

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
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- 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
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- 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