Specimen Exam

Exam Name: Business Law – Malta (K3 MLA)
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

Albert engaged Sarah to act on his behalf by virtue of a contract of mandate while he was overseas. One of Albert's creditors sued Sarah in lieu thereof after Albert returned.

Which of the following statements is CORRECT?

A Albert must defend the claim
B Creditors cannot take action against Sarah
C Sarah must defend the claim
D Sarah can renounce the case

Question 2

Which of the following gives ministers the power to issue regulations in the form of legal notices?

A An enabling Act of Parliament
B The provisions of the legal notice itself
C Powers vested in the relevant minister by the Prime Minister
D Cabinet paper

Question 3

Which of the following is an invitation to treat?

A An expression of interest
B An offer which has not been accepted
C An offer made to the public
D A gift

Question 4

Which of the following does NOT have the force of law?

A A legal notice
B An Act of Parliament
C A bill
D Regulations issued by ministers

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Question 5

In a mandate relationship, which of the following is NOT a power vested in the mandatory?

A To institute legal proceedings on behalf of the mandator
B To make demand for the issue of precautionary acts on behalf of the mandator
C To make demand for the personal arrest of the debtor of the mandator
D To sue or be sued, on behalf of the mandator, when the mandator is present in the place where action is to be tried

Question 6

Which of the following is NOT a characteristic of a patent?

A It involves a computer program
B It is a novel invention
C It involves an inventive step
D It is capable of industrial application

Question 7

Which of the following may be classed as a good and sufficient cause for the termination of a contract of employment?

A An employee contracts marriage
B A female employee is absent during maternity leave
C A private domestic employee no longer enjoys the confidence of the employer
D An employee becomes a member of a trade union

Question 8

Andrew is the managing partner of the auditing firm Avast Ltd. Avast Ltd are the auditors of Bring-In Ltd, which has a majority shareholder and three minority shareholders.

In addition to owing a duty of care to Bring-In Ltd, which of the following does Andrew owe a duty of care to?

A To the board of directors of Bring-In Ltd
B To the Accountancy Board
C To no-one
D To the majority shareholder of Bring-In Ltd

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Question 9

Which of the following CANNOT invalidate a contract for lack of consent?

A Error
B Fraud
C Absence of authority
D Violence

Question 10

Which of the following is how often company directors should resign from office, in accordance with MSFA's Code of Principles of Good Corporate Governance for Listed Entities?

A At least every two years
B At least every three years
C At least every four years
D At least every five years

Question 11

In respect of breach of contract, which of the following does *mora* refer to?

A Delay in performance
B Absence of acceptance by the counter-party
C Lack of due diligence
D Absence of good faith

Question 12

Which of the following is the extent to which a shareholder of a private limited liability company is liable for the debts of the company?

A To the extent of the value of their personal assets
B To the extent of the unpaid part of the issued share capital
C To the full amount of the initial share capital
D To the extent of the amount of the authorised share capital

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Question 13

Which of the following statements about employment relationships in Malta is NOT CORRECT?

A An employee can be employed for a definite period of any duration
B An employee can be employed on an indefinite basis
C No employee may be employed on a definite basis for more than four years
D All employment relationships must be regulated by terms and conditions

Question 14

Which of the following is NOT a characteristic of bribery?

A Public character of the offender
B Acceptance of a reward
C Reward has to be monetary
D Offer of a reward

Question 15

Which of the following does NOT fall within the definition of inside information?

A Information relating to an issuer
B Price sensitive information in the public domain
C Information relating to a takeover offer
D Information relating to financial instruments

Question 16

ABC plc has suffered a serious loss of capital.

Which of the following actions is the company obliged to immediately take?

A The auditors must resign
B The directors must convene a general meeting
C The company must stop trading
D The shareholders must convene an extraordinary general meeting

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Question 17

John has found his first home and wishes to conclude the purchase before the owners emigrate. He engages a notary, who informs him that a public deed is required.

Which of the following in relation to this requirement for a public deed is CORRECT?

A It is an external requisite required to conclude a valid contract of sale
B It is an internal requisite required to conclude a valid contract of sale
C It is an external requisite which is only required because the property is John's first residence
D It is an internal requisite which is only required because the vendors are foreign

Question 18

In the context of company law, which of the following is a consequence of the 'lifting of the corporate veil'?

A The directors have to divulge the identity of the beneficial owners
B The directors assume responsibility for the shareholders
C The shareholders lose the benefit of limited liability
D A company is automatically placed into liquidation

Question 19

Which of the following is the main element of computer misuse?

A Denial of service attacks
B Unauthorised access
C Copying data
D Phishing

Question 20

In the context of the formation of contracts, which of the following is NOT deemed to constitute a valid offer to the public?

A Items on sale in a catalogue
B A display of goods in shops
C A private showing
D Items in a vending machine

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Question 21

Which of the following courts is regarded as the 'highest court of the land'?

A Constitutional Court
B Criminal Court
C Court of Appeal
D Civil Court, First Hall

Question 22

In cases where no written contract of employment has been signed between the employee and the employer, the latter is bound to give the employee a signed statement.

Which of the following need NOT be included in this statement?

A Period of probation
B Normal wages
C Periods of shutdown
D Normal hours of work

Question 23

Which of the following can file an application to the court in the case of wrongful trading?

A The official receiver
B A contributory
C The liquidator
D A director

Question 24

Which of the following explains how much the issued share capital of a company can be increased by?

A By the amount provided at law
B By the amount of the paid-up share capital
C By the amount of the authorised share capital
D By the amount of the called-up capital

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Question 25

Which of the following does NOT fall within the powers of a company liquidator?

A Closing off all bank accounts
B Transferring shares in the company as part of the liquidation process
C Settling creditor claims
D Entering into new trading activities with third parties

Question 26

Who of the following is NOT authorised to present an application to the court to place a company in corporate recovery?

A The members
B The Registrar
C The directors
D The creditors

Question 27

Which of the following describes when a private limited liability company is deemed to be registered?

A On the date upon which the Registry of Companies issues the certificate of registration
B On the date on which the statutory documents are delivered to the Registry of Companies
C On the date when the memorandum of association is signed
D On the date when the share capital is paid up

Question 28

Which of the following is the duration of the registration of a trademark?

A Two years from date of filing
B Five years from date of filing
C Ten years from date of filing
D One year from date of filing

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Question 29

The management of ABC Ltd are looking to terminate the employment of James, one of their employees. James is employed on an indefinite basis.

Which of the following describes a way that ABC Ltd CANNOT terminate James' contract of employment?

A On grounds of redundancy
B Without cause giving the required notice
C On grounds of a good and sufficient cause
D During probation

Question 30

Anna wishes to bring an action for damages against Bridget for breach of contract.

Which of the following conditions must exist in order for Anna to do this?

(1) There must be non-performance or delay on the part of Bridget
(2) There must be fraud on the part of Bridget
(3) The damages must be imputable to Bridget
(4) The damages must be real

A 1, 3 and 4
B 2 and 4 only
C 2, 3 and 4
D 1 and 3 only

Question 31

In relation to the requirements for the valid conclusion of a contract, which of the following is CORRECT?

A Both parties have to externally manifest their acceptance to each other
B The simple manifestation of the intention is enough, even though the acceptance is not made known to the offeror
C The offeree must declare their intention of accepting the offer and must send a declaration to the offeror to this effect
D A declaration by the offeror to the offeree is sufficient

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Question 32

Which of the following, in relation to a valid offer, is NOT CORRECT?

A It must be indivisible
B It must be unilateral
C It must be made privately
D It must be made publicly

Question 33

After the initial company officers have been appointed, which of the following is responsible for appointing the company secretary?

A The shareholders
B The directors
C The promoters
D The outgoing company secretary

Question 34

In terms of the provisions on the protection of wages under the Employment and Industrial Relations Act, 2002, which of the following statements is NOT CORRECT?

A Wages must be paid in legal tender
B Wages must be paid to the employee
C Deductions from wages may only be made with the consent of the employee
D Interest may be charged on an advance in salary

Question 35

Which of the following explains the difference between wrongful and fraudulent trading?

A In fraudulent trading there is the intent to defraud creditors
B In wrongful trading the directors continue to trade
C In wrongful trading the directors trade with insolvent suppliers
D In both fraudulent and wrongful trading there is fraudulent intent

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Question 36

Which of the following is the type of meeting which needs to be convened when placing a company into liquidation?

A Investors' meeting
B Directors' meeting
C Annual general meeting
D Extraordinary general meeting

Question 37

Which of the following is NOT a stage in the laundering of money?

A Layering
B Placement
C Investment
D Integration

Question 38

In the context of company directors, which of the following statements in respect of the issue of a disqualification order is/are NOT CORRECT?

(1) An order may be issued against a person who is found guilty of an offence under the Companies Act, 1995
(2) The person against whom the order is issued is, or must have been, a director of a company which at any time has become insolvent
(3) An order may be issued for a maximum of 15 years
(4) An order may be issued for a minimum of 1 year

A 1 and 2
B 2 and 4
C 3 only
D 2 and 3

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Question 39

Elena and Robert each own the same type of shares in Alarm Ltd. However, their voting rights are different, as are their rights to the receipt of dividends. The shares are of a type which a limited company must always have in issue.

Which of the following type of shares do Elena and Robert hold?

A Ordinary shares
B Preference shares
C Redeemable shares
D Cumulative shares

Question 40

Which of the following need NOT be included in a company's memorandum of association?

A The share capital
B The legal and judicial representatives
C The subscribers
D The auditors

Question 41

Which of the following is the percentage voting required for the removal of a company director?

A 50% + 1 of the voting rights present
B 50% +1 of the voting rights
C 75% of the voting rights present
D 75% of the voting rights

Question 42

Which of the following describes when a contract of mandate will be deemed to be validly concluded?

A When the mandatory starts to execute the mandate
B When the mandator has given the mandate
C When the mandatory has accepted the mandate
D When the mandator affects payment of remuneration

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Question 43

Which of the following, if absent, constitutes a lame contract?

A Consent
B Capacity
C Subject matter
D Consideration

Question 44

Which of the following has to approve changes to the memorandum and articles of association of a limited liability company?

A The promoters
B The Registrar
C The members
D The directors

Question 45

When a company is being placed into voluntary liquidation, which of the following is the condition whereby the directors can issue a declaration of solvency?

A That the company will be able to settle all debts by the date of dissolution
B That they are personally solvent
C That the company is solvent and has no debts
D That the company will be able to settle all debts within 12 months

Question 46

Which of the following does NOT fall within the material elements of the offence of money laundering?

A Acquiring property where the source is unknown
B Acquiring property derived from crime
C Transferring property derived from crime to an acquirer in good faith
D Concealing or disguising the true source of property

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Question 47

Which of the following are the responsibilities of the audit committee in Malta?

(1) Monitor the statutory audit procedure
(2) Monitor the financial reporting process
(3) Monitor the effectiveness of the company's internal quality control and risk management systems

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

Question 48

Which of the following is NOT a characteristic of secondary sources of Maltese law?

A They are authoritative
B They are binding
C They are a tool of interpretation
D They are enacted by Parliament

Question 49

Which of the following would render an offer INVALID?

A When it is internally manifested
B When it is made with the intention of binding the offeree
C When it is made to the public as a whole
D When it is of a transitory nature

Question 50

Which of the following is an entitlement of an ordinary shareholder in a company?

A To receive a fixed dividend which must be declared during each annual general meeting
B To vote at general meetings on the basis of one vote per share
C To appoint a director to represent their rights
D To share in any dividend distribution in proportion to their shareholding

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