

UNIVERSITY OF BOLTON

OFF CAMPUS DIVISION

WESTERN INTERNATIONAL COLLEGE

BA (HONS) ACCOUNTANCY

SEMESTER ONE EXAMINATION 2024/2025

INTRODUCTION TO LAW FOR ACCOUNTANTS

MODULE NO: ACC4014

Date: Monday, 13 January 2025

Time: 5:00pm – 7:00pm

INSTRUCTIONS TO CANDIDATES:

There are **TWO SECTIONS** in this paper. Section A contains 30 multiple choice questions and Section B has **FOUR (4)** questions.

Answer **ALL** questions from both sections. All answers should be written in the **ANSWER BOOKLET**.

This is a 2-hour closed book examination.

You must hand in this exam paper with your answer booklet.

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SECTION A

ALL 30 QUESTIONS ARE COMPULSORY AND MUST BE ANSWERED IN THE ANSWER BOOKLET

1. Which of the following is not needed for a legally binding contract to be in force?

- A Intention to create legal relations
- B Written contract
- C Consideration

(1 mark)

2. Which of these statements most accurately describes the English Legal System?

- A It is a common law system
- B It is a civil law system
- C It is neither a common law nor a civil law system

(1 mark)

3. What are the maximum penalties under the Bribery Act 2010?

- A 10 years for an individual and an unlimited fine for a commercial organisation
- B 7 years for an individual and an unlimited fine for a commercial organisation
- C 5 years for an individual and a public reprimand for a commercial organisation
- D 10 years for an individual and 10 years for a director in a commercial organisation

(2 marks)

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4. Which document is an employee entitled to receive at the start of employment?

- A A copy of the employer's liability insurance details
- B The staff handbook
- C The contract of employment
- D The written statement of particulars

(2 marks)

5. Which of the following statements is incorrect in relation to directors?

- A Private companies are required to have at least one director
- B Public companies are required to have at least two directors
- C All directors must be over the age of 21

(1 mark)

6. Statute law refers to:

- A Law created by Parliament in the form of legislation
- B Law deriving from cases
- C Law created by judges

(1 mark)

7. What is the 'neighbour' principle in negligence?

- A The principle which states that a claimant is to be judged according to whether they have acted in the same way as a 'reasonable person'
- B The principle which allows neighbours to resolve disputes
- C The principle which establishes whether a duty of care is owed to a claimant
- D The principle relating to good citizenship

(2 marks)

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8. Which of the following is not a type of resolution?

- A Written resolution
- B Selective resolution
- C Ordinary resolution
- D Special resolution

(2 marks)

9. Who brings a criminal case to court?

- A The State in the name of the Crown
- B The State in the name of the Government
- C The victim of the crime

(1 mark)

10. Which of the following is not a type of partnership structure?

- A A general partnership
- B An extraordinary partnership
- C A limited partnership
- D A limited liability partnership

(2 marks)

11. Which of the following statements is incorrect?

- A A public limited company's name must end in the words 'public limited company' or 'plc'
- B Both private and public limited companies must hold an annual general meeting each calendar year
- C A private company is prohibited from offering its shares to the public
- D There is no minimum share capital required for private limited companies

(2 marks)

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12. What is executory consideration?

- A Consideration which is from the past
- B An exchange of promises for future acts
- C Consideration which is inadequate

(1 mark)

13. Which of the following is not a feature of a limited company?

- A The company's separate legal personality
- B The perpetual succession of the company
- C The limited liability of the members
- D The directors' immunity from any criminal sanctions

(2 marks)

14. Which document establishes the constitution of the company and how it may run its affairs?

- A The directors' contract of employment
- B The certificate of incorporation
- C The memorandum
- D The articles of association

(2 marks)

15. Which Act of Parliament incorporated the European Convention on Human Rights and Fundamental Freedoms into English law?

- A The European Communities Act 1972
- B The Human Rights Act 1998
- C The European Union Amendment Act 2008

(1 mark)

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16. What is the quorum for a general meeting of a registered company?

- A Two persons being members or proxies for members
- B Three persons being members or proxies for members
- C Two persons being members

(1 mark)

17. Which of the following statements is correct?

- A The person appointed as liquidator need not have any formal qualifications
- B The person appointed as liquidator must be a qualified accountant
- C The person appointed as liquidator must be a qualified insolvency practitioner
- D The person appointed as liquidator must be a solicitor

(2 marks)

18. The Memorandum of Association of a company must be signed by:

- A The subscribers and all the directors
- B The subscribers and at least one of the directors
- C The subscribers and the company secretary
- D The subscribers only

(2 marks)

19. What is the minimum number of directors that a plc must have?

- A One
- B Two
- C Three

(1 mark)

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20. What is a representation?

- A A statement which sets out the obligations of the parties
- B A statement of fact made before a contract is made which may induce the contract
- C A boast or hype used to sell a product
- D A statement of fact which turns out to be wrong

(2 marks)

21. What is meant by statutory interpretation?

- A The interpretation of a statute by Parliament
- B The interpretation of a statute by the House of Commons
- C The interpretation of a statute by the courts
- D The interpretation of a statute by the House of Lords

(2 marks)

22. What is necessary to convict a director of fraudulent trading?

- A That the director had dishonest intent
- B That the director was not a shadow director
- C That the director was not a shareholder

(1 mark)

23. How long does a company have to file amended articles of association with the Registrar if they have been altered?

- A 14 days
- B 15 days
- C 21 days

(1 mark)

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24. Persons who take procedural steps to set up a company and who make business preparations for the company are known as:

- A Directors
- B Shareholders
- C Registrars
- D Promoters

(1 mark)

25. Which of the following persons or bodies cannot petition the court for compulsory winding up of a company?

- A The Official Receiver
- B The company itself
- C Any creditor owed at least £750
- D Any director

(2 marks)

26. What is a shadow director?

- A A director who has management responsibilities in the company
- B A person whose directions or instructions the directors of a company follow
- C A person appointed to attend Board meetings and vote in place of a director

(1 mark)

27. Where an offer does not stipulate an expiry date, it will remain open:

- A forever, until accepted by the offeree
- B until expressly revoked by the offeror
- C until a counter offer is made
- D for a reasonable time, after which it will automatically expire

(2 marks)

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28. Companies Act 2006 requires directors to have regard to the interests of the company employees. If directors fail to satisfy this requirement action may be taken against them by:

- (i) the company
- (ii) the employees

Which of the above is/are correct?

- A (i) only
- B (ii) only
- C Both (i) and (ii)
- D Neither (i) nor (ii)

(2 marks)

29. Which court hears an appeal from the High Court?

- A The Court of Appeal (Civil Division)
- B The Court of Appeal (Criminal Division)
- C The Magistrates' court

(1 mark)

30. An intention to create legal relations will be presumed in which of the following situations?

- A Between friends and social acquaintances
- B Between husband and wife
- C Between parties in a commercial relationship

(1 mark)

[TOTAL 45 MARKS]

END OF SECTION A

QUESTIONS CONTINUE OVER THE PAGE

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SECTION B- ANSWER ALL FOUR QUESTIONS

The following case study is a pre-seen case study:

Café Delight, a popular local coffee shop, prides itself on its community involvement and high-quality products. The café has recently expanded its offerings to include catering services for local events. Emma, the café manager, oversees daily operations and is responsible for coordinating events and managing staff.

Emma hires Jack as an events coordinator under a written employment contract that includes provisions regarding confidentiality and the responsibilities of the role. One day, while organizing a promotional event outside the café, Emma instructs Jack to set up a tent for guests. Jack, who is relatively new and inexperienced, accidentally causes the tent to collapse, injuring a customer, Mark, who was walking by. Mark suffers minor injuries but incurs medical expenses and emotional distress as a result of the incident.

In the aftermath of the incident, Café Delight receives a demand for damages from Mark. He claims that the café was negligent in its duty of care to ensure a safe environment for customers.

Following the incident, Emma decides to terminate Jack's employment for incompetence, citing the accident as the reason. Jack believes he was merely following Emma's instructions and claims wrongful dismissal, arguing that he did not receive adequate training or supervision.

Simultaneously, Café Delight faces scrutiny from its suppliers and clients due to negative media coverage of the incident. The café's financial stability is at risk as it contemplates the potential costs of defending against Mark's claim and Jack's wrongful dismissal claim.

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Required:

- a) Analyse Café Delight's potential liability for Mark's injuries. Discuss the principles of negligence, including duty of care and breach of duty. Evaluate the possible defences available to Café Delight and the implications of vicarious liability for Jack's actions.

(14 marks)

- b) Evaluate the implications of Jack's termination on his employment contract. Discuss the conditions under which wrongful dismissal claims can arise and whether Café Delight could successfully defend against Jack's claim.

(15 marks)

- c) Assess the rights of Jack in the context of his employment. Consider whether he has a valid claim for constructive dismissal if he chooses to resign in response to his treatment following the incident.

(14 marks)

- d) Analyse Emma's role as an agent of Café Delight. Discuss how her instructions to Jack could affect the café's liability and the extent to which Emma can be held personally liable for her decisions as a manager.

(12 marks)

In your answer, critically analyse each area of law relevant to the scenario, referencing appropriate legal principles, statutes, and case law. Apply your knowledge of tort law, contract law, employment law, and agency law to provide a comprehensive evaluation of the issues presented, demonstrating an understanding of these legal concepts.

[TOTAL 55 MARKS]

END OF QUESTIONS