



Formation 1 / Certificate in Business and Accounting.

Business laws & Professional Ethics: MCQ Self - Assessment Questions 1

1. The Irish Constitution can only be amended by:
 - a) The People
 - b) The President
 - c) The Dáil
 - d) All of the above.

2. The constitution provides for the separation of power of the organs of the state. Which of the following is not one of these organs?
 - a) The President
 - b) The Council of State
 - c) The Oireachtas
 - d) The Courts.

3. Precedent is an important tool in the legal system. Occasionally cases are referred to from different jurisdictions these cases are known as:
 - a) Binding precedent
 - b) Persuasive precedent
 - c) Mandatory precedent
 - d) Official Precedent.

4. The primary source of European Union law is:
 - a) Directives
 - b) Decisions
 - c) Recommendations
 - d) Treaties.

5. In a civil case the plaintiff must prove his / her case:
 - a) Beyond a reasonable doubt
 - b) On the balance of probabilities
 - c) Both A and B
 - d) None of the above.

6. The case of Donoghue v Stevenson (1932) introduced the concept of what principle:
 - a) Negligence principle
 - b) Neighbour Principle
 - c) Legal Principle
 - d) None of the above.

7. Which of the following is not required to ground a claim for negligence:
- a) Duty of care
 - b) Injuries to the plaintiff
 - c) Breach of duty of care by the defendant
 - d) Formal admission of liability by the defendant.
8. In tort law the chain of causation may be broken this event is known as:
- a) Estoppel
 - b) Novus Actus Interveniens
 - c) Contribution
 - d) Mitigation.
9. The liability of an employer for the acts or omissions of their employee is known as:
- a) Strict Liability
 - b) Occupiers Liability
 - c) Vicarious liability
 - d) Principle liability.
10. A plaintiff may be responsible for some of the damages within a negligence claim. Such an issue is known as:
- a) Contributory negligence
 - b) Partial negligence
 - c) Consequential negligence
 - d) Resulting negligence.
11. Outline which of the following is not required for a valid contract:
- a) Offer
 - b) Consideration
 - c) Acceptance
 - d) Invitation to treat.
12. Which of the following contracts in connection with minors are considered valid unless repudiated?
- a) Entering a partnership arrangement
 - b) Taking out an insurance policy
 - c) Taking a lease on property
 - d) All of the above.
13. Which of the following statements are true in respect of consideration in a contract?
- a) Consideration need not be sufficient
 - b) Past consideration is valid consideration
 - c) Consideration must be more than what the party already has to do
 - d) None of the above.

14. In which of the following is the intention to create legal relations automatically assumed?
- a) Domestic arrangements
 - b) Collective agreements
 - c) Commercial arrangements
 - d) All of the above.
15. A clear and unambiguous statement of the terms upon which the offeror is willing to contract, applies to:
- a) Invitation to treat
 - b) Offer
 - c) Request for information
 - d) None of the above.
16. Which of the following actions may invalidate an exclusion clause?
- a) One incorporated into a contract by a signature
 - b) One incorporated by reasonable notice
 - c) One known to the parties through previous course of dealing
 - d) One introduced on a document after the contract was made.
17. The statute of limitations imposes a time limit for initiating proceedings for a breach of a simple contract. This time limit is:
- a) Two years
 - b) Four years
 - c) Six years
 - d) Ten years.
18. An untrue statement made knowingly, or without belief in its truth or made carelessly, without regard to its truth is known as:
- a) Innocent misrepresentation
 - b) negligent misrepresentation
 - c) Fraudulent Misrepresentation
 - d) Indirect Misrepresentation.
19. In a contract where one party is unaware of a mistake and the other party is aware of the mistake. This is known as:
- a) Bi-lateral mistake
 - b) Unilateral mistake
 - c) Mutual mistake
 - d) Common mistake.
20. In respect of a claim for breach of contract which of the following is not an available remedy?
- a) Rectification
 - b) Injunction
 - c) Rescission
 - d) Exclusion.

21. Where a promise is made by one party and reliance is placed on it by another party, and not to enforce it would lead to unfairness has led to the development of the doctrine of:
- Promissory estoppel
 - Promissory exchange
 - Promissory effect
 - Promissory exit.
22. Which of the following does not apply for the Termination of an offer?
- Revocation before valid acceptance
 - Lapse of Time
 - Counter offer
 - Non-payment of a deposit.
23. In respect of contracts of employment which of the following is not used to determine if an individual is an employee or an independent contractor?
- The control test
 - The integration test
 - The contractual test
 - The economic reality test.
24. Where an employee terminates the contract of employment due to the actions of the employer that situation is known as:
- Constructive dismissal
 - Unfair dismissal
 - Wrongful dismissal
 - Forced dismissal.
25. What remedy for unfair dismissal cannot be awarded by the Employment Appeals Tribunal?
- Reinstatement
 - Re-engagement
 - Compensation
 - Promotion.
26. The Sale of Goods Acts 1893 to 1980 provide for implied terms in sale of goods contracts. Which of the following is not an implied term?
- That the goods are merchantable
 - That the goods have a lifetime guarantee
 - That the goods shall be fit for their purpose
 - None of the above.
27. The Consumer Protection Act 2007 provides for certain enforcement actions to be taken. Which of the following does not apply?
- Prosecution of offenders
 - Issuing of compliance notices
 - Prohibition orders
 - Closure orders of business premises.
28. Under the 1980 Sale of Goods Act the maxim *nemo dat quod non habet* applies. Which of the following describes what this means?
- One cannot give what is not theirs.
 - The buyer takes on notice
 - The law is in favour of the seller
 - None of the above.

29. A hire purchase agreement must contain certain formalities, which item is not required?
- Total hire purchase price
 - The amount of each instalment
 - The words Hire Purchase agreement
 - Details of a guarantor in the event of a default in payments.
30. Under a higher purchase agreement for goods the owner cannot enforce any right to recover possession when:
- 10% of the monies due have been paid
 - 25% of the monies due have been paid
 - 33% of the monies due have been paid
 - All of the above.
31. Under the Sale of Goods Act 1980 which term does not apply for a contract for the supply of services?
- The supplier has the skill to deliver the service
 - The materials supplied will be fit for the purpose
 - Where goods are supplied they will be reasonably fit for purpose.
 - All of the above.
32. Which of the following would not be considered a negotiable instrument?
- A bankers draft
 - A cheque
 - A debentures
 - A prize bond.
33. Which of the following statement does not apply to a bill of exchange?
- The order must be in writing
 - The order must be addressed by one person to another
 - The order must not be signed
 - The order must be for a certain sum of money.
34. Which of the following is not considered a Bill of Exchange?
- An order bill
 - An inchoate bill
 - A bearer bill
 - A designated bill.
35. Crossing of a cheque is an instruction that:
- It must be paid through a bank
 - Cash must be exchanged for the cheque
 - A charge is deducted by the bank
 - None of the above.
36. A Promissory Note differs from a Bill of Exchange because:
- It does not contain an order to pay
 - It may be conditional upon the happening of some future event
 - It may provide for instalment payments
 - All of the above are valid.

37. In respect of a partnership an individual dealing with one of the partners can assume the partner has power to act for the partnership. This is known as:
- a) Ostensible authority
 - b) Actual authority
 - c) Implied authority
 - d) Confirmed authority.
38. Which of the following is not a form of business organisation?
- a) A partnership
 - b) A sole trader
 - c) A company
 - d) A franchise.
39. Companies can continue to trade even after the death of the owners. This is known as:
- a) Natural succession
 - b) Perpetual succession
 - c) Corporate continuance
 - d) None of the above.
40. Under company law which of the following is not a shareholders right?
- a) The right to a dividend once one is declared and approved
 - b) The right to attend and vote at meetings
 - c) The right to receive statutory notices
 - d) The right to preferential payment on winding up.
41. In respect of the promoters of a company which of the following statements is untrue?
- a) Promoter must act in good faith
 - b) A promoter cannot be restricted in the same manner as a Director
 - c) A promoter must disclose any conflict of interest.
 - d) None of the above.
42. A director of a company can be guilty of reckless trading. However it is a defence to claim that the director acted:
- a) In the best interests of the shareholders
 - b) To maximise profits
 - c) Honestly and reasonably
 - d) In accordance with the constitution of the company.
43. In respect of a designated activity company, indicate which statement is incorrect:
- a) It must have at least two directors one who must be the secretary
 - b) It can have between 1 and 149 members
 - c) It is not required to hold an AGM when it has two or more members
 - d) It can be a company limited by share or guarantee.
44. The case of Salomon v Salomon established that registered companies have a legally separate personality. This is also known as:
- a) The Incorporation Rule
 - b) The Veil of Incorporation
 - c) The Ultra Vires Rule
 - d) The Separation Rule.

45. The CPA Ireland Code of Ethics lists five fundamental principles. Which of the following is not included in that list?
- a) Professional behaviour
 - b) Integrity and candour
 - c) Professional competence and due care
 - d) Confidentiality.
46. Having researched the ethical case study as the accountant concerned regarding the overvaluation of stock (Case study one). Identify the principle stakeholders from the options listed below:
- a) Managing director, employees, revenue, suppliers
 - b) Managing director, prospective purchaser(s) of the business, employees, you
 - c) Revenue, competing business(es), you
 - d) Shareholders, employees, managing directors.
47. If you as the accountant in Case Study 1 (overvaluation of stock) did not feel your concerns were being addressed appropriately from within the company indicate which of the following is NOT an appropriate course of action:
- a) Notify the auditors
 - b) Seek advice from CPA Ireland
 - c) Do nothing for the moment, as it will come to light when the prospective purchaser reviews the company affairs as part of its due diligence process
 - d) Follow up meetings with e mails or other written correspondence in which you record your points of view.
48. Having reviewed the Ethical Dilemmas Professional Accountants in Public Practice Case Study 2 relating to the improper accounting of sales, indicate which of the following is NOT an appropriate course of action:
- a) Brief the directors of the company of your findings and their responsibilities and obtain their commitment to ensuring that future sales are properly recorded
 - b) Establish all relevant facts
 - c) Disclose this ethical dilemma to the partners of your practice
 - d) Your firm should resign as the company accountant and consider what authorities it may have to report the matter to.
49. Having reviewed the Ethical Dilemmas Professional Accountants in Business Case Study 2 relating to pressure to participate in a fraudulent activity the improper accounting of sales, indicate which of the following key fundamental principles apply:
- a) Integrity, candour, professional competence and due care
 - b) Integrity, objectivity, professional competence and due care
 - c) Confidentiality, integrity, candour, professional competence and due care
 - d) Integrity, candour, professional behaviour.
50. The APB Ethical Standard 1 states that auditors will carry out their work with:
- a) Due care, integrity, and independence
 - b) Integrity, independence, objectivity
 - c) Due care, independence, objectivity
 - d) Integrity, objectivity, due care.