

Sample Law 2 CBE – Answers (exams from 1 March 2025)

- 1) D. Statutory Instruments
- 2) A. Parliament alone
- 3) B. Winston can seek redress from Audrey and Tara personally if PP Events fails to fulfil its contract with him
- 4) B. a guilty mind
- 5) True = A person's political opinions are classified as sensitive personal data
False = A company is a data subject for data protection purposes
- 6) True = Jared can advise his client on the tax implications of selling shares
False = Jared is a member of a Designated Professional Body (DPB)
- 7) C. Tenancy in common is only recognised in Equity
- 8) C. limited
- 9) D. A chattel attached to a building in a substantial way in order to permanently improve the building will become part of the land
- 10) True = Every co-owner is entitled to every part of a co-owned property
False = Unity of time means that the interest of each co-owner must end at the same time

- 11) A. Lisa and Luke are entitled to rights of ownership in relation to the whole of the property
C. Luke can sell his share of the property without Lisa's agreement
D. Luke and Lisa cannot convert their ownership into a joint tenancy
- 12) A. Seamus and Michael are co-owners of the property
- 13) B. The use of standard form contracts
C. The presence of terms implied by virtue of statute
D. The restriction of the effectiveness of certain terms because of statute
- 14) D. a right of pre-emption
- 15) A. To perform their duties with due diligence and skill
B. To act in good faith
D. To obey lawful instructions of the principal
- 16) True = The hirer is under a duty to pay rent to the owner
True = The ownership of the leased chattel does not change
- 17) B. 20 September
- 18) C. a retention of title clause
- 19) True = A key element of the economic reality test is whether the person is in business on their own account

False = If the irreducible minima are present in a contractual relationship, it will always be a contract of service.

- 20) D. Contract law
- 21) True = An office-holder may also be an employee
True = An office-holder is taxed in the same way as an employee
- 22) True = Imran may have the right to claim unfair dismissal as he was not consulted about the terms of his redundancy
False = Imran is not entitled to a statutory redundancy payment as he received his full notice
- 23) A. Sole traders and unlimited liability partnerships are unincorporated businesses
B. Tax legislation can treat a sole trader as being separate from their business
D. A sole trader can pay voluntary Class 3 National Insurance Contributions
- 24) A. HMRC must be notified for income tax and NIC purposes when a partnership has been formed
B. The partnership agreement may be verbal
C. A written partnership agreement may override the terms of the Partnership Act 1890
- 25) B. two designated members
- 26) A. A partnership does not exist because a business is not yet being carried on
- 27) True = It may be necessary to take out Professional Indemnity Insurance (PII)
False = There is a limit to the liability of sole traders
- 28) True = Limited partners may not withdraw their capital
False = Limited partners can dissolve the partnership by notice
- 29) D. A foster child in relation to their foster parents

- 30) A. The deceased can choose the personal representatives
B. Executors can act before probate is granted
C. Guardians of minor children can be appointed
- 31) True = It is possible for a person to die partially intestate
False = Property held as a joint tenant passes under the intestacy rules
- 32) D. The entirety of the estate
- 33) General legacy = A dog to Paul
Demonstrative legacy = £500 out of his savings account to Suzy
Specific legacy = All his personal chattels to Darik
- 34) D. The terms of a trust can only be varied before the trust is completely constituted
- 35) True = A bare trust enables the owner of property to conceal beneficial interest in it behind a nominee
True = Trusts can be set up to hold property on behalf of those incapable of holding it themselves
- 36) D. When Alec transfers the property from his name to Bob's
- 37) NOT valid = Ellie's trust
NOT valid = Finn's trust
- 38) A. The trustees must make reasonable provision and must take into account the availability of income from other sources

- 39) B. Plant and machinery
C. Land
D. Cars
- 40) C. A directors' statement must be issued with a supporting auditors' report; a special resolution must be passed; a notice must be published in the *London Gazette*; payment must be made for the shares
- 41) B. Loans may be secured on the company's assets
C. Creditors' rights are usually exempt from capital gains tax
- 42) C. An ordinary resolution with 28 days' notice to the company
- 43) True = A UK PE of a Canadian company is part of the same legal entity of the main company
False = A Canadian company with a UK PE will not need to register with Companies House
- 44) A. as a de facto director
- 45) C. A branch
D. A permanent establishment
- 46) C. Sub-division
- 47) True = A disclosure warranty is given before the sale has completed
False = A disclosure warranty allows the purchaser to bring a future claim under the relevant warranty

- 48) A. Amalgamations
B. Partitions
C. Reconstructions
- 49) A. automatically
- 50) B. Buying the individual assets of the company
C. Buying the company shares with an appropriate indemnity from Janelle