



Association of Taxation Technicians

Examination

May 2007

PRINCIPLES OF LAW

TIME ALLOWED – 1 HOUR 30 MINUTES

- You should answer **four** out of the six questions set.
- Each question carries 25 marks.
- Start each answer on a new sheet of paper.
- All workings should be shown and made to the nearest month and pound unless the question requires otherwise.
- Marks are specifically allocated for good presentation.
- Candidates who answer in accordance with Scots law or Northern Ireland law should tick the appropriate box on the front of the answer folder.

1. **You are required to explain:**
- 1) **What conduct guidelines are issued to members of the Association of Taxation Technicians?** (2)
 - 2) **What activities are regulated by the Financial Services and Markets Act 2000 and how may a person wishing to carry out regulated activities obtain authorisation?** (15)
 - 3) **What are the data protection principles protected by the Data Protection Act 1998?** (8)
- Total (25)

2. Gloria has for many years been employed as a proof-editor for a publishing company. She now has sufficient contacts and experience to set up in business on her own account. She is thinking about operating initially from home. She believes that she will have enough work to warrant the employment of a secretary/assistant.

She comes to you for preliminary advice.

You are required to write a letter to Gloria setting out the formalities required to set up a business, explaining the legal obligations imposed upon her as an employer, and the facts that she should take into account in deciding whether to trade from her home or to rent separate premises.

As an addition, advise Gloria on steps she should take if she needs to raise finance for her business.

The business is risky. Advise Gloria what factors she needs to take into account if she decides to close down her business should it prove to be unsuccessful.

(Marks are specifically allocated to the correct letter format). (25)

3. **What clauses would you recommend be included in a Will, and why?** (25)

4. David, Trevor and Peter have set up a company called Harmony Ltd. They come to see you for advice.

You are required to write a letter dealing with their questions and concerns on the following:

- 1) **They need a company secretary but they are not sure what the role involves, in particular who can be one and what his or her duties are.** (10)
- 2) **What meetings they should hold, and what notice they should give.** (15)

Total (25)

5. "The general rule is that only a person who is a party to a contract has enforceable rights in it or obligations under it."

You are required to explain:

- 1) **What rules apply to assigning a contract.** (13)
- 2) **How a contract may be varied.** (3)
- 3) **What is meant by "performance" of a contract.** (6)
- 4) **How a contract is terminated.** (3)

Total (25)

6.

- 1) **You required to identify and describe the trusts (*for Scots law candidates – and/or rights*) created in the following scenarios:**

- (a) **Jillie and Steve are married and therefore live together, the house is in Jillie's name.** (2)
- (b) **A company director has received a profit because of his position as a director.** (2)
- (c) **Nigel created a discretionary trust for his handicapped sisters but they died before any interest vested.** (2)
- (d) **Stuart set up a charitable trust to pay for repairs to the church's bells. There is £10,000 left on completion of the repairs.** (2)

Imagination Ltd provides for its employees a cash fund to pay discretionary benefits.

- 2) **You are required to explain:**

- (a) **The types of employee trusts;**
- (b) **The definition of beneficiaries; and**
- (c) **How employee trusts can be set up.** (17)

Total (25)