

ACCA Corporate and Business Law (F4) Certification Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

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- 1. What principle is primarily used to determine the reasonableness of exclusion clauses under the Unfair Contract Terms Act 1977?**
 - A. The parties' previous conduct**
 - B. The essential nature of the goods or services**
 - C. Fairness and balance in bargaining strength**
 - D. The explicit agreement of both parties**
- 2. In the context of a contract, what does 'repudiation' refer to?**
 - A. A formal acceptance of a contract**
 - B. A denial of liability for a breach**
 - C. A refusal to perform contractual obligations**
 - D. A negotiation to modify contract terms**
- 3. What does the doctrine of consideration in contract law refer to?**
 - A. A mutual exchange of benefits is required**
 - B. Consideration is needed only to enforce contracts**
 - C. Consideration must be equal in value**
 - D. Consideration can be revoked at any time**
- 4. What is the primary purpose of a limited liability company?**
 - A. To avoid paying taxes**
 - B. To ensure shareholder investments are protected from company debts**
 - C. To simplify the process of business registration**
 - D. To allow for unlimited liability**
- 5. Which TWO of the following are recognised phases in money laundering?**
 - A. Distribution**
 - B. Integration**
 - C. Layering**
 - D. Relocation**

6. Who typically appoints a liquidator in a member voluntary winding up?

- A. Members at a general meeting**
- B. The court**
- C. The directors**
- D. The creditors**

7. Which statement regarding the tort of negligence is correct?

- A. The tort of negligence gives rights to persons who have suffered damage to themselves or their property against a party who has failed to take reasonable care.**
- B. The duty of care is unlimited.**
- C. It is not possible to pursue a claim in tort where there is an existing contractual relationship.**
- D. The court will extend the claim to the world at large.**

8. What distinguishes a floating charge from a fixed charge?

- A. A floating charge is over specific assets while a fixed charge is not**
- B. A floating charge does not require registration while a fixed charge does**
- C. A floating charge can change as business operates, whereas fixed does not**
- D. Both charges cover the same assets**

9. Which of the following describes a breach of implied duty?

- A. Failing to show up for work**
- B. Submitting work late without prior notice**
- C. Both A and B**
- D. Completing tasks correctly**

10. What is the definition of issued share capital?

- A. The amount shareholders must pay on issued shares**
- B. The type and number of shares held by shareholders**
- C. The actual amount paid by shareholders on called shares**

Answers

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

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Explanations

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1. What principle is primarily used to determine the reasonableness of exclusion clauses under the Unfair Contract Terms Act 1977?

- A. The parties' previous conduct**
- B. The essential nature of the goods or services**
- C. Fairness and balance in bargaining strength**
- D. The explicit agreement of both parties**

The principle that is primarily used to determine the reasonableness of exclusion clauses under the Unfair Contract Terms Act 1977 is centered on the concept of fairness and balance in bargaining strength. This principle addresses whether the terms of the contract, including any exclusion clauses, are reasonable in the context of the specific circumstances surrounding the agreement. The law seeks to protect parties, especially those who may be at a disadvantage, from unfair terms that could exploit this imbalance. Factors considered under this principle include the relative strength of the parties during negotiations, whether the clause was intended to be negotiated, and the availability of alternative means to obtain the services or goods without the restrictive terms. If one party has significantly more leverage, it can lead to a finding that an exclusion clause is unreasonable. In contrast, the other options, while potentially relevant in a broader sense, do not capture the key determiner of reasonableness as effectively. For example, previous conduct might suggest a pattern but does not dictate the fairness of a specific clause within the context of a single contract. The essential nature of goods or services could play a role in assessing the reasonableness of exclusions but does not address the disparities between the contracting parties. Explicit agreement of both parties is important, but the focus

2. In the context of a contract, what does 'repudiation' refer to?

- A. A formal acceptance of a contract**
- B. A denial of liability for a breach**
- C. A refusal to perform contractual obligations**
- D. A negotiation to modify contract terms**

Repudiation in the context of a contract refers to a situation where one party indicates, either by words or actions, that they will not fulfill their contractual obligations. This refusal to perform can occur before the performance is due or at the time of performance, signaling to the other party that the contract will not be honored. Such an act allows the other party to seek remedies for breach of contract, which could involve either seeking damages or other forms of relief. Understanding repudiation is crucial as it affects the rights and obligations of both parties involved in the contract. This can lead to significant legal consequences as the non-breaching party may be entitled to treat the contract as terminated and may also seek compensation for any losses incurred as a result of the repudiation.

3. What does the doctrine of consideration in contract law refer to?

- A. A mutual exchange of benefits is required**
- B. Consideration is needed only to enforce contracts**
- C. Consideration must be equal in value**
- D. Consideration can be revoked at any time**

The doctrine of consideration in contract law is fundamentally about the requirement for a mutual exchange of benefits between parties. For a contract to be enforceable, there needs to be something of value exchanged, which can be a promise, an act, or forbearance. This mutuality is key because it demonstrates that each party is offering something in return for what they receive, thus establishing a reciprocal obligation. This mutual exchange is what distinguishes a contract from a mere gift, where no consideration is provided. In many legal systems, without this element of consideration, a promise may not be enforceable in a court of law. This principle underscores the idea that each party must contribute something to the deal, which facilitates fairness and balance in contractual relationships. The other options touch on aspects or misconceptions surrounding consideration but do not correctly capture its essence. For instance, consideration does not have to be equal in value; its adequacy is often not judged by the law as long as it is present. While consideration is indeed necessary to enforce contracts, this notion is more about the existence of an exchange rather than the exclusivity of enforcement. Finally, the idea that consideration can be revoked at any time does not accurately reflect its nature, as once consideration is provided and accepted,

4. What is the primary purpose of a limited liability company?

- A. To avoid paying taxes**
- B. To ensure shareholder investments are protected from company debts**
- C. To simplify the process of business registration**
- D. To allow for unlimited liability**

The primary purpose of a limited liability company (LLC) is indeed to ensure shareholder investments are protected from company debts. This means that if the company incurs debts or faces legal actions, the personal assets of the shareholders are generally shielded from being used to satisfy those obligations. This characteristic of limited liability is a significant advantage for investors, as it encourages entrepreneurship by reducing the financial risk associated with investing in a business. Choosing this structure allows business owners to separate their personal finances from their company's financial obligations, promoting greater investment and participation in the business environment. In contrast, other options do not align with the fundamental concepts of an LLC. For example, avoiding taxes is not an appropriate goal for an LLC, as business entities are generally subject to taxation. Simplifying the registration process might be a benefit but is not the primary purpose of the LLC. Finally, unlimited liability contradicts the concept of a limited liability company, as it would expose shareholders to risks beyond their initial investment.

5. Which TWO of the following are recognised phases in money laundering?

- A. Distribution**
- B. Integration**
- C. Layering**
- D. Relocation**

In the context of money laundering, the process typically consists of three recognized phases: placement, layering, and integration. The correct answer includes "integration," which refers to the final phase where the illicit funds are fully integrated into the legitimate economy, making it difficult to trace their origins. This phase signifies that the money has been laundered successfully and can now be used without arousing suspicion. The layering phase, which is not explicitly chosen in the answer provided, involves separating the illicit money from its original source through a series of transactions designed to obscure its origin. This might include transferring the money between various accounts or using complicated financial instruments. While "distribution" and "relocation" may sound similar to money laundering processes, they are not officially recognized phases. Therefore, "integration" is the correct answer as it completes the laundering process, allowing individuals to use the money freely without fear of legal repercussions.

6. Who typically appoints a liquidator in a member voluntary winding up?

- A. Members at a general meeting**
- B. The court**
- C. The directors**
- D. The creditors**

In a member voluntary winding up, the process begins when the company's members (shareholders) decide to wind up the company's affairs voluntarily because it is solvent, meaning that it can pay its debts. In this context, the members of the company are the ones who appoint a liquidator. This appointment is usually made during a general meeting of the members where they pass a resolution to wind up the company and simultaneously choose a liquidator to oversee the winding-up process. The other options do not correctly represent the appointment procedure in a member voluntary winding up. Although the court appoints liquidators in cases of compulsory winding up or if there is a dispute about the appointment of a liquidator, this does not apply in a member voluntary winding up where there is no need for court intervention because the company is solvent and the members have agreed to the winding up. Directors can recommend a liquidator, but the authoritative decision and appointment are vested in the members at the general meeting. Creditors are involved in liquidations that arise from insolvency situations and do not have the authority to appoint a liquidator in a member voluntary winding up.

7. Which statement regarding the tort of negligence is correct?

- A. The tort of negligence gives rights to persons who have suffered damage to themselves or their property against a party who has failed to take reasonable care.**
- B. The duty of care is unlimited.**
- C. It is not possible to pursue a claim in tort where there is an existing contractual relationship.**
- D. The court will extend the claim to the world at large.**

The statement regarding the tort of negligence correctly asserts that it provides a legal remedy for individuals who have sustained harm to themselves or their property due to another party's failure to exercise reasonable care. This principle is fundamental in tort law, which is designed to protect individuals from harm caused by the negligent acts of others. In tort law, a person can claim damages if they can establish that the defendant had a duty of care to them, that the duty was breached, and that this breach caused foreseeable harm. Thus, if someone sustains an injury or property damage because another person did not act with the care that a reasonable person would have exercised under similar circumstances, the injured party may pursue a claim for negligence. The other options involve misunderstandings of key legal concepts. The duty of care is not unlimited; it typically exists within certain relationships and circumstances as established by case law. It's also important to note that a tort claim can coexist with a contractual relationship; the existence of one does not negate the possibility of pursuing a claim in tort. Lastly, while courts can recognize claims where a duty is owed to a broader group, extending the claim to the world at large is not typically how duty of care is applied; rather, it is confined to certain foreseeable plaintiffs.

8. What distinguishes a floating charge from a fixed charge?

- A. A floating charge is over specific assets while a fixed charge is not**
- B. A floating charge does not require registration while a fixed charge does**
- C. A floating charge can change as business operates, whereas fixed does not**
- D. Both charges cover the same assets**

The distinction between a floating charge and a fixed charge primarily lies in the flexibility of the assets secured and how they operate within a business. A floating charge is designed to secure a fluctuating pool of assets that a company uses in its day-to-day operations, such as inventory or accounts receivable. As the business operates and the nature of these assets changes—new inventory being purchased and old inventory being sold—the floating charge adapts and covers the evolving value of those assets. In contrast, a fixed charge is imposed on specific, identifiable assets, such as real property or machinery. The assets secured by a fixed charge do not change over time; they remain constant and cannot be freely disposed of by the borrower without the lender's consent. Understanding this flexibility of the floating charge is crucial, as it provides businesses with the ability to continue normal operations while still satisfying secured creditors. This is particularly important in credit arrangements where the lender wants assurance but also needs to allow the borrower operational flexibility. The other options do not accurately capture this key characteristic of how floating charges operate in comparison to fixed charges.

9. Which of the following describes a breach of implied duty?

- A. Failing to show up for work**
- B. Submitting work late without prior notice**
- C. Both A and B**
- D. Completing tasks correctly**

A breach of implied duty refers to actions taken by an employee that violate the expectations that are understood and accepted as part of the employment relationship, even if they are not explicitly stated in a written contract. In the context of this question, both failing to show up for work and submitting work late without prior notice are actions that indicate a failure to fulfill basic responsibilities and duties that employees are expected to uphold. Failing to show up for work undermines the trust and reliability that underpin the employer-employee relationship, as attendance is intrinsically linked to the performance of job responsibilities. Similarly, submitting work late without prior notice violates the implied expectation of timely completion of tasks, which is essential for maintaining workflow and meeting deadlines. On the other hand, completing tasks correctly aligns with the implied duty of an employee to perform their job to an acceptable standard. Thus, this action does not constitute a breach but rather adherence to the expectations of the role. Therefore, the correct answer encompasses both choices regarding breaches of implied duty.

10. What is the definition of issued share capital?

- A. The amount shareholders must pay on issued shares**
- B. The type and number of shares held by shareholders**
- C. The actual amount paid by shareholders on called shares**

Issued share capital refers specifically to the portion of a company's capital that has been issued to shareholders in the form of shares. This term encompasses shares that have been allocated to shareholders, regardless of whether they have been fully paid for or not. The correct understanding of issued share capital focuses on the actual amount that has been paid by shareholders on those shares that have been called for payment. When shares are issued, they might not all be fully paid up at the moment of issuance. The amount paid by shareholders on called shares reflects the definitive contribution to the company's capital from those issued shares. This understanding highlights the importance of distinguishing between shares that are merely issued and those for which the payment has been called and received. Other definitions might refer to aspects related to the issuance of shares or the type of shares but do not capture the specific financial commitment represented by the actual payments on the called shares. This direct link to the amounts paid is essential for accurately representing the company's issued share capital on its balance sheet and understanding its financial position.

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:

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

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