

ACA BUSINESS LAW PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is true regarding professional negligence cases and the courts' consideration?**
 - A. There is a universal principle applied
 - B. The courts consider many different factors
 - C. They exclusively focus on the defendant's actions
 - D. Only financial damages are considered
- 2. What is an injunction used for in legal terms?**
 - A. To end all contractual agreements
 - B. To order a party to refrain from specific acts or to comply with certain acts
 - C. To compensate the injured party for losses
 - D. To raise the stakes for the breaching party
- 3. What is the term for a process where a moratorium is placed on creditors' actions?**
 - A. Liquidation Process
 - B. Administration Process
 - C. Reorganization Process
 - D. Receivership Process
- 4. What type of resolution is specifically required for a change of name or alteration of articles in a company?**
 - A. Ordinary resolution
 - B. Special resolution
 - C. Unanimous resolution
 - D. Written resolution
- 5. What does the alteration of share capital primarily involve?**
 - A. Changing the share structure without affecting obligations
 - B. Increasing shareholder dividends paid out
 - C. Issuing preference shares to current shareholders
 - D. Obtaining debt financing to support share buybacks

- 6. What is the effect of a court order for specific performance?**
- A. Monetary damages are awarded
 - B. The defendant must fulfill their contractual obligations
 - C. The contract is automatically voided
 - D. Only damages are considered
- 7. What is the role of the board of directors in the financial reporting process?**
- A. To query internal auditors
 - B. To ensure compliance with regulations
 - C. To approve and sign accounts
 - D. To prepare financial statements
- 8. Which characteristic is typical of self-employed individuals?**
- A. Provision of own tools and equipment
 - B. Integration into the business
 - C. Uniform wearing
 - D. Predictable working hours
- 9. How can a company change its articles of association?**
- A. By a majority vote of directors
 - B. By passing a special resolution
 - C. By a shareholder meeting without a resolution
 - D. By notifying the Registrar without a formal vote
- 10. Who has the burden of proof in civil law?**
- A. The claimant
 - B. The defendant
 - C. The judge
 - D. The jury

Answers

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1. B
2. B
3. B
4. B
5. A
6. B
7. C
8. A
9. B
10. A

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Explanations

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1. What is true regarding professional negligence cases and the courts' consideration?

- A. There is a universal principle applied
- B. The courts consider many different factors**
- C. They exclusively focus on the defendant's actions
- D. Only financial damages are considered

In professional negligence cases, the courts take into account many different factors that collectively help determine whether a professional has breached the duty of care owed to a client or patient. This involves evaluating the standard of care required in the specific profession, the actions of the defendant, the outcomes of those actions, and how similar professionals in the same field would typically have acted in similar circumstances. The courts will look at the context of the actions taken, expert testimony, and the specific circumstances surrounding the case to assess whether negligence occurred. This multifaceted approach allows for a more comprehensive understanding of the situation and acknowledges that professional negligence can stem from various aspects of conduct, decision-making, and situational factors. The other options do not accurately reflect the nature of professional negligence cases. A universal principle does not apply due to the varying standards of care across different professions, focusing solely on the defendant's actions ignores the broader context, and limiting consideration only to financial damages overlooks the potential for non-economic damages, like emotional distress, which may also be pertinent in these cases.

2. What is an injunction used for in legal terms?

- A. To end all contractual agreements
- B. To order a party to refrain from specific acts or to comply with certain acts**
- C. To compensate the injured party for losses
- D. To raise the stakes for the breaching party

An injunction is a legal remedy that involves a court order directing a party to do something or to refrain from doing something. This form of equitable relief is utilized primarily to prevent harm or irreparable injury that cannot be adequately remedied through monetary damages. In the context of the law, an injunction serves two main purposes: it can either compel a person to undertake a specific action (mandatory injunction) or prohibit a person from engaging in certain conduct (prohibitory injunction). In many cases, injunctions are sought in situations involving disputes such as intellectual property rights, environmental law, or disputes between neighbors, where the plaintiff seeks to prevent ongoing or future harm that cannot easily be quantified or compensated through traditional damages. For instance, if someone is infringing on a copyright or trademark, a court may issue an injunction to stop the infringing activity. The other options do not accurately represent the primary function of an injunction. Ending contractual agreements typically involves termination clauses or litigation over breach of contract, while compensation for losses is more aligned with monetary damages rather than equitable remedies like injunctions. Additionally, raising the stakes for a breaching party does not capture the essence of what an injunction is designed to do, as it is focused on specific actions rather than simply height

3. What is the term for a process where a moratorium is placed on creditors' actions?

- A. Liquidation Process
- B. Administration Process**
- C. Reorganization Process
- D. Receivership Process

The administration process is designed to provide a company with a chance to restructure its affairs while protecting it from its creditors. When a moratorium is placed on creditors' actions, it means that creditors cannot pursue their claims against the company, allowing it some breathing room to devise a plan for recovery or reorganization. This protective mechanism aims to maximize the chances of the company continuing as a viable business, ultimately benefiting both the company and its creditors in the long run. In contrast, liquidation refers to winding up a company's affairs and distributing its assets to pay off debts, not offering any moratorium. The reorganization process is often confused with administration but typically refers to the overall strategy of restructuring debts without the specific legal protections afforded in administration. Receivership is a court-appointed process where a third party manages the company's assets, which does not universally impose a moratorium on all creditor actions. Thus, the administration process is the correct term associated with the protective measures during restructuring.

4. What type of resolution is specifically required for a change of name or alteration of articles in a company?

- A. Ordinary resolution
- B. Special resolution**
- C. Unanimous resolution
- D. Written resolution

The requirement for a special resolution in the context of a company's change of name or alteration of articles is grounded in corporate governance principles. A special resolution is necessary because these types of changes are considered significant and have the potential to impact the rights and obligations of shareholders and other stakeholders. A special resolution typically requires a higher threshold of approval, often at least 75% of the votes cast at a general meeting or through a written resolution. This heightened requirement reflects the serious nature of altering foundational aspects of a company, such as its name and articles of association, which govern the company's internal rules and operations. In contrast, an ordinary resolution, which requires a simple majority, is sufficient for routine business decisions that do not substantially alter the company's structure or governance. Unanimous resolutions are not commonly required for typical actions, as they necessitate that every shareholder must agree, which is impractical in many situations. Written resolutions provide an alternative method for decision-making within certain parameters but do not inherently change the type of resolution that is needed for significant amendments such as changes to a company's name or its articles. Thus, given the context of significant corporate changes, a special resolution is indeed the correct requirement.

5. What does the alteration of share capital primarily involve?

- A. Changing the share structure without affecting obligations**
- B. Increasing shareholder dividends paid out
- C. Issuing preference shares to current shareholders
- D. Obtaining debt financing to support share buybacks

The alteration of share capital primarily involves changing the share structure without affecting obligations. This is a key component of corporate governance and finance, as companies may need to adjust their share capital for various reasons—such as restructuring, complying with regulatory requirements, or optimizing their balance sheet. When share capital is altered, it can encompass a range of actions, including altering the number of shares, modifying the rights attached to shares (like voting rights or dividend entitlements), or even consolidating or splitting shares. Importantly, these changes can be made without fundamentally altering the contractual obligations the company has with its shareholders or creditors. In contrast, increasing shareholder dividends, issuing preference shares to current shareholders, or obtaining debt financing do not directly relate to the alteration of share capital itself, even though they might be influenced by changes in share capital. These activities might fall under different aspects of corporate finance or capital management, rather than the fundamental structure of the share capital.

6. What is the effect of a court order for specific performance?

- A. Monetary damages are awarded
- B. The defendant must fulfill their contractual obligations**
- C. The contract is automatically voided
- D. Only damages are considered

A court order for specific performance compels a party to fulfill their contractual obligations as specified in the agreement. This remedy is typically sought when monetary damages would not suffice to resolve the breach of contract, particularly in situations involving unique goods or real estate where substitution is not possible. In such cases, the court aims to ensure that the aggrieved party receives the exact performance agreed upon rather than a monetary equivalent. While other remedies exist, like monetary damages or potentially voiding a contract, a specific performance order specifically seeks to enforce the actual terms of the agreement rather than providing compensation or invalidating the contract. Thus, the defendant is legally required to complete the actions they promised in the contract.

7. What is the role of the board of directors in the financial reporting process?

- A. To query internal auditors
- B. To ensure compliance with regulations
- C. To approve and sign accounts**
- D. To prepare financial statements

The board of directors plays a crucial role in overseeing the financial reporting process, with particular emphasis on the importance of approving and signing the accounts. This responsibility is integral to their duty of care and loyalty to the shareholders. By reviewing and approving the financial statements, the board ensures that the reports provide an accurate representation of the company's financial position and performance, which is essential for stakeholders, including investors and creditors. Approving and signing the accounts signifies that the board has fulfilled its responsibility to ensure that the financial statements are prepared in accordance with applicable accounting standards and regulations. It encompasses the board's oversight function, ensuring that the company is transparent and accountable in its financial practices. While querying internal auditors and ensuring compliance with regulations are important functions, they are part of a broader oversight role rather than the specific act of finalizing financial reports. Preparing financial statements is typically the responsibility of management and financial officers, not the board itself. The board reviews and approves these statements to add an additional layer of scrutiny and validation in the financial reporting process.

8. Which characteristic is typical of self-employed individuals?

- A. Provision of own tools and equipment**
- B. Integration into the business
- C. Uniform wearing
- D. Predictable working hours

Self-employed individuals typically provide their own tools and equipment. This characteristic distinguishes them from employees, who are generally supplied with the necessary materials and resources needed for their job by their employer. When someone is self-employed, they operate their own business or practice, which means they have to invest in, maintain, and manage their own tools and equipment necessary for their work. This aspect reflects the entrepreneurial nature of self-employment, where individuals take full responsibility for their operational setup. In contrast, integration into the business, uniform wearing, and predictable working hours are more common traits of employees rather than self-employed individuals. Employees are usually integrated into the organizational structure of their employer's business, may be required to wear a specific uniform, and often have set working hours. Self-employed individuals, on the other hand, typically enjoy more flexibility in their work hours and may work in various environments, further emphasizing the distinction between employment and self-employment.

9. How can a company change its articles of association?

- A. By a majority vote of directors
- B. By passing a special resolution**
- C. By a shareholder meeting without a resolution
- D. By notifying the Registrar without a formal vote

A company can change its articles of association by passing a special resolution. This process is grounded in corporate governance requirements that protect shareholder rights and ensure that significant changes to the governing documents of a company are made with adequate consent. A special resolution typically requires a larger majority than an ordinary resolution, often a two-thirds or three-quarters majority, which helps ensure that the interests of all shareholders are taken into account, particularly minority shareholders. This requirement serves to maintain a balance in power within the company and avoids unilateral decisions that could unfairly disadvantage certain stakeholders. The other options do not appropriately capture the legal framework required for amending the articles. A mere majority vote of directors does not provide the necessary input from shareholders, nor does it honor the formal procedure typically mandated by corporate law. A shareholder meeting without a resolution could undermine the formalities needed for legally binding changes, and notifying the Registrar without a formal vote lacks the necessary approval process that ensures the changes reflect the consensus of the shareholders. Thus, passing a special resolution is the correct and legally recognized method for amending a company's articles of association.

10. Who has the burden of proof in civil law?

- A. The claimant**
- B. The defendant
- C. The judge
- D. The jury

In civil law, the burden of proof rests on the claimant, also known as the plaintiff. This means that it is the responsibility of the claimant to provide sufficient evidence to support their claims in a lawsuit. The standard of proof in civil cases is typically "preponderance of the evidence," which means that the claimant must demonstrate that their argument is more likely true than not. This burden is significant because it influences the direction of the trial, compelling the claimant to present their case first and to substantiate their allegations. If the claimant fails to meet this burden, the court may rule in favor of the defendant without the need for the defendant to present any counter-evidence. The role of the defendant, although critical in defenses and presenting evidence, is secondary when it comes to proving the case as they need only to contest the arguments presented by the claimant. While the judge and jury play crucial roles in evaluating the evidence and determining the outcome of the case, they do not carry the burden of proof; instead, they assess whether the claimant has fulfilled their obligation.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://acabusinesslaw.examzify.com>

We wish you the very best on your exam journey. You've got this!

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