

## Sample Law CBE – Answers

- 1) B. Statutory Instrument
  
- 2) True = The rules of common law and Equity are separate  
False = It is not possible to bring an action and seek remedies at common law and Equity at the same time
  
- 3) A. ratio decidendi
  
- 4) B. Simon could be guilty of negligence if he fails to point out the possible tax advantages of carrying out a transaction in one way rather than another
  
- 5) True = False representation is an offence under the Fraud Act 2006  
False = Cheating the public revenue is an offence under the Fraud Act 2006
  
- 6) B. That the client will be entitled to a reasonable amount of damages where damages for breach of contract are not stipulated in the contract
  
- 7) True = Trade marks can only be registered in respect of particular goods or services, or classes of goods or services  
  
False = Trade marks can only be protected by registering them under the Trade Marks Act 1994
  
- 8) A. A licence may be for particular products or particular acts  
B. A franchise is a type of licence  
C. The licensee normally pays a royalty
  
- 9) C. Zeena does not own any realty

- 10) A. A one-off capital sum paid by the tenant to the landlord
- 11) D. license
- 12) C. Grant owns and Claire possesses
- 13) B. Derek has a put option over The Gables
- 14) A. Intention to create legal relations  
C. Acceptance  
D. Agreement
- 15) True = Goods are defined as tangible moveable property  
True = Contracts can be entered into in respect of both existing goods and future goods
- 16) True = A payment in respect of a restraint of trade clause in an employment contract is always subject to income tax  
False = It does not matter if a restraint of trade clause is reasonable in the interest of the public
- 17) False = Authority can only be binding if it is contained in the contract of agency  
False = The principal must notify a third party in writing that the agent has the power to bind the principal
- 18) C. Sophie made an offer when she told Farouk the price that she would pay
- 19) C. Apparent authority

- 20) B. If Chloe does not repay the loan after 5 years, Astor can ask Bill to sue Chloe to obtain the £20,000
- C. If Astor has to pay the £20,000 to Bill, she can try to recover the money from Chloe
- D. Astor may incur a loss for capital gains tax purposes
- 21) A. The right to decide the thing to be done
- B. The right to decide the way in which the thing shall be done
- C. The right to decide where the thing shall be done
- 22) True = Unfair dismissal can occur where the reason for dismissal is fair, but reasonable procedures were not followed
- False = Lack of qualifications is always an unfair reason for dismissal
- 23) D. Employees are preferential creditors, but contractors are not
- 24) A. To make a cash payment
- C. To re-engage Susan in another job
- D. To reinstate Susan in the same job
- 25) A. Both 1 and 2
- 26) A. The date on which the partnership is to commence and its duration
- B. The keeping of books and accounts
- C. Restrictions on the activities of partners, for example other occupations and businesses in which the partners may not engage

- 27) False = The partnership will be bound if the individual is not a partner and the other party knew this
- False = The partnership will be bound if the individual is a partner who does not have authority and the other party knew this
- 28) True = Tax legislation can treat a sole trader as being separate from their business
- True = A sole trader can pay voluntary Class 3 National Insurance Contributions
- 29) C. Record keeping
- 30) B. Only debts of the partnership incurred after they become partners
- 31) B. No interest is paid on capital
- C. Partners are entitled to 5% interest on loans to the partnership above their original capital
- D. All partners are entitled to access to the partnership books
- 32) False = Marnie's landlord is unable to include a general prohibition against business use in the tenancy
- False = Marnie will have greater rights to remain in the property than she would if the property was just for domestic use
- 33) D. Grant of letters of administration with will annexed
- 34) C. the personal chattels, a statutory legacy of £250,000 and an absolute interest in half of the residue only
- 35) A. a Mesher order

- 36) True = A residuary legacy will fail if it has been disclaimed by the named beneficiary  
True = A residuary legacy will fail if the legatee dies before the testator
- 37) C. The bequest to Betty is a specific legacy
- 38) C. A trust that automatically ends if a beneficiary becomes bankrupt or tries to sell their interest
- 39) A. an inter vivos trust
- 40) B. Trustees can appoint a new trustee when an existing trustee dies  
C. Trustees can appoint a new trustee when an existing trustee refuses to act  
D. Trustees can appoint a new trustee when an existing trustee becomes bankrupt
- 41) D. Dave
- 42) B. The equitable ownership of the trust property passes to Logan and Becky when Emma and Stuart exercise their discretion to use the trust property for their benefit
- 43) True = Sijo is Tim's nominee  
False = Sijo is entitled to the dividends
- 44) B. Charlotte and Danny are both remaindermen
- 45) True = A person holding more than 25% of the company's shares will be a PSC  
False = Only a natural person can be a PSC: a company, trust or LLP cannot be a PSC

- 46)     A. A right to a fixed-rate dividend  
          D. A right to dividends in proportion to those paid to other classes of shareholder
- 47)     True = The new company will need bespoke Articles  
          False = The Articles do not need to be submitted to Companies House
- 48)     B. Between the purchaser making an offer and the vendor accepting it
- 49)     C. £25,000
- 50)     C. Shayley, a shareholder of Carey Ltd  
          D. Craig, a creditor of Carey Ltd