

ICAEW ACA Certificate Level - Law Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. What type of contract grants rights like redundancy pay and statutory protection?**
 - A. Contract for service**
 - B. Contract of service**
 - C. Zero hours contract**
 - D. Freelance agreement**
- 2. Who can be held liable under vicarious liability?**
 - A. An independent contractor**
 - B. An employer for the actions of an employee**
 - C. A partner for personal debts**
 - D. A board member for executive decisions**
- 3. What type of resolution is necessary for voluntary liquidation if specified in the articles?**
 - A. Unanimous consent**
 - B. Ordinary resolution**
 - C. Extraordinary resolution**
 - D. Special resolution**
- 4. What is the minimum notice period required for an AGM unless all members agree to a shorter notice?**
 - A. 14 days**
 - B. 21 days**
 - C. 28 days**
 - D. 30 days**
- 5. What is the required notice period for a general meeting unless 90% of members agree to less?**
 - A. 14 days**
 - B. 21 days**
 - C. 28 days**
 - D. 30 days**

- 6. What is a requirement for admitting new partners to a partnership without a formal agreement?**
- A. A majority decision**
 - B. Unanimous agreement**
 - C. A written application**
 - D. Consent from existing clients**
- 7. What does a moratorium in administration imply?**
- A. All business activities must stop**
 - B. Protects the company from creditor actions**
 - C. Restricts all salary payments**
 - D. Ceases any potential legal actions against directors**
- 8. Which statement regarding debentures is true?**
- A. They do not guarantee interest payments**
 - B. They are only payable if profits are available**
 - C. They have a contractual right to interest**
 - D. They represent ownership in the company**
- 9. Who typically ensures meeting procedures are followed?**
- A. The managing director**
 - B. The chairman**
 - C. A shadow director**
 - D. All executive directors**
- 10. What type of resolution is required for the approval of a Company Voluntary Arrangement (CVA) by members?**
- A. Ordinary resolution**
 - B. Special resolution**
 - C. Unanimous resolution**
 - D. Majority resolution**

Answers

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

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Explanations

1. What type of contract grants rights like redundancy pay and statutory protection?

- A. Contract for service**
- B. Contract of service**
- C. Zero hours contract**
- D. Freelance agreement**

The type of contract that grants rights such as redundancy pay and statutory protection is the contract of service. A contract of service establishes an employer-employee relationship where the employee is entitled to various legal rights and protections under employment law. This includes rights related to redundancy, unfair dismissal, holidays, and other employment benefits. In contrast, a contract for service typically refers to arrangements where an individual provides services to a client without being considered an employee. This works for independent contractors or freelancers, who do not receive the same rights as employees under the law. Zero hours contracts, while still categorized under a contract of service, have specific conditions regarding the availability of work, but they also grant some level of statutory rights. Freelance agreements, similarly, do not confer employee rights, as they are based on an independent contractor status, meaning that individuals under such contracts are also not entitled to employment protections like redundancy pay. In summary, a contract of service clearly establishes the framework through which employees gain essential workplace rights, making it the correct answer for this question.

2. Who can be held liable under vicarious liability?

- A. An independent contractor**
- B. An employer for the actions of an employee**
- C. A partner for personal debts**
- D. A board member for executive decisions**

Vicarious liability refers to the legal principle where one party is held responsible for the actions or omissions of another party, typically in a context of an employment relationship. This principle primarily applies to employers and employees. When an employee commits a wrongful act in the course of their employment, the employer can be held liable for that act, even though the employer may not have directly wronged anyone. This liability arises because the employer has a degree of control over the employee's actions and is responsible for ensuring that their employees adhere to appropriate standards of conduct while performing their job duties. In this context, the relationship between an employer and an employee is crucial. The law recognizes this relationship as one in which the employer has an obligation to supervise and direct the employee's activities. Thus, if an employee causes harm to a third party while performing their job, the employer may be required to compensate the injured party, as the employee was acting within the scope of their employment at that time. The other options do not reflect the principle of vicarious liability as they pertain to different legal responsibilities. For instance, an independent contractor operates as a separate entity and typically does not create vicarious liability for the entity that hired them. Similarly, personal debts

3. What type of resolution is necessary for voluntary liquidation if specified in the articles?

- A. Unanimous consent
- B. Ordinary resolution**
- C. Extraordinary resolution
- D. Special resolution

In the context of voluntary liquidation and company law, when the articles of association specify a requirement for a type of resolution, it is essential to understand the nature of the resolution needed. In many jurisdictions, a voluntary liquidation can indeed be initiated through an ordinary resolution, provided that the articles of association do not stipulate a higher threshold. An ordinary resolution requires a simple majority of votes in favor, which reflects the company's broader consensus without necessitating unanimity or a supermajority. This ensures that the process of liquidation can move forward relatively smoothly, enabling a company to dissolve when it cannot continue operating effectively. In contrast, a special resolution typically requires a higher threshold, often a 75% majority, and is used for more significant decisions as specified in the Companies Act or similar legislation. Options such as unanimous consent or extraordinary resolutions, which often require a defined proportion of votes or additional legal stipulations, may not apply in the context where the articles merely require an ordinary resolution for voluntary liquidation. Therefore, if the articles do indeed specify an ordinary resolution for voluntary liquidation, this aligns with the corporate governance framework that supports effective decision-making for the company's stakeholders.

4. What is the minimum notice period required for an AGM unless all members agree to a shorter notice?

- A. 14 days
- B. 21 days**
- C. 28 days
- D. 30 days

The minimum notice period required for an Annual General Meeting (AGM) is 21 days unless all members agree to a shorter notice. This requirement aligns with corporate governance standards that ensure members are given adequate time to prepare for the meeting and consider the matters that will be discussed. Additionally, the 21-day notice period is outlined in company legislation, which is designed to promote transparency and allow for effective participation by all members. The provision for a shorter notice period is contingent upon unanimous agreement among the members, which emphasizes the importance of consensus in matters that affect the company collectively. Understanding this minimum notice period is crucial for compliance with legal requirements and ensures that the rights of members to be informed and participate are upheld.

5. What is the required notice period for a general meeting unless 90% of members agree to less?

A. 14 days

B. 21 days

C. 28 days

D. 30 days

The required notice period for a general meeting, unless 90% of members agree to a shorter timeframe, is indeed 14 days. This requirement is established within the context of company law in the UK, specifically within the Companies Act regulations which govern business meetings. The law aims to ensure that all members have a reasonable amount of time to prepare and participate in the meeting, promoting transparency and inclusivity in decision-making processes. A notice period of 14 days strikes a balance between enabling adequate communication for members and allowing the company to conduct its business effectively. While longer notice periods might exist under certain circumstances or for specific types of meetings, such as extraordinary general meetings, the default notice for a general meeting is set at this duration. This ensures that members have the opportunity to influence the decisions that affect their interests and allows for adequate time to consider the matters to be discussed. If 90% of the members consent to a shorter period, this flexibility accommodates the needs of the organization, facilitating quicker decision-making when deemed appropriate by the majority.

6. What is a requirement for admitting new partners to a partnership without a formal agreement?

A. A majority decision

B. Unanimous agreement

C. A written application

D. Consent from existing clients

In a partnership, the admission of new partners typically requires a unanimous agreement among existing partners. This is because partnerships are formed based on mutual trust and agreement among all partners. Each partner holds a stake in the business and has a say in key decisions, including who may join the partnership. The necessity for unanimous agreement helps ensure that all partners are comfortable with the addition of a new partner, as this new individual will share in the profits, responsibilities, and liabilities of the partnership. This ensures that the core values and dynamics of the partnership remain intact, as each partner must agree to the entry of another, thereby protecting the interests of the existing partners and maintaining the integrity of their working relationship. Other options, such as a majority decision or a written application, do not reflect the fundamental principles governing partnerships. A majority decision would undermine the shared responsibility that comes with partnerships, while a written application does not address the consensus needed among existing partners for admitting new individuals into the partnership. Similarly, consent from existing clients is not a requirement for admitting a new partner, although client relationships may be influenced by the changes in partnership.

7. What does a moratorium in administration imply?

- A. All business activities must stop
- B. Protects the company from creditor actions**
- C. Restricts all salary payments
- D. Ceases any potential legal actions against directors

A moratorium in administration primarily serves to protect the company from actions taken by creditors. When a company enters administration, it is typically facing financial difficulties, and the appointment of an administrator helps to stabilize the company's operations. The moratorium effectively halts most legal actions that creditors might initiate to recover debts, providing the company with a breathing space to restructure and develop a plan for viability, thereby maximizing the chances of survival or a beneficial sale of the business. This mechanism allows the administrator to focus on resolving the company's financial issues without the immediate pressure of individual creditor claims, which could otherwise lead to a chaotic liquidation or further damage to the company's prospects. Other options, while they may reflect some aspects of administration, do not accurately capture the core purpose of a moratorium, which is centered around creditor protection during a critical period for the business.

8. Which statement regarding debentures is true?

- A. They do not guarantee interest payments
- B. They are only payable if profits are available
- C. They have a contractual right to interest**
- D. They represent ownership in the company

Debentures are a type of debt instrument that companies use to raise capital. When it comes to the statement regarding their characteristics, the assertion that they have a contractual right to interest is indeed accurate. This is a key feature of debentures. When an entity issues debentures, they are essentially entering into a formal contract with the debenture holders, stipulating that the issuer must make regular interest payments, typically at a predetermined rate. This contractual obligation to pay interest is what distinguishes debentures from equity financing; debenture holders are creditors and do not have an ownership stake in the company. In contrast, the other statements misunderstand the nature of debentures. The claim that debentures do not guarantee interest payments is incorrect because the contract explicitly specifies those payments. The assertion about being payable only if profits are available applies to equity (like dividends), which are discretionary and contingent on the company's profitability, but debenture interest is a legal obligation payable regardless of profit. Finally, the statement that debentures represent ownership in the company is false, as they are debt securities, and debenture holders do not have an equity interest or a claim on the company's assets beyond what is stipulated in the debenture agreement.

9. Who typically ensures meeting procedures are followed?

- A. The managing director
- B. The chairman**
- C. A shadow director
- D. All executive directors

The chairman typically ensures that meeting procedures are followed as part of their role in presiding over meetings. The chairman is responsible for maintaining order during a meeting, ensuring that discussions stay on track, and that the meeting adheres to established protocols. This includes making sure that all participants have the opportunity to contribute, that decisions are properly recorded, and that the agenda is followed. In contrast, the managing director may have broader responsibilities regarding overall business operations, and while they might participate in meetings, they do not specifically oversee the processes of those meetings. Shadow directors, who may influence decisions without being formally recognized as directors, are not involved in the formal procedures of meetings. Executive directors collectively make decisions and contribute to discussions but do not individually ensure adherence to meeting protocols. Therefore, the chairman's role is pivotal in facilitating proper meeting governance and ensuring procedural compliance.

10. What type of resolution is required for the approval of a Company Voluntary Arrangement (CVA) by members?

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

For a Company Voluntary Arrangement (CVA) to be approved by its members, an ordinary resolution is required. This reflects the nature of a CVA, which is often used as a mechanism for companies to reach an agreement with their creditors regarding the repayment of debts, allowing for a degree of flexibility and a path towards financial recovery. Ordinary resolutions typically require a simple majority of votes cast at the meeting to be passed. This makes it a more accessible option for companies seeking to implement a CVA, as it does not necessitate the higher thresholds associated with special resolutions or unanimous resolutions. In contrast, a special resolution, which usually requires a 75% majority, would not be suitable in this context as it imposes stricter voting requirements that could hinder the ability of a company to obtain necessary approvals. A unanimous resolution, where all members must agree, is impractical for most companies, particularly those with a larger number of members, and could effectively stall the process of reaching a CVA. Majority resolutions (which may not specify the exact percentage required) can also vary, but they generally imply a larger requirement than what is necessary in the case of a CVA. Thus, the requirement for an ordinary resolution aligns perfectly with the objectives of

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://icaewacalaw.examzify.com>

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