

# Specimen Exam 1

**Exam Name:** Business Law – Global (K3 GLO)

**Time allowed:** 2 hours

**Pass Mark:** 50%

This exam contains

**50** questions, each worth 2 marks

**100** marks in total

**Question 1**

**Under the UN Convention on Contracts for the International Sale of Goods, when is acceptance of an offer by post effective?**

- A When it is posted
- B When it is delivered
- C When it is read
- D When it is acknowledged

**Question 2**

**Which of the following is indicated by the abbreviation 'Ltd' at the end of a company's name?**

- A The shares are not transferable
- B The shares may not be offered to the public
- C The shares are freely transferable on the stock exchange
- D The value of the shares cannot be altered

**Question 3**

**Which of the following statements regarding a reduction of a limited company's issued share capital is CORRECT?**

- A On receiving an application, the first concern of the court is creditor protection
- B The company must pass an ordinary resolution in a general meeting
- C An application must always be made to the court to confirm the reduction
- D A solvency statement must always be prepared by the directors

**Question 4**

**Under the UN Convention on Contracts for the International Sale of Goods, which of the following is a necessary condition for the passage of risk?**

- A The goods must have left the seller's premises
- B The goods must have been clearly identified
- C The goods must have been passed to the first carrier
- D The goods must have been cleared for export

**Question 5**

**Which TWO of the following are recognised phases in money laundering?**

- A Relocation
- B Layering
- C Integration
- D Distribution

**Question 6**

**Fundamental breach gives rise to which of the following remedies?**

- A Damages only
- B Avoidance only
- C Avoidance and damages
- D Right to completion and damages

**Question 7**

**A written ordinary resolution requires the approval of which of the following?**

- A More than 50% of the total voting rights of eligible members
- B More than 50% of the total voting rights of members actually voting
- C Unanimous approval of those entitled to vote
- D Unanimous approval of those actually voting

**Question 8**

**Which of the following is NOT grounds for the compulsory liquidation of a company under s.122 Insolvency Act 1986?**

- A The company has not received a trading certificate within its first 12 months
- B The company has not started trading within the first 12 months
- C The company has suspended its business for 12 months
- D The company has altered its primary business within the first 12 months

**Question 9**

**Which of the following are institutions of the United Nations?**

- (1) UNCITRAL
- (2) UNIDROIT
- (3) THE ICC

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

**Question 10**

**Which of the following involve potential breaches of the criminal law in relation to company liquidation?**

- (1) Wrongful trading
- (2) Fraudulent trading
- (3) Making a false statement of solvency

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

**Question 11**

**Where a contract does not include carriage, when does risk pass to the buyer?**

- A When it leaves the seller's place of business
- B When it reaches the buyer's place of business
- C When the seller places the goods at the disposal of the buyer
- D When the goods are passed to the first carrier

**Question 12**

**Which of the following may be found guilty of fraudulent trading under s.213 Insolvency Act 1986?**

- (1) Creditors
- (2) Employees
- (3) Shareholders

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

**Question 13**

**Which of the following statements in relation to the issuing of bills of lading is TRUE?**

- A Risk remains with the seller
- B Risk passes to the shipper
- C Risk passes to the carrier
- D Risk passes to the buyer

**Question 14**

**Which TWO of the following pieces of information are included on a limited company's certificate of incorporation?**

- A A statement that the company is private
- B The names of the company's directors
- C The company's date of incorporation
- D A statement detailing the company's initial share capital

**Question 15**

**In relation to the separation of powers, which of the following is an example of an action by the executive?**

- A Taking the decision to prosecute someone for a criminal offence
- B The preliminary reading of a draft law to be put before Parliament
- C The formal enactment of a new law
- D A ruling that an action by a minister was illegal

**Question 16**

**Which of the following attributes is NOT central to a civil law system?**

- A Codification
- B Creativity
- C Certainty
- D Comprehensibility

**Question 17**

**Which of the following can establish a relationship of agency?**

- (1) Ratification
  - (2) Estoppel
  - (3) Implication
  - (4) Emergency
- 
- A 1, 2 and 3 only
  - B 3 and 4 only
  - C 1, 2 and 4 only
  - D 1, 2, 3 and 4

**Question 18**

**Under the UN Convention on Contracts for the International Sale of Goods, which of the following changes to an offer will be classified as a counter- offer?**

- (1) The date of delivery is changed
  - (2) The quantity is changed
  - (3) The price is changed to bring into conformity with the seller's current price list
- 
- A 1 and 3 only
  - B 2 only
  - C 2 and 3 only
  - D 1, 2 and 3

**Question 19**

**Which of the following statements in relation to offers under the UN Convention on Contracts for the International Sale of Goods is TRUE?**

- A They may be made to the world at large
- B They must be made in writing
- C They must be evidenced in writing
- D They are effective when they reach the offeree

**Question 20**

**Which of the following AUTOMATICALLY requires a 75% majority?**

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

**Question 21**

**In accordance with the Money Laundering Regulations 2017, which of the following statements concerning the requirement to perform client due diligence is NOT CORRECT?**

- A Client due diligence must be performed before a business relationship comes to an end
- B Any person acting on behalf of a client must also be identified and their identity verified
- C Client due diligence must be conducted for a one-off company formation
- D Enhanced due diligence must be performed where there is a high risk of money laundering

**Question 22**

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

- (1) They are limited to a maximum of 20 members
  - (2) They must have a minimum of two members
  - (3) They must have at least one unlimited member
  - (4) They must be registered with the Registrar of Companies
- 
- A 1 and 3
  - B 2 and 3
  - C 2 and 4
  - D 1 and 4

**Question 23**

**Which of the following statements about the liability of a sleeping partner is CORRECT?**

- A They have no liability for partnership debts
- B They have full liability for partnership debts
- C They have limited liability for partnership debts set at a pre-determined level
- D They have limited liability set at the amount they introduced into the partnership

**Question 24**

**How long does copyright in a work of literary fiction last?**

- A 50 years from the death of the author
- B 50 years from the death of any inheritor of the author's rights in the work
- C 70 years from the death of the author
- D 70 years from the end of the year in which the author died

**Question 25**

**Which TWO of the following statements apply to irrevocable offers?**

- A They may be revoked as long as this is done at the same time as the offer reaches the offeree
- B They may never be revoked
- C They may be withdrawn as long as this is done at the same time as the offer reaches the offeree
- D They may never be withdrawn



**Question 26**

**In limited liability companies, shareholders are liable to which party for any unpaid capital?**

- A Creditors
- B The directors
- C The company
- D The liquidator

**Question 27**

**In the context of the Bribery Act 2010 (Act), which TWO of the following statements are TRUE?**

- A Receiving money to perform a relevant function improperly is an offence
- B Adequate procedures to prevent bribery can be used by a company as a defence against the actions of an employee
- C Relevant functions must be performed in the UK to be subject to the Act
- D If an agent bribes someone to retain business for a company, the company commits no offence under the Act

**Question 28**

**Which of the following refers to a withdrawal of an offer?**

- A Cancellation of an open-ended offer before acceptance
- B Cancellation of an irrevocable offer before it is accepted
- C Cancellation of any offer without the knowledge of the offeree
- D Cancellation of any offer due to unavoidable and unforeseen circumstances

**Question 29**

**Which of the following conditions must be met for a company to be classified as a micro-entity?**

- (1) Annual turnover should not be more than \$500,000
  - (2) Annual turnover should not be more than \$1,000,000
  - (3) Number of employees should not be more than 10
  - (4) Number of employees should not be more than 15
- 
- A 1 and 3
  - B 1 and 4
  - C 2 and 3
  - D 2 and 4

**Question 30**

**Which of the following NORMALLY participate in surplus capital?**

- A Preference shares
- B Ordinary shares
- C Debentures secured by a fixed charge
- D Debentures secured by a floating charge

**Question 31**

**Which of the following parties may petition to have a company compulsorily liquidated on the basis that it is just and equitable to do so?**

- A Shareholders of the company
- B Creditors of the company
- C Debenture holders of the company
- D The Secretary of State

**Question 32**

**In relation to investment forms, which of the following is the MOST secure?**

- A Debentures secured by a fixed charge
- B Ordinary shares
- C Preference shares
- D Debentures secured by a floating charge

**Question 33**

**Which of the following applies to non-executive directors?**

- A They are involved in the day-to-day business of the company
- B They have contracts of employment with the company
- C They owe fiduciary duties to the company
- D They attend, but do not vote at, meetings

**Question 34**

**Which of the following in relation to a private company is NOT CORRECT?**

- A It may be limited by guarantee
- B Liability may be unlimited
- C It must have a company secretary
- D It has no minimum amount of capital

**Question 35**

Ade introduces malware onto Bo's computer that prevents Bo from opening the files contained on it and tells him he must pay \$x before full access is restored.

**The above is an example of which of the following cybercrimes?**

- A Phishing
- B Hacking
- C Computer fraud
- D Ransomware

**Question 36**

**Which of the following statements about the declaration of cumulative dividends is CORRECT?**

- A They are not paid until profits reach a certain percentage
- B They are paid in the form of a bonus issue
- C They are paid out of capital
- D They are paid when profits are available for that purpose

**Question 37**

Oskar wrote to Franz asking for the lowest price that he would charge to sell a classic motor car. Franz replied that he would expect no less than \$200,000. Oskar then wrote to Franz with a remittance of \$200,000, asking for the car to be delivered within seven days.

**In relation to the UN Convention on Contracts for the International Sale of Goods, which of the following statements is CORRECT?**

- A Franz's reply to Oskar was an offer
- B The remittance from Oskar was an invitation to treat
- C If Franz delivers the car on time, this will be regarded as acceptance
- D Oskar's letter with his remittance was an acceptance

**Question 38**

**Where no reference to price is made in the contract, the general market price will be applied for which of the following times?**

- A When the contract was made
- B When delivery was made
- C When payment was due
- D When payment was made

**Question 39**

**Under the ICC Incoterm FOB, for which of the following is the SELLER responsible for?**

- A Shipping of the merchandise
- B Arranging insurance after loading to the carrier
- C Arranging for an export licence if required
- D Arranging for an import licence if required

**Question 40**

**Which of the following parties NORMALLY issues a letter of comfort?**

- A A company in financial difficulty
- B The parent company of a company in financial difficulty
- C The bank of a company in financial difficulty
- D The bank of a business entering into a contract with a company in financial difficulty

**Question 41**

**Which TWO of the following are crimes in relation to insider dealing?**

- A Encouraging someone to engage in insider dealing
- B Failing to report insider dealing
- C Concealing insider dealing
- D Passing on inside information

**Question 42**

**Which of the following is NOT included in the UN Convention on Contracts for the International Sale of Goods requirements as to quality?**

- A Fitness for any purpose made known to the seller when the contract was formed
- B Fitness for the specific purpose for which the buyer bought them
- C Fitness for the purpose for which such goods are usually put
- D Fitness for the purpose described by the seller

**Question 43**

**Which of the following must be used to remove a director from office?**

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

**Question 44**

**Which of the following companies qualify as potentially liable for the offence of failure to prevent fraud under s.199 Economic Crime and Corporate Transparency Act 2023?**

- (1) Company W with 100 employees, \$40 million turnover, \$20 million assets
  - (2) Company X with 100 employees, \$30 million turnover, \$15 million assets
  - (3) Company Y with 290 employees, \$40 million turnover, \$12 million assets
  - (4) Company Z with 300 employees, \$35 million turnover, \$15 million assets
- 
- A 1 and 3 only
  - B 1, 2, 3 and 4
  - C 2, 3 and 4 only
  - D 2 and 4 only

**Question 45**

**Which of the following contracts are covered by the UN Convention on Contracts for the International Sale of Goods?**

- A Business to business contracts
- B Business to consumer contracts
- C Sales of land
- D Service contracts

**Question 46**

**Which TWO of the following are reasons why a company may decide to reduce its share capital?**

- A To reflect the loss in the value of its assets
- B To replace the loan capital with share capital
- C To increase the capital redemption reserve
- D To reduce the interest of some shareholders

**Question 47**

Ange, the owner of Green Stripe Clothes Ltd, has learned that someone has started a rival business called Green Stripes Clothing Ltd

**Which of the following actions are open to Ange?**

- (1) Pursue an action of passing off
  - (2) Pursue an action of wrongful trading
  - (3) Pursue an action of fraudulent trading
  - (4) Report the matter to the Company Names Tribunal
- 
- A 1 only
  - B 2 and 3
  - C 1 and 4 only
  - D 1, 3 and 4

**Question 48**

**Which of the following do company auditors owe a duty of care to?**

- (1) The company
  - (2) The individual shareholders
  - (3) Outsiders relying on their report
- 
- A 1 only
  - B 1 and 2 only
  - C 2 and 3 only
  - D 1, 2 and 3

**Question 49**

**Under the UN Convention on Contracts for the International Sale of Goods, in relation to a contract involving the carriage of specific goods, risk normally passes from the seller to the buyer at which of the following times?**

- A When the goods leave the seller's premises
- B When the goods are transferred to the first carrier
- C When the goods arrive at their designated destination
- D When the goods are examined by the recipient

**Question 50**

**Which of the following CANNOT petition for the compulsory liquidation of a company on the grounds of insolvency under s.122 Insolvency Act 1986?**

- A The board of directors
- B The members of the company
- C The company's creditors
- D The Secretary of State