ASSOCIATION OF TAXATION TECHNICIANS (ATT) LAW CBE 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

1. **Which statement about floating charges is true?**
    A. Floating charges rank higher than fixed charges in liquidation.
    B. Floating charges rank lower than fixed charges.
    C. Floating charges have no priority in liquidation.
    D. Floating charges always outrank unsecured debts.

2. **What components are encompassed by the term land?**
    A. The physical soil and buildings only
    B. The airspace above the earth and water bodies
    C. The term refers to the physical soil, natural produce, airspace, buildings, and water-covered ground
    D. Only the natural produce of the soil

3. **When can a divorce be granted?**
    A. After one year on the grounds that the union has irretrievably broken down for one of five reasons: unreasonable behaviour, adultery, separation for two or five years, and desertion.
    B. After six months upon mutual agreement
    C. Immediately upon filing
    D. Only after mediation fails

4. **Which statement correctly reflects trustees' impartiality duties?**
    A. To act impartially as between the trustees.
    B. To act impartially as between the beneficiaries.
    C. To act impartially as between the settlor.
    D. To act impartially as between the government.

5. **During a moratorium, which debts must be paid?**
    A. Debts not yet due.
    B. All debts regardless of due dates.
    C. No debts at all.
    D. Only debts falling due during the moratorium.

6. Trustees are personally liable for which of the following?

A. The profits made by beneficiaries

B. The losses to the trust

C. The debts of the beneficiaries

D. The personal assets of beneficiaries

7. How can a loan be secured?

A. By fixed charge

B. By personal guarantee

C. By fixed or floating charge

D. Unsecured

8. In evaluating an asset sale, which item is typically covered by due diligence?

A. The TUPE Regulations, so contracts will automatically transfer to the purchaser.

B. The value of stock, debtors, goodwill and other intellectual property being bought.

C. A document outlining the main points of agreement relevant to the contract.

D. A 20-day breathing space from creditors.

9. How can trustees be removed?

A. In accordance with the trust document, if they retire or die, if they refuse to act, are unfit to act or are incapable of acting, or if they have been outside the UK for a year or more, by the beneficiaries and by the court.

B. They can be removed only by the settlor.

C. They can be removed only if they breach fiduciary duty.

D. They cannot be removed during the trust term.

10. A worker is regarded as occupying which status?

A. Self-employed

B. An employee

C. An intermediate status between self-employed and employee

D. Unemployed

Answers

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

Explanations

1. Which statement about floating charges is true?

A. Floating charges rank higher than fixed charges in liquidation.

B. Floating charges rank lower than fixed charges.

C. Floating charges have no priority in liquidation.

D. Floating charges always outrank unsecured debts.

A fixed charge attaches to a specific asset and is realized first in liquidation, so the holder of a fixed charge gets paid from those assets before the pool of assets available to floating charges is touched. The floating charge covers a fluctuating pool of assets (like stock and debtors) and only gets paid from whatever remains after fixed charges are satisfied. That's why floating charges rank lower than fixed charges. The other statements misstate the ranking: floating charges do have priority over unsecured debts in the sense of security, but not above fixed charges; they do have some priority, so saying they have no priority is incorrect; and saying they always outrank unsecured ignores other priorities that can affect distribution (such as costs, preferential creditors, and the fixed-charge realisations).

2. What components are encompassed by the term land?

A. The physical soil and buildings only

B. The airspace above the earth and water bodies

C. The term refers to the physical soil, natural produce, airspace, buildings, and water-covered ground

D. Only the natural produce of the soil

Land covers more than just the soil. It includes the physical soil itself, the natural produce growing on it, the airspace above the surface, any buildings on the land, and portions of ground covered by water. This broader view is used in law and taxation to capture all elements that are part of ownership or use of the land, not just the dirt. The other options leave out at least one of these essential elements—natural produce, airspace, water-covered areas, or buildings—so they don't reflect the full scope of what land encompasses.

3. When can a divorce be granted?

A. After one year on the grounds that the union has irretrievably broken down for one of five reasons: unreasonable behaviour, adultery, separation for two or five years, and desertion.

B. After six months upon mutual agreement

C. Immediately upon filing

D. Only after mediation fails

In this area, you must show irretrievable breakdown of the marriage, and you can only petition after you have been married for at least one year. The divorce can proceed if you prove one of five facts: unreasonable behaviour, adultery, desertion, or by showing separation for two years with the other spouse's consent, or five years if there is no consent. That combination—one year's minimum marriage duration plus one of those five grounds—is why the correct option is the best fit. The other choices misstate the timing or the process: you don't get a divorce after six months by mutual agreement, you don't obtain it immediately upon filing, and mediation isn't a mandatory precondition for divorce under this framework.

4. Which statement correctly reflects trustees' impartiality duties?

A. To act impartially as between the trustees.

B. To act impartially as between the beneficiaries.

C. To act impartially as between the settlor.

D. To act impartially as between the government.

The idea behind trustees' impartiality is to prevent bias in how the trust is run. When several trustees are involved, decisions about administration, investments, and distributions must be made without favoring one trustee's views or interests over another's. Acting impartially between the trustees helps ensure the process is fair, transparent, and based on merit and the trust's best interests, rather than on personal preferences or hidden agendas. This keeps the governance of the trust sound and reduces the risk of conflicts influencing outcomes, which ultimately protects the beneficiaries and the trust's integrity. The other options don't fit that focus as well. Impartiality is not about acting impartially toward the government, nor about offsetting decisions between the settlor and beneficiaries in this context, and while impartiality toward beneficiaries is important, the statement that best captures the impartial process within the administration itself is acting impartially as between the trustees.

5. During a moratorium, which debts must be paid?

A. Debts not yet due.

B. All debts regardless of due dates.

C. No debts at all.

D. Only debts falling due during the moratorium.

A moratorium pauses most debt payments and stops creditors from enforcing claims during the period. Debts that are not yet due aren't required to be paid while the pause is in effect. But if a debt falls due during the moratorium, the obligation to pay still applies. That's why the correct choice is that only debts falling due during the moratorium must be paid. Debts due before the moratorium are generally not payable during the pause, and debts due after the moratorium ends aren't required to be paid during the moratorium.

6. Trustees are personally liable for which of the following?

A. The profits made by beneficiaries

B. The losses to the trust

C. The debts of the beneficiaries

D. The personal assets of beneficiaries

Trustees become personally liable when their breach of duty or negligent handling causes a loss to the trust. The key idea is that liability attaches to damages suffered by the trust itself, not to the profits of beneficiaries or to the beneficiaries' own debts or assets. So the trustees' personal responsibility is to make good the losses the trust experiences due to mismanagement or failure to act in accordance with their duties. The profits earned by beneficiaries belong to the beneficiaries and are not a loss borne by the trust, the debts of beneficiaries are their own obligations and not typically the trustees' liability, and the personal assets of beneficiaries are separate from the trust and not at risk due to the trustees' conduct unless a breach directly affects trust assets.

7. How can a loan be secured?

A. By fixed charge

B. By personal guarantee

C. By fixed or floating charge

D. Unsecured

Loans are typically secured by creating a security interest over the borrower's assets. A fixed charge attaches to a specific asset or assets, giving the lender priority to those assets if the borrower defaults. A floating charge covers a changing pool of assets (like stock or receivables) and only crystallizes into a fixed charge on a trigger event, such as insolvency or certain defaults. Together, these describe the main asset-based ways a loan can be secured, which is why this option is the best. While a personal guarantee can also support a loan, it isn't a charge over assets, and unsecured means there is no security at all.

8. In evaluating an asset sale, which item is typically covered by due diligence?

A. The TUPE Regulations, so contracts will automatically transfer to the purchaser.

B. The value of stock, debtors, goodwill and other intellectual property being bought.

C. A document outlining the main points of agreement relevant to the contract.

D. A 20-day breathing space from creditors.

In asset sales, due diligence focuses on verifying what is being bought and its value. The most common items reviewed are the stock, the debtors (accounts receivable), goodwill, and other intellectual property that form part of the purchase. Checking these elements ensures you know exactly what you're paying for, confirms ownership, and flags any issues that could affect value—such as obsolete stock, uncollectible debts, or IP rights problems. While TUPE matters related to employees might come up, contracts do not automatically transfer simply because of TUPE, so due diligence examines the implications rather than assuming automatic transfer. The document outlining the main points of agreement is a separate pre-contract instrument, not the focus of due diligence, and a 20-day breathing space from creditors is not part of asset-sale due diligence.

9. How can trustees be removed?

A. In accordance with the trust document, if they retire or die, if they refuse to act, are unfit to act or are incapable of acting, or if they have been outside the UK for a year or more, by the beneficiaries and by the court.

B. They can be removed only by the settlor.

C. They can be removed only if they breach fiduciary duty.

D. They cannot be removed during the trust term.

The key idea here is that removal of trustees is governed by the trust instrument and the court's jurisdiction, not by a general rule that trustees can be swapped at will. If the trust deed sets a fixed term for trustees and does not include a specific power to remove mid-term, then there isn't an automatic mid-term removal right. In that standard setup, trustees serve for the term unless they resign, die, become disqualified, or the deed ends the term in another way. So, from the question's framing, the statement that trustees cannot be removed during the trust term reflects the default position unless the trust deed or a court order provides a different mechanism. The other possibilities rely on powers that aren't assumed by default. Removal by beneficiaries or by the settlor requires explicit provisions in the trust instrument or a formal court action based on a breach or conduct that justifies removal; simply being a trustee does not by itself grant the right to remove them. Likewise, removal strictly for breach would depend on the instrument or on a court finding; it isn't an automatic mid-term remedy in the absence of such provisions. Therefore, without an express removal mechanism or a court order, mid-term removal isn't available, making the statement that removal cannot occur during the term the best answer in this context.

10. A worker is regarded as occupying which status?

A. Self-employed

B. An employee

C. An intermediate status between self-employed and employee

D. Unemployed

A worker sits in the middle of the spectrum of employment statuses. They're not fully self-employed, since they don't run their own business or bear all the risks, but they're also not fully an employee, because they don't receive the full bundle of employee rights and obligations. Instead, a worker has a mix of rights (such as some protection and potentially access to minimum wage or paid leave) and different tax/IR obligations than a pure employee. That combination makes this status an intermediate one between self-employed and employee. The other options don't fit because a worker isn't simply self-employed, nor fully an employee, nor unemployed.

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://attlawcbe.examzify.com

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