning treasury shares?
- They are entitled to dividends
 - They have no voting right
 - They may be disposed of for a price lower than the par value provided such price is reasonable
 - They are not outstanding shares
70. Which of the following statements pertaining to no-par shares is incorrect?
- Subscriptions to no-par shares are deemed fully paid and non-assessable
 - Shares without par value may not be issued for a consideration of less than P5.00 per share
 - No-par shares may not be issued by banks, trust companies, insurance companies, public utilities and building and loan associations
 - Subscriptions to no-par shares in excess of the issued price shall be available for distribution as stock dividends

71. Alpine Corporation obtained a loan amounting to P1,000,000.00 from Eastern Bank. To secure the obligation, P, the president of Alpine, mortgaged his own building in favor of the bank. The contract of loan and deed of mortgage have been signed by the parties but have not been acknowledged before a notary public.
- Alpine Corporation and P are one and the same person
 - P may validly mortgage his own property to secure the obligation of Alpine to the bank
 - The mortgage is not yet binding between the parties since it has not been notarized
 - The mortgage contract can stand independently from the contract of loan
72. In which of the following corporations will those composing the corporation be liable as general partners?
- Corporation by prescription
 - De facto corporation
 - Corporation by estoppel
 - De jure corporation
73. Which cause of vacancy in the board of directors may be filled by the board of directors if the remaining directors still constitute a quorum and by the stockholders if such quorum does not exist?
- Removal of a director
 - Resignation of a director
 - Increase in the number of directors
 - Expiration of the term of some directors
74. Which of the following is a qualification of incorporators of a stock corporation?
- They must be natural persons
 - They must be of legal age
 - Majority of them must be citizens of the Philippines
 - They must be subscribers to at least 1 share of stock of the corporation
75. The certificate of incorporation of Seven Stars Corporation, a trading corporation, was issued although only 2 of its 5 incorporators are residents of the Philippines. Three, however, are citizens of the Philippines. The corporation created in such a situation is a:
- De jure corporation
 - Corporation by estoppel
 - De facto corporation
 - No corporation was created at all
76. A, B, C, D and E are all Certified Public Accountants. They want to practice their profession under one company. What kind of business organization may they establish for such purpose?
- Partnership only
 - Corporation only
 - Either a partnership or a corporation at their option
 - Neither a partnership nor a corporation
77. Who may vote the shares without the need of any written proxy?
- The pledgee of shares of stock
 - The mortgagee of shares of stock
 - The executor of an estate which owns the shares of stock
 - The stockholder who transferred his shares in a voting trust agreement
78. Immediately after their election, the directors must formally organize by the election of the following officers, except:
- President
 - Vice President
 - Treasurer
 - Corporate secretary
79. The president of a corporation may at the same time be the:
- Treasurer
 - Corporate secretary
 - Chairman of the Board of Directors

- d. None of the foregoing because the president cannot occupy another position in the corporation during his term
80. The following positions in a corporation are presented to you:
- I. President
 - II. Treasurer
 - III. Corporate secretary
 - IV. Chairman of the Board
- Who of the foregoing must be a director of the corporation at the same time?
- a. I and II
 - b. III and IV
 - c. I and III
 - d. I and IV
81. Are shares, participation or interests in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instruments, whether written or electronic in character.
- a. Shares
 - b. Bonds
 - c. Securities
 - d. Interest
82. The Commission may reject a registration statement and refuse registration of the security, or revoke the effectivity of a registration statement and the registration of the security if it finds that the issuer:
- a. Has been judicially declared insolvent
 - b. Has violated any of the provision of the Securities Regulation Code
 - c. Has been or is engaged or is about to engage in fraudulent transactions
 - d. All of the above
83. I. Proxies must be in writing, signed by the stockholder or his duly authorized representative and file before the scheduled meeting with the corporate secretary.
II. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time.
- a. Only I is true
 - b. Only II is true
 - c. Both are true
 - d. Both are false
84. Information is "material nonpublic" if:
- I. It has not been generally disclosed to the public and would likely affect the market price of the security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information.
 - II. Would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a security.
- a. Only I is true
 - b. Only II is true
 - c. Both are true
 - d. Both are false
85. When is the due date for the filing of the General Information Sheet for Representative Office of Foreign Corporations?
- a. Within 30 days from date of issuance of SEC License
 - b. Within 30 calendar days from date of the actual annual stockholders' or members meeting
 - c. Within 30 calendar days after the members actual annual meeting
 - d. Within 30 calendar days after the issuance of Certificate of Incorporation
86. When is the due date for the filing of the Annual Audited Financial Statements for Non-stock Corporations?
- a. Within 120 calendar days after the end of the fiscal year, as indicated in the Financial Statements

- b. Within 150 calendar days after the end of the fiscal year, as indicated in the Financial Statements
- c. Within 90 calendar days after the end of the fiscal year, as indicated in the Financial Statements
- d. Within 45 calendar days after the end of the fiscal year, as indicated in the Financial Statements

X. Other Special Laws

87. Means the amount due to any bonafide depositor for legitimate deposits in an insured bank as of the date of closure but not to exceed Five hundred thousand pesos (P500,000.00).
- a. Insured deposit
 - b. Insured bank
 - c. Disputed claim
 - d. Deposit
88. I. A joint account regardless of whether the conjunction 'and', 'or', 'and/or' is used, shall be insured separately from any individually-owned deposit account.
 II. That the aggregate of the interest of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities, shall likewise be subject to the maximum insured deposit of Five hundred thousand pesos (P500,000.00).
- a. Only I is true
 - b. Only II is true
 - c. Both are true
 - d. Both are false
89. I. The PDIC upon payment of any depositor shall be subrogated to all rights of the depositor against the closed bank to the extent of such payment.
 II. All payments by the PDIC of insured deposits in closed banks partake of the nature of public funds.
- a. Only I is true
 - b. Only II is true
 - c. Both are true
 - d. Both are false
90. I. All deposits of whatever nature with banks or banking institutions in the Philippines including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities, are hereby considered as of an absolutely confidential nature.
 II. All deposits of whatever nature with banks or banking institutions in the Philippines may not be examined, inquired or looked into by any person, government official, bureau or office.
- a. Only I is true
 - b. Only II is true
 - c. Both are true
 - d. Both are false
91. All deposits of whatever nature with banks or banking institutions in the Philippines may not be examined, inquired or looked into by any person, government official, bureau or office except upon
- a. Written permission of the depositor
 - b. In cases of impeachment
 - c. Upon order of a competent court in cases of bribery or dereliction of duty of public officials
 - d. All of the above
92. Unlawful activity refers to any act or omission or series or combination thereof involving or having direct relation to the following:
- a. Kidnapping for ransom under the Revised Penal Code
 - b. The Comprehensive Dangerous Drugs Act of 1972
 - c. The Anti-Graft and Corrupt Practices Act
 - d. All of the above

93. Is committed by any person who, knowing that any monetary instrument or property represents, involves, or related to the proceeds of any unlawful activity.
- Money gambling
 - Money laundering
 - Money transacting
 - Money washing
94. Money laundering is committed by any person who, knowing that any monetary instrument or property represents, involves, or relates to the proceeds of any unlawful activity:
- Transacts said monetary instrument or property
 - Converts, transfers, disposes of, moves, acquires, possesses or uses said monetary instrument or property
 - Conceals or disguises the true nature, source, location, disposition, movement or ownership of or rights with respect to said monetary instrument or property
 - All of the above
95. I. Covered institutions shall establish and record the true identity of its clients based on official documents.
II. All records of all transactions of covered institutions shall be maintained and safely stored for five (5) years from the date of transactions.
- Only I is true
 - Only II is true
 - Both are true
 - Both are false
96. No administrative, criminal or civil proceedings shall lie against any person for having made a covered transaction report of a suspicious transaction report in the regular performance of his duties and in good faith, whether or not such reporting results in any criminal prosecution under this Act or any other Philippine law.
- Safe harbor provisions
 - Save harbor provisions
 - Safe provisions
 - None of the above
97. Means any person who, at the filing date of application, had the right to the patent.
- Inventor
 - Infringer
 - Trader
 - Proprietor
98. Means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods.
- Mark
 - Sign
 - Symbol
 - Logo
99. In the case of work created by an author during and in the course of his employment, the copyright shall belong to:
- The employer, if the creation of the object of copyright is not a part of his regular duties even if the employee uses the time, facilities and materials of the employer.
 - The employee, if the work is the result of the performance of his regularly-assigned duties, unless there is an agreement, express or implied, to the contrary.
- Only I is true
 - Only II is true
 - Both are true
 - Both are false
100. I. In the case of a work-commissioned by a person other than an employer of an author and who pays for it and the work is made in pursuance of the commission, the person who so

commissioned the work shall have ownership of work, but the copyright thereto shall remain with the creator, unless there is a written stipulation to the contrary.

II. In the case of audiovisual work, the copyright shall belong to the producer, the author of the scenario, the composer of the music, the film director, and the author of the work so adapted.

- a. Only I is true
- b. Only II is true
- c. Both are true
- d. Both are false

- Nothing Follows -