

100 Questions on Commercial Awareness

Transaction Structure

1. What is a merger? What is an acquisition? What are the differences between them?
2. Why do companies merge or acquire other companies?
3. How do companies acquire other companies?
4. What do vertical integration and horizontal integration mean?
5. What is an asset purchase? What about a share purchase?
6. What are the advantages of an asset purchase over a share purchase and vice versa?
7. If you are the seller, would you prefer asset or share purchase? Why?
8. If you are the buyer, would you choose asset or share purchase? Why?
9. What are the main legal documents involved in a M&A transaction?
10. What is an SPA? What is the purpose of it? What are the main terms of it?
11. What is the role of each law firm's practice area in a M&A transaction?
12. What are the common tasks of a trainee in a M&A transaction? What about partners?
13. What are the typical risks in commercial transactions?
14. How do lawyers mitigate against each type of these risks? (Legal & business)
15. What is a warranty? What about an indemnity? What about limitations of liability?
16. How and when do lawyers spot these risks?
17. What is legal risk management? How does it work?

Financing Transactions

18. What are the different ways a company can finance its acquisition/transactions?
19. How does risk correlate to reward in the market?

20. What are the differences between debt financing and equity financing?
21. When would a company prefer debt financing over equity financing and vice versa?
22. Why don't company use their cash reserves to acquire other companies?
23. What does a share/stock in a company mean? What are the rights of the shareholder?
24. What is a bond? What is the coupon rate?
25. What are the capital markets? Can you name a few of them.
26. What are the stock market and the bond market? Which purposes do they serve?
27. Why do shares prices fluctuate?
28. What are the differences between primary markets and secondary markets?
29. Who regulates the stock market in the UK? the Bond market? How do they regulate it?
30. What is the FTSE 100? How does it differ from the Fortune 100?
31. What does market capitalisation mean? How is it calculated?
32. What is a market index? How does it help investors?
33. What is an IPO? Why do companies go through an IPO? What are its disadvantages?
34. Who are the stakeholders in an IPO? What is the role of law firms?
35. What is the financial services industry made of? What is the role of each of these players?
36. What does the FCA stand for? What role does it play in the UK? Why was it replaced?
37. Where do banks get money from? How do they use it? How do they make profits?
38. What are the different types of banks? What is the role of each in the economy?
39. What is the process of underwriting? Why is essential for transactions?
40. What does a syndicated loan mean? What about a security or collateral?
41. What is a SPAC? Why did it become popular recently?
42. What is private equity? What do private equity do? How do they structure transactions?

Law Firm Knowledge

43. What is the role of a commercial lawyer? Why do clients instruct commercial lawyers?
44. Who is the most important stakeholder in the law firm? Why?
45. What are the practice areas of a law firm?
46. What is the difference between a practice area and a sector?
47. What is a Swiss Verein structure? How does it work? Why would a law firm prefer it?
48. What is the Global Partnership structure? How does it work? Why would a law firm prefer it?
49. What does LLP stand for? How does it differ from partnerships and sole traders?
50. What does the “billable hours model” mean?
51. What are the key differences between private practice lawyers and in-house lawyers?
52. As a commercial lawyer, who would be your point of contact in the client’s company?

Accounting

53. What are the key financial statements for any publicly listed company?
54. What are the different sections of the balance sheet? How does it balance?
55. What is an asset? What is a liability? What is equity? What does amortization mean?
56. How is income statement formed? What is the difference between revenue and profits?
57. What are the differences between fixed cost, variable cost, sunk cost and marginal cost?
58. What are the different sections of the cash flow statement? Why do companies need it?
59. What does EBITA stand for? What is used for?

Microeconomics

60. What is microeconomics? How does capitalism work?
61. What are the main objectives of a company or a business?
62. What does the market share of a company mean? How does a large market share help?

63. What are the differences between price taker and price setter companies?
64. What are the four factors of production? What are the different costs of production?
65. What are the four stages of business growth? What happens in each?
66. What is economies of scale? Why do companies aim to reach it in their production?
67. How and why do companies get into financial difficulty?
68. What are the three phases of the decline curve? What happens in each one?
69. How do companies mitigate the risk of financial difficulties?
70. What is insolvency? What is the UK's insolvency process? What about bankruptcy?
71. What is SWOT analysis? How is it used to analyse organisations?
72. What is PESTLE? How does it help companies analyse external factors affecting them?

Macroeconomics

73. What is macroeconomics? What does supply and demand mean?
74. What is the base interest rate? Who sets it? What is it used for?
75. What are the government's revenue streams? What about expenditures?
76. What is a national budget deficit/surplus?
77. What is the fiscal policy of a country? Who sets it in the UK?
78. What is the monetary policy of a country? Who sets it in the UK?
79. What is the national debt? How do governments finance national debt?
80. What are the differences between austerity measures and stimulus measures?
81. What does quantitative easing mean? How does it affect the supply of money?
82. What are the current personal income and national insurance tax rates in the UK?
83. What are the current corporations and capital gain tax rates in the UK?
84. What is the difference between tax avoidance and tax evasion?
85. How do companies and individuals avoid paying taxes? What are tax haven countries?

86. How did countries try to address the tax haven issue globally?
87. What is the “business cycle”? How does it affect businesses and law firms? Where are we in the cycle?
88. What is a recession? What happens in a recession? Is recession a bad thing?
89. How do governments fight recessions? What measures are taken in recession?
90. What does GDP stand for? What does it indicate? What is it used for?
91. What is inflation? how is it measured? How does it impact the economy?
92. What is a currency exchange rate? What are its three types? Example of each type?
93. How does a strong currency affect the economy? What about a weak currency?
94. What is the name of the central bank in the UK? What does it do?
95. What is the LIBOR? What is the LIBOR scandal? What is SONIA?

General Market Knowledge

96. What happened in the 2008 financial crisis? What were the cause of the crises? How did it unfold?
97. What does ESG stand for? Why is it important? Give examples ESG initiatives that you heard of.
98. What is the CMA? What role does it play in the UK?
99. What is shareholder activism? How is affecting companies nowadays? Examples?
100. What does the World Bank and IMF do? What role do they play in the global economy?