

## STAGE: FORMATION 1

Subject Title :

### BUSINESS LAW AND PROFESSIONAL ETHICS

Examination Duration: 2 Hours

#### Aim

The aim of this subject is to enable students to become familiar with the principles and practice of business law and case law relating to the role and work of an accountant. They will also explore the ethical standards necessary for a career in professional accountancy and develop the ability to identify when the engagement of a legal expert is required.

#### Business Law and Professional Ethics as an Integral Part of the Syllabus

A knowledge and understanding of legal and ethical principles and practice is relevant for students throughout the field of professional accountancy studies. In particular, Business Law and Professional Ethics forms the basis for the study of Corporate Laws and Governance.

The content of the syllabus provides a firm foundation for subsequent study in the areas of Auditing, Audit Practice and Assurance Services, Financial Accounting, Corporate Reporting, Advanced Corporate Reporting and Strategy and Leadership.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	Strategic Corporate Finance	Strategic Performance Management	Advanced Corporate Reporting	Strategy & Leadership	Audit Practice and Assurance Services	Advanced Taxation
P1		Managerial Finance	Corporate Reporting	Corporate Laws and Governance	Auditing	
F2		Management Accounting	Financial Accounting	Information Systems	Taxation	
F1			Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

The above table shows the linkages between Business Law and Professional Ethics and the subjects highlighted.

## Learning Outcomes

On successful completion of this subject students should be able to:

- Distinguish between the sources of law, both domestic and EU.
- Explain the principles and applications of the law of torts and the sale of goods and supply of services legislation.
- Interpret contract law including the law relating to the employment contract.
- Identify and describe aspects of law relating to negotiable instruments.
- Demonstrate the application of elements of company and partnership law in relation to how business entities and partnerships are formed and structured, and describe their commercial relationships.
- Explain the relevance of the CPA Code of Ethics for students, members of the Institute and other stakeholders.

## Syllabus

1: INTRODUCTION: Weighting 10%	CL*
The sources of law; common law and equity, judicial precedent and case law, statute law, the Constitution and European Union (EU) law.	2
The legal system in operation – doctrine of separation of powers, basic institutions of the State, the requirements of natural and Constitutional justice, structure of the courts, civil and criminal divisions, solicitor/barrister relationship, functions of the Attorney General and the Director of Public Prosecutions, interpretation of statutes.	2
EU Law –the treaties, institutions of the Union. Regulations, directives, decisions, recommendations, opinions and competition law.	1

## 2: LAW OF TORTS: Weighting 10%

Principles.	2
Types of tort – defamation, nuisance, negligence, professional negligence, conversion, passing off, data protection legislation, product liability and the defective products legislation. .	1
Remedies	1

## 3: CONTRACT: Weighting 30%

Formation of a contract – agreement, including offer (versus invitation to treat) and acceptance, intention to create legal relations, consideration, evidentiary requirements, third party rights, including privity of contract and assignment.	1
Content of a contract – what is a term, distinction between terms and mere representations, sources of terms, the parol evidence rule, classification of terms, exclusion clauses.	1
Misrepresentation, mistake, illegality, duress, undue influence, unconscionable bargains, capacity.	1
Performance, discharge and remedies for breach of contract.	1
Employment contracts – contract for / of services. Rights and duties of employers and employees.	1

## 4: SALE OF GOODS AND SUPPLY OF SERVICES: Weighting 10%

Defining and distinguishing sales contracts.	2
Credit sales, hire purchase and lease.	1
Terms of the contract.	1
The duties of the parties.	1

**4: SALE OF GOODS AND SUPPLY OF SERVICES: Weighting 10%**

Remedies.	1
Product guarantees, after sales services and product liability.	1
Passing of property.	1
Passing of risk.	1
Title conflicts.	1
Contracts for the supply of services.	2
Relevant legislation.	2

**5: NEGOTIABLE INSTRUMENTS: Weighting 10%**

Negotiable Instruments.	1
Bills of Exchange.	1
Cheques.	1
Promissory Notes.	1
Bank Drafts.	1

**6: COMPANY AND PARTNERSHIP LAW: Weighting 15%**

Introduction to companies and other forms of business organisation, the development of company law in Ireland, Irish company law and EU law.	1
Characteristics of companies - their classifications, how a company is formed, commencement of a business.	1
Formation of partnerships. Types of partners and liability.	1

**6: COMPANY AND PARTNERSHIP LAW: Weighting 15%**

Dissolution of partnerships and priority of debts on dissolution. 1

**7: PROFESSIONAL ETHICS: Weighting 15%**

CPA Code of Ethics. 1

Ethical Standard for Auditors (Ireland) 2016 1

Ethical Dilemmas – CCAB Case Studies 1  
Professional accountants in business  
Cases 1 to 3.  
Professional accountants in public practice  
– Cases 2, 4 and 6.  
Professional accountants working in the  
voluntary sector - Cases 1, 5 and 6.

**Assessment Strategy****EXAMINATION APPROACH**

Students are required to demonstrate appropriate knowledge of legal principles and concepts, case law, legislative provisions and the ethical framework relevant to business and other organisations in the context of the role of the professional accountant.

**EXAMINATION FORMAT**

The examination is computer-based, closed-book and 2.0 hours in duration. Students are presented with 50 questions, each of which should be answered.

**MARKS ALLOCATION**

Each question carries 2 marks. The total for the examination is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

## Booklist

### CORE TEXTS

Keenan / Essentials of Irish Business Law 6th edition  
2012 / Gill and Macmillan / ISBN-13: 978-0717152612.

McDonnell, Vaeni/ An Introduction to Business Law/  
2nd edition/ ICAI 2015 / ISBN-13: 978-1910374337

### MANUALS

Griffith College CPA Skillnet Business Law and  
Professional Ethics - Latest edition.

### SUPPLEMENTARY TEXTS

Byrne & McCutcheon / Irish Legal System, 6th edition /  
Tottel / 2014 / ISBN-13:978-1780435008.

Enright / Principles of Contract Law / Clarus Press 2007  
/ ISBN-13: 978-1905536108

White / Commercial Law / Round Hall Press 2012 /  
ISBN-13: 978-1858006321.

Keane / Company Law, 5th Edition/ Bloomsbury  
Professional 2016 / ISBN-13: 978-1780435428.

CPA Students' eBulletin

CPA AccountancyPlus

### USEFUL WEBSITES (AS AT DATE OF PUBLICATION)

[www.cpaireland.ie](http://www.cpaireland.ie) - CPA Ireland.

[www.irishstatutebook.ie](http://www.irishstatutebook.ie) - Irish Statute Book – Office of  
the Attorney General.

[www.cro.ie](http://www.cro.ie) - Companies Registration Office.

[www.clrg.org](http://www.clrg.org) - Company Law Review Group.

[www.lawreform.ie](http://www.lawreform.ie) - The Law Reform Commission.

[www.courts.ie](http://www.courts.ie) - Irish Courts Service.

[www.consumerhelp.ie](http://www.consumerhelp.ie) - Office of The Director of  
Consumer Affairs.

[www.ifac.org](http://www.ifac.org) – The International Federation of  
Accountants.

[www.ccab.org.uk/reports.php](http://www.ccab.org.uk/reports.php) - CCAB (publications  
page).