

### **Subjective Part**

**Q2. Describe consequentialism theory with example?**

Consequentialism and rule-based morality can be regarded as in some ways complementary. It is quite possible to accept that the foreseeable consequences of an action are often an important element in judging it, without accepting that they must always be the primary factor. And one can accept rules on the grounds that complying with them is the best way of achieving good consequences. Thus, it is perfectly possible for a consequentialist to accept that rules regarding human rights should always be obeyed, because the consequences of universal obedience to them will be good, even though the rules themselves are not intrinsically "right". Equally, it is possible to accept a set of rules governing behavior but to judge on the basis of their foreseeable consequences those actions that are not covered by the rules.

In practice, most of us accept this latter position, that is, there are some rules we are not prepared to break but, within those constraints, we consider the potential consequences of our actions before deciding what to do. To the extent that our behavior is governed by rules, these rules may have several origins. They may come from our own moral convictions, which may derive from the culture in which we have been raised, or they may derive from the rules promulgated by a religious organization to which we belong; such rules are likely to be the ones that we regard as most important and are the ones we are least likely to break. They will apply to the whole of our lives, not just to our professional activities.

Secondly, there are rules that relate to our professional lives; these may be rules laid down and enforced by our employers or they may be contained in a code of conduct established by a professional body of which we are a member. Our attitude to these will depend partly on how far they correspond to our own moral convictions, partly on how widely respected and observed they are by our peers, and partly on the consequences of breaking them.

Thirdly, there are rules that we accept, more or less willingly, because they make social or professional life easier or because the consequences of breaking them might be unfortunate. "Drive on the left" is an excellent example of such a rule. It is one that we obey, not from any moral conviction or authoritative teaching, but because the consequences of breaking it would be unfortunate. Furthermore, it is clearly relative in that it varies from country to country (and even sometimes from time to time in the same country). While the nature of such rules is not a matter for ethical debate, our attitude to them is; if we ignore them, we may prejudice the well-being of other people and that is an ethical matter.

**Q3. What is Contract? Discuss advantages and how a contract can be terminated?**

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this. Contracts set out the agreement between the parties: they set out the aims of the parties; provide for matters arising while the contract is running, ways of terminating the contract and the consequences of termination. Where there are gaps in the agreement because the parties have failed to contemplate a particular issue, it is a function of contract law to fill them, for example by implying terms; also contract law provides rules for the termination of the contract if performance becomes impossible; and sometimes, although fairly rarely, it sets aside contracts which are too harsh or unconscionable.

There are almost never disputes over contracts which run perfectly. An analogy can be made with a good marriage, where there is no need for the law to intervene. But, if things go wrong, in a contract or in a marriage, the law provides a framework for the settlement of points of disagreement, and for the termination of the relationship.

Contract law since its inception has handled disputes. An example can be given of a ship chartered to carry a cargo, where, for instance, the cargo rots before reaching port, or the ship sinks, or the ship and its cargo are impounded in the course of a war. What are the rights and remedies of the parties to the charter agreement? Is there a contract of insurance covering the loss of the goods or the ship, and is liability for any matter excluded under the insurance contract, such as loss caused through warfare? Agreements for the provision of goods and services etc. connected with computing present no insuperable problems for a set of laws which has been regulating commercial dealings exchanged over the Net. Since the advent of the Internet, the market has globalized to a far greater extent than ever before, and there is greater need for international harmonization of laws. The EU has therefore been very active in line with its policy of removing distortions of trade within the internal market and also in facilitating trade by EU businesses. There are therefore directives and proposals for directives on:

1. legal protection for encrypted services in the internal market;
2. electronic signatures;
3. electronic commerce;
4. distance contracts;
5. distance selling of financial services.

One of the problems with computing contracts is that many lawyers are still not familiar

with the technology. But, on the other hand, even fewer computer scientists are familiar with the law; and as both lawyers and computer scientists use jargon known almost only

It is important that a contract is set out in a clear and logical manner and that it is complete and consistent. There should be no ambiguity and the parties to the agreement should be left in no doubt as to their rights and duties. Ambiguity and doubts can lead to performance which is viewed as unsatisfactory. This can lead to disagreement and the expenditure of time, effort and therefore money, in resolving the matter. This is the last thing that the parties to a commercial agreement need and want. As stated earlier, it is much better to avoid the problems initially by careful preparation and drafting. However, if there is a dispute, and often these are unavoidable because they are caused by circumstances beyond the control of the contracting parties, it is again important that the contract is properly drawn up, for at this stage it will be interpreted by outsiders, for example by lawyers and judges, or maybe by accountants or a trustee in bankruptcy if one of the parties has become insolvent; and outsiders, even more than the contracting parties themselves, will need to be able to envisage and understand the intricacies of the deal, and will require clarity and consistency in the documentation.

In the course of their work, software engineers are likely to come across many different

types of contract—insurance contracts, contracts of employment, contracts with hardware suppliers, consultancy contracts and so on. In this chapter we shall concentrate on

## Contract types



Contract type	Pros	Cons
Permanent (including sessional tutors)	Attract best candidates Minimum employment period for trialling	Redundancy costs Termination process Limits to flexibility of hours?
Fixed term (including term only child care employees)	No cost when contract expires (NHACE Agreement imposes a cost of 4 weeks pay)	Restricts pool of candidates & undermines retention strategy if over-used for ongoing roles
Casual	Easy to vary hours & end engagement – in the short term	Cost of loading – diminishing return over long-term Lower commitment
Independent contractor	Easy to end contract Contractor assumes risk	Technical minefield if really an employee (ABN not enough!)



### How Contracts Terminate

There are 4 main ways to terminate a contract:

- **Performance:** The contract runs its course, and the contract is performed
- **Agreement:** The parties agree to end the contract by agreement
- **Breach:** The innocent party elects to terminate the contract when the defaulting party is in repudiatory breach, or another agreed standard of breach specified in the contract
- **Frustration:** the underlying circumstances of contract change, which material alter the performance requirements of the contract

**Q4. You and a few friends are thinking of going into business together to offer software development and system integration services to small businesses. Explain why it would be wise (or, alternatively, why you think it would not be wise) to form yourselves into a limited company?**

Due to the following points, it is wise to perform yourselves into a limited company

**(1) Tax:** One of the biggest advantages for many is that running your business as a limited company can enable you to legitimately pay less personal tax

**(2) Distinct Entity:** A limited company is a completely separate entity from its owners. Everything from the company bank account, to ownership of assets and involvement in tenders and contracts is purely company business and separate from the interests of the company's shareholders.

**(3) Limited Liability:** Running your business as a limited company means you have the reassurance of 'limited liability'.

**4. Professional:** In some businesses and industries, having a limited company can provide a more professional image

**5. Funding:** Finding funding can be difficult for all types of new businesses. But because a limited company is a distinct entity from its owners it may be a little easier for a company to secure business finance

**6. Naming:** Once you register your company with Companies House, your company name is protected by law. No-one else can use the same name as you, or anything deemed to be too similar.

**7. Shareholders:** A limited company can issue various classes of shares. This means you can easily sell stakes in the company, or transfer ownership of shares.

**8. Costs:** because the start-up and running costs are perceived to be significantly lower. However, you can form a limited company with our Company Formation Partner from as little as £9.99, so the cost of setting up a company really is minimal.

**9. Pensions:** A limited company can fund its employees' executive pensions as a legitimate business expense which means that pension contributions can be made before tax is deducted.

**10. Succession:** If a shareholder wishes to retire, sell his shareholding, or dies, it is far easier to transfer ownership of a limited company than a non-registered business structure.

## **Q5. Describe the liability and responsibility of the board of directors of a company?**

### **➤ Duties and Responsibilities**

Under the Company Law, the Board of Directors is under obligation to, among other things:

- a. deliver an annual report (that includes the financial statement of the Company) after it has been examined by the Board of Commissioners to the General Meeting of Shareholders within 6 months the end of the Company's financial year;
- b. prepare a business plan (that includes an annual budget plan) for the next financial year prior to the commencement of the next financial year and submit the business plan to the Board of Commissioners or General Meeting of Shareholders of the Company as regulated in the Articles of Association of the Company;
- c. prepare and maintain a Register of Shareholders of the Company and a Special Register containing information on the share ownership in the company and/or other companies of members of the Board of Directors and the Board of Commissioners and their immediate family members;
- d. archive the resolutions of the Shareholders and Board of Directors of the Company and all other corporate documents;
- e. obtain approval from the General Meeting of Shareholders for the transfer or the encumbrance of more than 50% of the total assets of the Company in one or more transactions, whether related or not, in one or more financial years as regulated in the Articles of Association of the Company;
- f. hold a General Meeting of Shareholders (including to send invitations or summons to the shareholders) either annually or extraordinary as necessary or requested by certain Shareholders, Commissioners or Directors of the Company as regulated in the Articles of Association of the Company;
- g. notify the Minister of Law and Human Rights (the "MLHR") of any change to the composition of the Boards of Directors or Commissioners of the Company within 30 days as of the date of the resolution of the General Meeting of Shareholders with regard to the change;

- h. record any transfer of shares (or encumbrance of shares) in the Company in the Company Register and notify the MLHR regarding the change of the shareholders within 30 days as of the date of the transfer of shares;
- i. notify the creditors of the Company if there is a reduction in the capital of the Company in at least one newspaper within 7 days of the resolution of the General Meeting of Shareholders regarding the reduction.

Also, in certain transactions such as the merger, acquisition, consolidation, segregation or dissolution of the Company, the Board of Directors also has a number of obligations regarding the transaction, such as to prepare the transaction plan, announce the proposed transaction in the newspapers, or act as the liquidator in the dissolution of the Company.

## ➤ **2. Liabilities**

Directors must manage the company in good faith and with full responsibility. Every member of the Board of Directors is personally liable for any loss suffered by the Company if he/she acts wrongfully or fails to perform his/her duties in the manner stated above. If the Board of Directors consists of more than one member, the above liability applies jointly among each of the members.

However, a Director will not be personally held liable if he/she can prove that:

- a. the loss suffered by the Company is not due to his/her wrongful actions or failure to perform his/her duties;
- b. he/she has managed the Company in good faith and prudently for the benefit of the Company and in accordance with the purpose and objectives of the Company;
- c. he/she has no conflict of interest either directly or indirectly in the management of the Company that causes a loss; and
- d. he/she has taken all the necessary actions to prevent the occurrence or continuance of the loss.

In the case of the bankruptcy of the Company, a Director will not be held liable for the Company's bankrupt if he/she can prove that:

- a. the bankruptcy is not due to his/her fault of negligence;
- b. he/she has managed the Company in good faith, prudently and with full responsibility for the benefit of the Company and in accordance with the purpose and objectives of the Company;
- c. he/she has no conflict of interest either directly or indirectly in the management of the Company; and
- d. he/she has taken all necessary actions to prevent bankruptcy.

Further, the Board of Directors may also be held liable in the following transactions/situations:

### **a. Share buyback**

The Directors are jointly and severally liable to shareholders acting in good faith who suffer a loss from a share buyback transaction conducted by the Company but voided by law.

### **b. Inaccurate or misleading financial reports**

Unless the Directors can prove that it was not caused by their fault or negligence, the members of the Boards of Directors will be held jointly and severally liable to third parties who suffer a loss due to an inaccurate, untrue or misleading report being presented.

### **c. Failure to accept returned interim dividends**

The Directors will be held jointly and severally liable for company losses if the Shareholders cannot return interim dividends that have been declared.

### **d. Failure to report their share ownership**

Members of the Board of Directors who fail to report their shareholdings will be held personally liable if the failure causes the Company to make a loss.

**e. Liability for bankruptcy losses**

In the event that bankruptcy occurs as a result of the fault or negligence of the Board of Directors and the assets of the Company are insufficient to cover the losses incurred in the bankruptcy, the members of the Board of Directors may be held jointly and severally liable for the balance of the obligations that cannot be repaid from the assets.

**Q6. Explain IEEE Code of Ethics?**

**Q7. Why a British legislature is two chambers and how it works?**

**The business of Parliament takes place in two Houses: the House of Commons and the House of Lords. Their work is similar: making laws (legislation), checking the work of the government (scrutiny), and debating current issues.**

The House of Commons is also responsible for granting money to the government through approving Bills that raise taxes. Generally, the decisions made in one House have to be approved by the other.

In this way the two-chamber system acts as a check and balance for both Houses.

**The Commons**

The Commons is publicly elected. The party with the largest number of members in the Commons forms the government.

Members of the Commons (MPs) debate the big political issues of the day and proposals for new laws. It is one of the key places where government ministers, like the Prime Minister and the Chancellor, and the principal figures of the main political parties, work.

The Commons alone is responsible for making decisions on financial Bills, such as proposed new taxes. The Lords can consider these Bills but cannot block or amend them.

■ [Find out more about the work of the House of Commons](#)

**The Lords**

The House of Lords is the second chamber of the UK Parliament. It is independent from, and complements the work of, the elected House of Commons. The Lords shares the task of making and shaping laws and checking and challenging the work of the government.

■ [Find out more about the work of the House of Lords](#)