

Section A

Question	Correct Answer	Marks
1	<p>C</p> <p>It must be sufficient but need not be adequate</p> <p>In contract law, for consideration to be effective, it must be sufficient but not necessarily adequate.</p>	2
2	<p>B</p> <p>The shares may not be offered to the public</p> <p>The abbreviation 'Ltd' indicates a private company. A private company may not offer its shares to the public.</p>	2
3	<p>A</p> <p>On receiving an application, the first concern of the court is creditor protection</p> <p>A reduction of issued share capital requires a special resolution. Only a public company requires confirmation from the court. A private company may use a solvency statement prepared by the directors, rather than applying to the court. When the court receives an application, its first concern is creditor protection.</p>	2
4	<p>B</p> <p>A warranty</p> <p>Breach of a warranty entitles the aggrieved party to claim damages only, not the possibility of terminating the contract.</p>	2
5	<p>B and C</p> <p>Layering Integration</p> <p>Layering and integration are recognised phases in money laundering. Layering involves the transfer of monies from business to business, or place to place, to conceal the original source. Integration follows the money having layered, to give the appearance of legitimate funds.</p>	2

6	<p>A</p> <p>The subordinate test</p> <p>The control test, the integration test and the economic reality test are all tests used by the courts to establish whether an employment relationship exists.</p>	2
7	<p>A</p> <p>More than 50% of the total voting rights of eligible members</p> <p>A written ordinary resolution requires the approval of more than 50% of the total voting rights of eligible members – s.282 Companies Act 2006.</p>	2
8	<p>D</p> <p>The company has altered its primary business within the first 12 months</p> <p>The company has not received a trading certificate within its first 12 months; the company has not started trading within the first 12 months and the company has suspended its business for 12 months are all grounds for the compulsory liquidation of a company under s.122 Insolvency Act 1986.</p>	2
9	<p>C</p> <p>It is not binding on any courts</p> <p>Obiter dictum relates to words in a judgement that are said ‘by the way.’ They are not binding on any courts and are merely persuasive.</p>	2
10	<p>D</p> <p>2 and 3</p> <p>Fraudulent trading and making a false statement of solvency relate to breaches of the criminal law in relation to company liquidation.</p>	2
11	<p>A and D</p> <p>Statute Established business practice</p> <p>Terms may be implied into contracts by statute, and by established business practice or custom.</p>	2

12	<p>D</p> <p>1, 2 and 3</p> <p>Section 213 Insolvency Act 1986 states that the court may declare any persons who were knowingly parties to the carrying on of business with the intent to defraud creditors of the company, or for any fraudulent purpose, liable to make such contributions to the company's assets as the court thinks proper so this includes creditors, employees and shareholders.</p>	2
13	<p>B</p> <p>Constructive dismissal</p> <p>Constructive dismissal occurs when the employer repudiates some essential term of the contract, such as changing Jo's employment location to 500 miles away.</p>	2
14	<p>A and C</p> <p>A statement that the company is private The company's date of incorporation</p> <p>A limited company's certificate of incorporation includes a statement that the company is private, and the company's date of incorporation.</p>	2
15	<p>B</p> <p>Crown Court</p> <p>The Crown Court tries serious criminal indictable offences.</p>	2
16	<p>B</p> <p>The county court</p> <p>The county court will hear a breach of contract claim.</p>	2
17	<p>D</p> <p>1, 2, 3 and 4</p> <p>An agency relationship can be established by ratification, estoppel, implication and emergency.</p>	2

18	<p>B</p> <p>Abe made an invitation to treat and Bea made an offer</p> <p>An invitation to tender for a contract is an invitation to treat, and therefore Abe made an invitation to treat and by submitting her terms, Bea made an offer.</p>	2
19	<p>A</p> <p>The person submitting the tender</p> <p>When one party submits a tender, that person is bound by the terms of the tender.</p>	2
20	<p>C</p> <p>A special resolution</p> <p>A special resolution requires a 75% majority – s.283 Companies Act 2006.</p>	2
21	<p>A</p> <p>Client due diligence must be performed before a business relationship comes to an end</p> <p>In accordance with the Money Laundering Regulations 2017, any person acting on behalf of a client must be identified and their identity verified. Client due diligence must be conducted for a one-off company formation, and enhanced due diligence must be performed where there is a high risk of money laundering.</p>	2
22	<p>C</p> <p>2 and 4</p> <p>Limited liability partnerships must have a minimum of two members and must be registered with the Registrar of Companies.</p>	2
23	<p>B</p> <p>They have full liability for partnerships debts</p> <p>A sleeping partner has full liability for partnership debts, as every partner is liable without limit for the debts of the partnership.</p>	2

24	<p>D</p> <p>70 years from the end of the year in which the author died</p> <p>Copyright in a work of literary fiction lasts for 70 years from the end of the year in which the author died.</p>	2
25	<p>B</p> <p>An offer</p> <p>A bid at an auction is an offer.</p>	2
26	<p>C</p> <p>The company</p> <p>Shareholders are liable to the company for any unpaid capital in a limited liability company.</p>	2
27	<p>A and B</p> <p>Receiving money to perform a relevant function improperly is an offence</p> <p>Adequate procedures to prevent bribery can be used by a company as a defence against the actions of an employee</p> <p>Receiving money to perform a relevant function improperly is an offence under s.2 Bribery Act 2010.</p> <p>Adequate procedures to prevent bribery can be used by a company as a defence against the actions of an employee under s.7 Bribery Act 2010.</p>	2
28	<p>D</p> <p>Telling someone you will reduce the marked price on it by 10%</p> <p>Telling someone you will reduce the marked price on a unique item of furniture by 10% constitutes a binding offer under the law of contract.</p>	2
29	<p>C</p> <p>2 and 3</p> <p>To be a micro-entity a company must have an annual turnover of not more than £1m and employees of not more than 10 in accordance with The Companies (Accounts and Reports) (Amendment and Transitional Provision) Regulations 2024.</p>	2

30	<p>B</p> <p>Ordinary shares</p> <p>Ordinary shares normally participate in surplus capital.</p>	2
31	<p>A</p> <p>Shareholders of the company</p> <p>Shareholders of the company may petition to have a company compulsorily liquidated on the basis that it is just and equitable to do so in accordance with s.122 Insolvency Act 1986.</p>	2
32	<p>A</p> <p>Debentures secured by a fixed charge</p> <p>Debentures secured by a fixed charge are the most secure investment forms.</p>	2
33	<p>C</p> <p>They owe fiduciary duties to the company</p> <p>Non-executive directors owe fiduciary duties to the company in accordance with the Companies Act 2006. Non-executive directors do not perform in a company's management but are involved in its governance, and they have the same duties as executive directors.</p>	2
34	<p>C</p> <p>It must have a company secretary</p> <p>A private company may be limited by shares or by guarantee. The liability may be unlimited and there are only capital requirements for a public company, there are none for a private company. A private company may have a company secretary, but it is not required to have one.</p>	2
35	<p>D</p> <p>Ransomware</p> <p>Ransomware is a type of malware which prevents users from accessing their device and the data stored on it, exactly as Ade has done to Bo, for which a demand will be made for a ransom in exchange for decryption.</p>	2

36	<p>D</p> <p>They are paid when profits are available for that purpose</p> <p>Cumulative dividends are paid when profits are available for that purpose – s.830 Companies Act 2006.</p>	2
37	<p>C</p> <p>They need not be in writing</p> <p>Contractual agreements need not be in writing but can be in any form. Only certain contracts need to be in writing.</p>	2
38	<p>B and D</p> <p>It lies with the party who suffers the breach It reduces damages</p> <p>The duty to mitigate losses lies with the party who suffers the breach. It reduces damages.</p>	2
39	<p>B</p> <p>6 weeks</p> <p>An employee who has been continuously employed for 2 years but less than 12 years is entitled to one week's notice for each year of continuous employment. Therefore, Jas is entitled to 6 weeks' notice; one week for each of the six years worked.</p>	2
40	<p>A</p> <p>Unofficial industrial action</p> <p>Taking part in unofficial industrial action is an automatically fair ground for dismissal under the Employment Rights Act 1996.</p>	2
41	<p>A and D</p> <p>Encouraging someone to engage in insider dealing Passing on inside information</p> <p>Under s.52 Criminal Justice Act 1993, encouraging someone to engage in insider dealing and passing on inside information are crimes in relation to insider dealing.</p>	2
42	<p>B</p> <p>A contract of service</p> <p>An employee has a contract of service, and an independent contractor works under a contract for services.</p>	2

43	<p>B</p> <p>An ordinary resolution with special notice</p> <p>An ordinary resolution with special notice must be passed to remove a director from office under s.168 Companies Act 2008.</p>	2
44	<p>A</p> <p>1 and 3 only</p> <p>Section 199 Economic Crime and Corporate Transparency Act 2023 states that a relevant body is a large organisation. A large organisation is defined in s.201 as one which satisfies two or more of the following conditions:</p> <ul style="list-style-type: none"> - It has turnover more than £36 million - It has a balance sheet total of more than £18 million - It has employees of more than 250. <p>Company W and Company Y satisfy two of these criteria and are therefore potentially liable for the offence of the failure to prevent fraud.</p>	2
45	<p>C</p> <p>The legal reason for deciding the case</p> <p>The ratio decidendi is the legal reasoning for deciding the case, or the principle that a judge followed when coming to their decision.</p>	2
46	<p>A and D</p> <p>To reflect the loss in the value of its assets To reduce the interest of some shareholders</p> <p>A company may wish to reduce its share capital to reflect the loss in value of its assets, or to reduce the interests of some shareholders.</p>	2
47	<p>C</p> <p>1 and 4 only</p> <p>Ange may pursue a passing off action to prevent the rival business from using the name Green Stripes Clothing Ltd as this may cause goods to be confused with those of Ange.</p> <p>Ange could also report the matter to the Company Names Tribunal as the rival business has used the same company name.</p>	2

48	<p>A</p> <p>1 only</p> <p>Company auditors owe a duty of care to the company only, and not to the individual shareholders, or outsiders relying on their report.</p>	2
49	<p>B and D</p> <p>They compensate the injured party for any financial loss</p> <p>They put the parties in the position they would have been if the contract had been performed</p> <p>The purposes of awarding damages for breach of contract are to compensate the injured party for any financial loss, and also to put the parties in the position they would have been if the contract had been performed.</p>	2
50	<p>B</p> <p>The members of the company</p> <p>The board of directors, the company’s creditors and the Secretary of State may petition for the compulsory liquidation of a company on the grounds of insolvency under s.122 Insolvency Act 1986. The members of the company cannot.</p>	2