

Testbank

to accompany

Business and Company Law

2nd edition

by
James et al.

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Chapter 1

Business and the law

1. The purpose of the law is to:

- i. resolve disputes.
- ii. keep the peace.
- iii. preserve and enforce community values.
- iv. ensure that resources and opportunities are distributed fairly within a community.

- a. i, ii, iii.
- b. i, iii, iv.
- c. i, iv.
- *d. i, ii, iii, iv.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

2. A legal system that complies with the rule of law will ensure that:

- i. all citizens have legal rights enforceable in the courts.
- ii. the law will be applied equally to all.
- iii. a person is not tried more than once for a given crime.
- iv. people will only be punished for conduct that is expressly made illegal.

- a. i, ii, iii.
- b. i, iii, iv.
- *c. i, ii, iii, iv.
- d. ii, iii, iv.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

3. Public law is concerned with the relationship between the citizen and the state, and includes:

- a. contract law and criminal law.
- b. administrative law and tort law.
- c. taxation law and property law.
- *d. constitutional law and administrative law.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

4. Private law is concerned with the relationships between citizens within the community, and includes:

- i. contract law and tort law.
- ii. competition law and consumer law.
- iii. commercial law and partnership law.
- iv. employment law.

- a. i, ii, iii.
- b. ii, iii, iv.
- c. i, iii, iv.
- *d. i, ii, iii, iv.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

5. A particular law might be changed because of:

- i. a change in government.
- ii. changing social and moral values.
- iii. old legislation automatically expiring.
- iv. the invention of new technologies.

- a. i, ii, iii.
- b. i, iii, iv.
- *c. i, ii, iv.
- d. ii, iii, iv.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

6. Contract law regulates:

- a. the relationship between the various arms of government.
- *b. agreements and promises.
- c. the compensation of victims for another's carelessness.
- d. criminal liability.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

7. Tort law may be classified as:

- i. public law.
- ii. criminal law.
- iii. international law.
- iv. civil law.
- v. domestic law.
- vi. private law.

- a. i, iii, vi.
- b. ii, iv, v.
- c. iii, iv, v.
- *d. iv, v, vi.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

8. 'Justice' can best be understood as:

- a. morality.
- *b. fairness.
- c. legality.
- d. truth.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

9. As an employer, Johnny must pay payroll tax to:

- a. the Federal government.
- *b. the State government.
- c. the Local government.
- d. all of the options listed.

General feedback:

Learning objective 1.1: In what ways does the law relate to business?

10. Which if the following is not a key feature of law?

- a. A system of rules
- *b. Approved by the court
- c. Made by the state
- d. Enforceable by prosecution or litigation

General feedback:

Learning objective 1.1: In what ways does the law relate to business?

11. Ash promises to meet Johnny for a beer, but never shows up. Ash's conduct is:

- a. ethical and legal.
- *b. unethical but legal.
- c. ethical but illegal.
- d. unethical and illegal.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

12. The Federal government compulsorily acquires Tom's land as the proposed site for a new freeway. He is not compensated. Tom may be able to challenge the acquisition on the ground that:

- *a. according to the Australian Constitution he is entitled to 'just compensation'.
- b. the Federal government does not have the power to compulsorily acquire land.
- c. it is not in the interest of the public.
- d. the Constitution gives the power of compulsory acquisition to the State governments not to the Federal government.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

13. Danny is arrested. When asked, the arresting officer refuses to tell Danny why he has been arrested. It appears that the police are not acting in accordance with:

- a. absolute justice.
- b. retributive justice.
- c. distributive justice.
- *d. procedural justice.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

14. The law is a living, growing thing that constantly changes. Which of the following cannot be regarded as a force for change?

- i. A change in government
- ii. The need to remedy a defect in a law
- iii. Pressure exerted by lobby groups on the government

iv. The changes in technology

- a. i, ii, iii.
- b. i, iii, iv.
- *c. i, ii, iii, iv.
- d. ii, iii, iv.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

15. The term loophole when used in a legal context means:

- a. a way of complying with the spirit of the law rather than the letter of the law.
- *b. a way of interpreting a law so as to circumvent its intended effect.
- c. a technological glitch in a computer system.
- d. an escape clause in a contract.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

16. Johnny is accused of murder. Which of the following is not an example of procedural justice at work?

- a. The arresting officer informs him of his right to legal representation.
- b. The Crown must prove his guilt beyond reasonable doubt.
- c. His barrister is entitled to cross-examine the witness for the prosecution.
- *d. The trial judge takes into account Johnny's criminal history when passing sentence.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

17. Restorative justice is:

- a. aimed at the fair and proper distribution of resources within a group.
- b. the basis for the theory of egalitarianism.
- *c. concerned with the rehabilitation of wrongdoers.
- d. applied to ensure a 'proper' response to a wrongful act.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

18. Ethical standards are similar to legal rules because:

- *a. they offer guidance in making decisions about how to behave.
- b. they are not enforceable by prosecution or litigation.
- c. they are based on moral laws.
- d. they are based on the law.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

19. Chloe asks Ben whether her bottom looks big in her new pair of jeans. Ben believes it does. Which of the following is an example of unethical behaviour by Ben?

- a. Ben says no because he is frightened of Chloe and wants to avoid a scene.
- b. Ben says no because he doesn't want to hurt Chloe's feelings.
- c. Ben says yes because he believes in always telling the truth regardless of the consequences.
- *d. Ben says yes because the jeans were very expensive and he wants her to return them.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

20. Michael, who lives in Brisbane, purchased a set of golf clubs from Matthew, who lives in England, via the Internet. The clubs were delivered but did not fit the description given on the website. Michael wants to sue Matthew for breach of contract. An Australian court will have jurisdiction to hear the dispute if:

- *a. Michael serves the statement of claim on Matthew when he visits Brisbane on holiday.
- b. an Australian company manufactured the golf clubs.
- c. Matthew knew the clubs were to be used in Australia.
- d. Michael is a citizen of Australia.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

21. Which of the following would not be regarded as a purpose of the law?

- a. Keeping the peace and preventing chaos
- b. Ensuring community values are applied equitably
- c. Ensuring fair distribution of resources
- *d. Encouraging the arbitrary exercise of power

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

22. Public law is concerned with:

- a. prosecution of crimes committed by members of the public.
- b. matters that do not involve privacy issues.
- *c. the relationship between the citizen and the state.
- d. the maintenance of parks and other community venues.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

23. Brockwell is the leader of a religious sect. His position requires him to wear a ceremonial sword. He is arrested and charged with carrying a weapon. He seeks to challenge the charge on the grounds that the law contravenes his religious freedom. His defence will rely on:

- a. criminal law.
- b. administrative law.
- *c. constitutional law.
- d. private law.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

24. Tort law:

- a. is the law that regulates agreements and promises.
- b. seeks to ensure businesses do not misuse their power in the marketplace.
- *c. provides a remedy for those harmed by the acts or omissions of another.
- d. governs the relationship between employers and employees.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

25. Which of the following statements is not in accordance with the notion of retributivism?

- a. Offenders must be dealt with as individuals.
- b. Punishment should be determined in accordance with what the offender deserves.

- *c. Punishment for any given offence should always be the same, regardless of the circumstances of the crime.
- d. Punishment should constitute a proper response to a wrongful act.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

26. Melissa is a real estate agent. She is showing a house to Tania. She knows Tania believes in the supernatural. A grisly murder was carried out in the house 10 years before. Melissa is not required by law to inform Tania. She suspects if Tania knew, it would influence her decision to buy the house. Which of the following does not constitute ethical conduct on Melissa's part?

- a. Melissa makes it clear that Tania should not buy the house but does not tell her why.
- b. Melissa says nothing because she believes there is nothing wrong with the house.
- c. Melissa makes full disclosure of the history of the house.
- *d. Melissa keeps quiet because she is focused on earning a large commission.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

27. Which of the following is not an institution that administers public international law?

- *a. International Committee of the Red Cross
- b. United Nations
- c. World Trade Organization
- d. International Monetary Fund

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

28. Which of the following is not a characteristic of a law?

- a. A statement of behavioural expectation
- *b. Made by persons or organisations
- c. Enforceable by prosecution or litigation
- d. Made by the state

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

29. The philosopher Thomas Hobbes famously stated that without law, existence would be a 'war of all against all'. By that he meant:

- *a. law is necessary to keep the peace and prevent chaos.
- b. law is a vehicle of oppression.
- c. law discourages international conflict.
- d. law is necessary to keep military forces in check.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

30. Which of the following is not an example of the way the law maintains the stability and growth of the economy?

- a. An increase in the rate of personal income tax
- b. A change in the law making it more difficult for victims to sue for compensation for personal injury
- c. The introduction of a goods and services tax
- *d. An increase in the penalty for murder

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

31. According to legal theorist A V Dicey, a legal system that complies with the rule of law will:

- a. integrate the legislature and judiciary to ensure a consistent approach.
- b. restrict personal freedoms via the court system.
- c. punish persons even where conduct is not expressly illegal.
- *d. apply the law equally to everyone, regardless of their social status, culture, religion or political beliefs.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

32. Constitutional law is a category of public law concerned with:

- a. regulating the administrative activities of the government.
- b. making government departments accountable to citizens for their actions.
- *c. regulating the relationship between the government and its citizens and granting human rights and liberties.

d. giving citizens the right to seek judicial review of administrative decisions.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

33. Private law is concerned with the relationships between persons within the community. Which of the following types of law do not fall within this category?

- a. Tort law and property law
- b. Commercial law and employment law
- c. Company law and partnership law
- *d. Criminal law and taxation law

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

34. A lobby group is:

- *a. a group within the community that exerts pressure on the government to effect change to laws perceived to be unjust.
- b. a group of activists known to loiter in the reception areas of government facilities.
- c. a community group that organises safety campaigns in local areas.
- d. a group that acts as a watchdog to ensure the government does not move to change existing legislation.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

35. Which of the following is not a character trait of an ethical person?

- a. Integrity (i.e. acting in accordance with moral values)
- *b. Inflexibility (i.e. always following the letter of the law regardless of the consequences)
- c. Wisdom (i.e. making the right decisions based on experience)
- d. Moral courage (i.e. the ability to make difficult choices)

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

36. Ashley breeds rabbits. He exports live rabbits overseas. He learns that those rabbits are being used for scientific lab testing. Which of the following actions would be least likely to be considered ethical conduct on Ashley's part?

- *a. Ashley continues to export the rabbits because it is a lucrative contract and he is indifferent to their suffering.
- b. Ashley continues to export the rabbits because he hopes the testing will result in a medical breakthrough in the treatment of disease.
- c. Ashley stops exporting the rabbits in order to spare their suffering.
- d. Ashley continues to export the rabbits because he believes the knowledge gained from the testing justifies the suffering to which the rabbits are subjected.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

37. Which of the following is not regulated by intellectual property law?

- a. A trademark
- b. A patent
- *c. A sale of goods
- d. Copyright

General feedback:

Learning objective 1.1: In what ways does the law relate to business?

38. Which of the following is not a reason for changes in the law?

- a. A change in government
- b. Changing social and moral values
- *c. All legislation eventually expires
- d. The invention of new technologies

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

39. If Ash borrows money to buy a car, her car loan will be regulated by:

- a. the law of torts.
- *b. contract law.
- c. criminal law.
- d. intellectual property law.

General feedback:

Learning objective 1.1: In what ways does the law relate to business?

40. Litigation necessarily involves:

- a. the contravention of a criminal rule.
- b. the law of contract.
- c. a prosecution.
- *d. the contravention of a civil rule.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

41. When a contract is breached, the other person can sue the person who breached the contract for:

- *a. monetary compensation.
- b. a fine.
- c. imprisonment.
- d. an apology.

General feedback:

Learning objective 1.1: In what ways does the law relate to business?

42. An owner of land pays rates to the:

- a. Federal government.
- b. State government.
- *c. Local government.
- d. Territory government.

General feedback:

Learning objective 1.1: In what ways does the law relate to business?

43. Law is:

- *a. a system of rules.
- b. a set of guidelines.
- c. a set of statements.
- d. a set of standards.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

44. Business law is:

- a. a set of guidelines that shape business activities.
- b. a set of regulations that discourage business activities.
- *c. a system of rules that regulate business activities.
- d. a set of principles that guide business activities.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

45. Which of the following is not one of the purposes of law?

- *a. To protect disadvantage
- b. To resolve disputes
- c. To keep the peace
- d. To prevent the misuse of power

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

46. To prevent oppression by the government, a system of law must be:

- a. flexible.
- b. dynamic.
- *c. transparent.
- d. enforceable.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

47. The rule of law is generally found in:

- *a. liberal democratic countries
- b. authoritarian countries.
- c. totalitarian countries.
- d. all countries.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

48. The doctrine of separation of powers states that:

- a. the ruling political party and the Opposition in parliament must have separate seating areas.
- b. the State and Federal governments must remain separate.
- c. the executive has the power to make laws in parliament and the judiciary has the power to interpret and apply the laws made in parliament.
- *d. the power of the legislature to make the law, of the executive to administer the law, and of the judiciary to interpret and apply the law should as far as possible remain functionally separate from each other.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

49. The subcategories of public law include:

- a. criminal law, administrative law, tort law, and constitutional law.
- b. constitutional law, criminal law, tort law, and commercial law.
- c. administrative law, constitutional law, taxation law and contract law.
- *d. criminal law, administrative law, constitutional law and taxation law.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

50. Private law is concerned with:

- a. the relationships between the various States.
- b. the relationships between the States and the Federal government.
- *c. the relationships between people within the community.
- d. the relationships between the various nations.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

51. Sam is charged with theft. The subcategory of law that would be most relevant is:

- *a. criminal law.
- b. contract law.

- c. constitutional law.
- d. tort law.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

52. The law is 'dynamic' because:

- *a. it is influenced by political, social, economic and technological changes.
- b. it is a legal entity like a human being.
- c. politicians make new laws every time they make a decision.
- d. it automatically changes every time community values change.

General feedback:

Learning objective 1.2: What exactly is meant by the word 'law'? Why is the law so important? What sorts of things does the law regulate? Why does the law keep changing?

53. Which of the following does not describe the relationship between law and justice?

- a. Law should reflect principles of justice.
- b. Justice is the first virtue of social institutions.
- c. Justice provides a standard against which particular laws can be measured.
- *d. If a rule is unjust it is not legally binding.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

54. 'Justice' can best be understood as:

- a. truth.
- b. law.
- *c. fairness.
- d. virtue.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

55. The notion that resources should be distributed equally amongst the members of a group or community is known as:

- a. equality justice.
- b. utilitarian justice.

- *c. egalitarian justice.
- d. retributive justice.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

56. Sam is charged with theft but he is not allowed to be represented by a lawyer, nor is he allowed to call witnesses to prove his innocence. The legal system appears to lack:

- a. distributive justice.
- b. retributive justice.
- c. absolute justice.
- *d. procedural justice.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

57. Ethical standards are typically not enforced by:

- a. a guilty conscience.
- b. fear of condemnation by other members of the community.
- c. desire to avoid guilt.
- *d. prosecution or litigation.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?

58. Johnny is asked to donate to a charity. He lies and says he has no money. Johnny's action is best categorised as:

- a. illegal.
- b. apolitical.
- *c. unethical.
- d. allegorical.

General feedback:

Learning objective 1.3: Does the law have anything to do with ethics, justice and politics?