



## Formation 1 / Certificate in Business and Accounting.

### Business laws & Professional Ethics: MCQ Self - Assessment Questions 2

1. Which ONE of the following is NOT an example of delegated legislation?
  - a) A Ministerial Order in relation to the Recognition of Foreign Driving Licences
  - b) An Irish Rail Bye-Law imposing a penalty of €50 where passengers put their feet on seats
  - c) The Competition and Consumer Protection Act 2014
  - d) The Tobacco Smoking (Prohibition) Regulations 2003.
2. Which ONE of the following creates an authoritative precedent, which must generally be followed in subsequent cases?
  - a) An *obiter* statement of the Supreme Court
  - b) A *ratio* statement of the High Court
  - c) A statement made *per incuriam* in the High Court
  - d) All of the above.
3. Harlow was recently charged with drunk cycling, contrary to the Road Traffic Act 2010. He received a summons to appear in the District Court to answer this charge. The summons stated that he was being prosecuted for *driving a pedal cycle under the influence*. Although Harlow is not contesting the fact that he was drunk at the time of his arrest, he is challenging the fact that he acted in contravention of the law, as he was cycling a *gravity bike*, which has no pedals.

**The application of which of the following rules of statutory interpretation will allow the Court to succeed in its prosecution of Harlow for this offence?**

- a) The Literal Rule
  - b) The Golden Rule
  - c) The Mischief Rule
  - d) The Ejusdem Generis Rule
4. Which ONE of the following civil courts has the jurisdiction to hear a claim for personal injuries valued at €70,000?
    - a) The District Court
    - b) The Circuit Court
    - c) The High Court
    - d) The Commercial List Division of the High Court.
  5. Which ONE of the following EU institutions is comprised of directly elected representatives of Member States?
    - a) The European Commission
    - b) The European Parliament
    - c) The Court of First Instance
    - d) The European Court of Justice.

6. Which ONE of the following is NOT an example of a Tort?
- Defamation
  - Nuisance
  - Assault
  - Theft.
7. In January 2016 Whelan was involved in a car accident, when another car skidded on an icy road and collided with Whelan's car. As a consequence of this collision Whelan suffered a broken collar bone and two cracked ribs, and the car incurred damage estimated at €12,000. Whelan is now planning on suing the driver of the other car for his personal injuries and the damage to his vehicle.
- What is the latest date by which Whelan must initiate his action in negligence for personal injuries against the driver of the other vehicle?
- July 2016
  - January 2017
  - January 2018
  - January 2022.
8. In assessing remoteness of damage in negligence which ONE of the followings tests is applied by the Courts?
- The direct consequences test
  - The reasonable foreseeability test
  - The reasonable man test
  - The "but-for" test.
9. Which ONE of the following cases defined defamation as the wrongful publication of a false statement about a person, which tends to lower that person in the eyes of right thinking members of society or tends to hold that person up to hatred, ridicule or contempt or causes that person to be shunned or avoided by right thinking members of society?
- Donoghue v Stevenson (1932) AC 562
  - Quigley v Creation Ltd (1971) IR 269
  - McKenna v Best Travel (1998) 3 IR 57
  - Carlill v Carbolic Smoke Ball Co [1893] 1 QB 256.
10. In negligence which ONE of the following terms describes compensation awarded for pain and suffering sustained as well as any future loss (such as future medical costs, loss of quality of life etc.)?
- General Damages
  - Special Damages
  - Aggravated Damages
  - Punitive Damages.
11. Which ONE of the following is likely to be classified as an offer?
- An advertisement in a newspaper inviting bids to provide catering services to a Galway music festival, stating that the contract will be awarded to the lowest bidder
  - A notice on a furniture store window indicating a reduction of up 50% on the price of all garden furniture
  - A holiday brochure, quoting prices for flights and accommodation to various European destinations
  - A restaurant menu, detailing the food items for sale and their various prices.

12. Reece is an *Action Comics* collector. When he hears that a fellow collector, Anya, is selling a vintage *Action Comics #7*, in which Superman appeared on a comic book cover for the second time, he immediately wrote to her and offered to buy the comic for €40,000. Anya received this offer on 1 July and posted a letter back to Reece on 2 July accepting this offer, and asking him how he was planning on making payment. On 3 July Reece was at a comic book convention and saw another copy of the vintage *Action Comics #7* for sale for €33,000. Reece purchased this comic and immediately rang Anya to revoke his offer. Anya's phone went straight to voicemail and he left her a message stating that he was no longer willing to purchase the comic from her. On 4 July Reece received Anya's letter of acceptance. Reece is now denying the existence of a contract, but Anya is adamant that a valid contract exists between the parties.

Which ONE of the following describes the contractual position of the parties?

- a) There is no valid contract as revocation took place on 3 July
- b) There is a valid contract as acceptance took place on 2 July
- c) There is no valid contract as Anya's letter on 2 July is likely to be classed as a counter-offer
- d) There is no valid contract, as payment has not yet been made.

13. Which ONE of the following will automatically result in the termination of an offer?

- a) Notice of revocation/withdrawal by any third party
- b) A request for further information
- c) The death of the offeror, in relation to an offer to sell his car
- d) A counter-offer.

14. Which ONE of the following describes the rule in relation to privity of contract?

- a) The payment of a lesser sum in satisfaction of a larger debt is not valid consideration
- b) Consideration must be sufficient, but need not be adequate
- c) Consideration must move from the promisee to the promisor
- d) Performance of an existing contractual obligation is not valid consideration.

15. Under which ONE of the following rules will the Courts imply a term into a contract on the assumption that it is so obvious that a reasonable person would have assumed that it is a contract term?

- a) The Business Efficacy Test
- b) The Officious Bystander Test
- c) The Reasonable Man Test
- d) The Common Sense Test.

16. Which ONE of the following breaches automatically gives the injured party the right to rescind the contract?

- a) Breach of a contractual condition
- b) Breach of a contractual representation
- c) Breach of a contractual warranty
- d) Breach of an innominate term.

17. On a recent outing to the cinema Franklin was injured when he tripped over a bin left on a step of the stairs. When Franklin tried to sue the cinema for his injuries they denied liability, based on a clause on the back of his cinema ticket which excluded liability for injuries caused to any visitors to the cinema, whether caused by their negligence or otherwise.

Which of the following describes the legal position in relation to this exclusion clause?

- a) The clause is valid as Franklin has notice of it on his cinema ticket
- b) The clause is valid as it specifically excludes liability for negligence
- c) The clause is not valid as Franklin did not receive proper notice of it
- d) The clause is not valid as it is never permissible to exclude liability for negligent actions.

18. Which ONE of the following describes a unilateral mistake?

- a) A mistake by one party where the other party is aware (or deemed to be aware) of the mistake
- b) Where both parties are mistaken about the same thing
- c) Where the parties contract at cross purposes
- d) Where both parties are mistaken about the law applicable to the contract.

19. In relation to contractual misrepresentation, which ONE of the following statements is FALSE?

- a) To be actionable the misrepresentation must occur prior to the creation of the contract
- b) The misrepresentation must induce the creation of the contract
- c) Silence is generally not classified as a misrepresentation
- d) The misrepresentation must relate to a statement of fact, statements of opinion are never actionable under the law on misrepresentation.

20. Which ONE of the following is not an example of an illegal contract that is void at common law?

- a) A contract whose objective is the commission of a crime
- b) A contract that leads to the corruption of a public official
- c) A contract to interfere with the administration of justice
- d) A contract contrary to the Gaming and Lotteries Act 1956.

21. *Anderson Accountants* booked a hotel room to celebrate the retirement of the firm's senior partner, Morrison. A week before this event was due to take place another partner in *Anderson Accountants* died unexpectedly. As a consequence Morrison decided to delay his retirement by two months. *Anderson Accountants* is now seeking the return of the deposit paid to the hotel on the basis that the contract is frustrated.

Which ONE of the following correctly describes the legal situation between *Anderson Accountants* and the hotel?

- a) The contract is frustrated based on the partner's death
- b) The contract is frustrated as the delay in retirement means that performance is not possible
- c) The contract is not frustrated as the frustration is self-induced
- d) The contract is frustrated, but *Anderson Accountants* are not entitled to the return of their deposit as the loss lies where it falls.

22. In relation to damages recoverable in the event of a breach of contract, which ONE of the following correctly describes the rule established in Hadley v Baxendale (1854) EWHC J70?
- a) The injured party is entitled to all damages arising from the breach of contract
  - b) The injury party is entitled to all damages arising naturally from the breach of contract
  - c) The injury party is entitled to all damages arising from the breach of contract, as well as all damages within the contemplation of the parties
  - d) The injury party is entitled to all damages arising naturally from the breach of contract, as well as all damages within the contemplation of the parties.
23. In assessing the distinction between a worker employed under a contract of services and a contract for services, which ONE of the following describes the test that reviews whether the worker is performing a service as a person in business on their own account?
- a) The Control Test
  - b) The Integration Test
  - c) The Enterprise Test
  - d) The Reality Test.
24. Which ONE of the following is NOT a duty of an employee under Irish employment law?
- a) To obey all instructions of the employer
  - b) Not to be under the influence of drugs or alcohol in the workplace
  - c) To render personal service
  - d) To treat the employer with respect.
25. Which ONE of the following statements is FALSE in relation to contracts of employment?
- a) They are required by law to be in writing
  - b) The terms of the contract can be expressed or implied
  - c) A term in a contract cannot contradict a statutory right
  - d) Where no contract of employment is provided to the employee a Statement of Particulars must be given to this worker within two months of commencement of employment.
26. Which ONE of the following is not a mandatory term of a Hire Purchase agreement?
- a) Details of any costs and penalties for breach of the agreement
  - b) Details of the cash price and the total purchase price
  - c) A 14 day cooling-off period
  - d) Details of the identity of the goods.
27. Under sale of goods legislation, which ONE of the following options is NOT available to a buyer if the seller breaches a condition of the contract?
- a) Rejection of the goods
  - b) A claim for damages
  - c) The recovery of the price
  - d) Specific performance of the contract.

**28.** Samson was hosting a party for his father's 70<sup>th</sup> birthday and ordered, from *Glasses Galore*, 5 boxes of champagne glasses, with each box to contain 12 glasses. When the glasses arrived some boxes contained 10 glasses, others 15 – although Samson had received the 60 glasses ordered. After taking delivery of these glasses Samson discovered that he can purchase these glasses cheaper from another supplier. Samson is considering repudiating the contract with *Glasses Galore*.

Select the appropriate option from the four below to indicate whether Samson can, or cannot repudiate this contract for breach of the sale of goods legislation?

- a) Yes, he can repudiate it as there is a breach of the seller's obligations in relation to merchantable quality
- b) Yes, he can repudiate it as there is a breach of the seller's obligations in relation to sale by description
- c) No, he cannot repudiate it as he has received the correct number of glasses
- d) No, he cannot repudiate it as the sale of goods legislation does not apply to the transaction as Samson is not dealing as a consumer.

**29.** Which of the following is not a right of an unpaid seller against his property?

- a) Stoppage in transit
- b) A lien on the goods
- c) The right of resale
- d) An action for price.

**30.** In what circumstances does a stoppage in transit arise?

- a) On the death of the buyer of the goods
- b) On the insolvency of the buyer
- c) If the buyer breaches the contract for the purchase of the goods
- d) When the contract becomes frustrated.

**31.** Which ONE of the following is NOT a method of crossing a cheque?

- a) Writing "account payee" or equivalent on the cheque
- b) Writing "negotiable" or equivalent on the cheque
- c) A general crossing
- d) A special crossing.

**32.** Which ONE of the following is NOT a type of endorsement of a bill of exchange?

- a) An unconditional endorsement
- b) A restrictive endorsement
- c) An endorsement in blank
- d) A special endorsement.

**33.** Which ONE of the following is NOT a characteristic of a negotiable instrument?

- a) They include postal and money orders
- b) They can be created by statute and custom
- c) Title is passed on delivery if the instrument is payable to the bearer
- d) The transferees have an unqualified right to the payment of the full amount.

34. Grimsby is a self-employed accountant. He recently discovered that he had neglected to lodge a cheque received from a client that was dated 17 March 2016. Which of the following is the time period for presentation of a cheque for payment, and after which it is classed as being *stale*?
- a) One month
  - b) Six months
  - c) Twelve months
  - d) Eighteen months.
35. Which ONE of the following is NOT a characteristic of a Bill of Exchange?
- a) It is an unconditional order to pay
  - b) It can be made verbally or in writing
  - c) It can be payable on demand or on a fixed or determinable future date
  - d) It must require payment of a certain sum of money.
36. Which ONE of the following classifications of companies does not need to state an authorised share capital when registering the company?
- a) A Private Limited Company
  - b) A Private Unlimited Company
  - c) A Designated Activity Company
  - d) A Public Limited Company.
37. In order to effect an alteration to a Public Limited Company's Articles of Association, what type of resolution is required?
- a) An ordinary resolution
  - b) An ordinary resolution with special notice
  - c) A special resolution
  - d) A special resolution with special notice.
38. Which ONE of the following business entities is NOT recognised as a separate legal entity?
- a) A Limited Partnership
  - b) A Private Limited Company
  - c) A Guarantee Company
  - d) A Public Limited Company.
39. What is the maximum number of shareholders permissible in a Designated Activity Company?
- a) 50
  - b) 99
  - c) 149
  - d) There is no maximum threshold.
40. What type of liability does a silent/sleeping partner have on the dissolution of the partnership?
- a) Limited Liability
  - b) Joint and Several Limited Liability
  - c) Unlimited Liability
  - d) Joint and Several Unlimited Liability.
41. In which of the following circumstances will the Court order the dissolution of a partnership?
- a) On the death or bankruptcy of a partner
  - b) When a frustrating event occurs
  - c) When a partner wilfully and persistently breaches the partnership agreement
  - d) When the partners unanimously agree to the dissolution.

42. Which ONE of the following debts is paid first on the dissolution of a partnership
- a) Floating Charges
  - b) Advances by partners
  - c) Partner loans
  - d) External debts.
43. Where a group of accountants decide to establish a partnership, what is the maximum number of partners permissible?
- a) No more than 10, unless otherwise prescribed by the Minister
  - b) No more than 20, unless otherwise prescribed by the Minister
  - c) No more than 50, unless otherwise prescribed by the Minister
  - d) No more than 149, unless otherwise prescribed by the Minister.
44. The CPA Ireland Code of Ethics lists five fundamental principles. Which of the following is not included in that list?
- a) Professional behaviour
  - b) Honesty
  - c) Professional competence and due care
  - d) Objectivity.
45. In the context of the fundamental principle of 'Confidentiality' as listed in the CPA Ireland code of Ethics which of the following statements is not correct:
- a) A member shall respect the confidentiality of information acquired as a result of professional and business relationships
  - b) A member shall never disclose to a third party any confidential information acquired as a result of professional and business relationships
  - c) Confidential information acquired as a result of professional and business relationships shall not be used for the personal advantage of the member or third parties
  - d) A member may disclose, to a third party, information acquired as a result of professional and business relationships where there is a legal or professional right or duty to disclose such information to that third party.
46. Which of the following (i) to (iii) is / are included in the introduction to Ethical Standard 1 (ES 1) the Audit Practices Board (APB):
- (i) The primary objective of an audit of the financial statements is for the auditor to provide independent assurance to the shareholders that the directors have prepared the financial statements properly
  - (ii) The auditor issues a report that includes an opinion as to whether or not the financial statements give a true and fair view
  - (iii) (iii) The auditor assists the shareholders to exercise their proprietary powers as shareholders in the Annual General Meeting.
- a) (i) only
  - b) (ii) only
  - c) (i) and (ii) only
  - d) (i), (ii) and (iii).
47. The Audit Practices Board (APB) Ethical Standard 1 (ES 1) states that auditors shall conduct the audit of the financial statements of an entity with:
- a) Professionalism, integrity and independence
  - b) Integrity, objectivity and professionalism
  - c) Integrity, objectivity and independence
  - d) Due care, independence and objectivity.



**48.** Of the considerations listed below which, if any, are also listed in the CCAB's Ethical Dilemmas Case Studies for Professional Accountants whether they are working in business, public practice or the voluntary sector?

- a) Identify relevant facts
- b) Identify affected parties
- c) Who should be involved in the resolution
- d) a), b) and c).

**49.** When resolving an ethical conflict, the Ethical Dilemmas Case Studies for Professional Accountants in Business advises that:

- i) you should consider whether other parties could or should be involved in discussions
- ii) you may wish to seek advice from a trusted colleague within the organisation, your professional body or an independent lawyer
- iii) if advice is obtained, it is sufficiently well documented either by way of minutes or your own records.

Which, if any of i) to iii) above is / are correct.

- a) i), ii) and iii)
- b) ii) and iii) only
- c) iii) only
- d) None of the above.

**50.** A qualified accountant is hired as a consultant to assess the efficiency of the processes of a financial services company. It is clear from his assessment that several processes urgently require material improvement at significant financial cost to the company. In the course of the project the accountant has been reporting to the Head of Customer Services and found her to be very helpful. However, the consultant has now found that the Head of Customer Services has, when reporting the consultant's findings, not been full and frank with the company's board. The consultant is concerned about this and reviews the terms of the contract under which he has been hired. He confirms that his contract is with the main board and as a result decides to inform the board directly of his concerns. From the options below, how may the consultant have fulfilled his duties in respect of the principle of confidentiality?

- a) Informing the main board would prevent a distortion of the true picture
- b) He has ignored the good working relationship he has with the Head of Production
- c) He confirmed that the contract is with the main board
- d) None of the above.