



## Quiz

### Duties of Directors

1. What legal duties do directors owe to their companies?
  - a. Common law duties
  - b. Equitable fiduciary duties
  - c. Statutory duties
  - d. All of the above
  
2. The test for common law actions against directors is...
  - a. Subjective
  - b. Objective
  - c. In conflict with s 180 of the Corporations Act
  - d. Whether a director honestly believed their decision to have been reasonable, and there is no evidence to the contrary
  
  
  
  
  
  
  
  
  
  
3. s 184 of the Corporations Act 2001 (Cth)...
  - a. Criminalises directors' duties
  - b. Was not considered in *ASIC v Adler and 4 Ors* [2002] NSWSC 171

- c. Denies ASIC the right to bring a criminal action against a director for dishonesty
  - d. Denies the DPP the right to bring a criminal action against a director for dishonesty
- 4. The Court held in *ASIC v Healey* [2011] FCA 717 that...
  - a. One of the primary responsibilities of the directors is to understand financial statements
  - b. Financial literacy of directors is not expected
  - c. The mistakes were small enough that they were unreasonable to be seen
  - d. The directors were not in breach
- 5. What questions should be asked of a company before accepting a directorship?
  - a. Whether the company has directors and officers insurance
  - b. What the company's constitution is like, and if there is a shareholder agreement in place
  - c. Whether the company will show upon request a set of audited accounts proving that the company is solvent, that it has assets, and that those assets will cover all liabilities in the foreseeable future
  - d. All of the above

Answers:

1. d 2. b 3. a 4. a 5. d