



Association of Taxation Technicians

Examination

November 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.
- *There is an alternative question 4 for Scots law candidates.*

1. **You are required to explain:**
- 1) **What the essential elements of a contract are.** (5)
 - 2) **Why a contract of employment has to be in writing. What particulars should be provided and when?** (20)
- Total (25)

2. Fred has come to your firm seeking advice. He is currently a sole trader. He wishes to incorporate his business.

You are required to write a letter to Fred outlining how the business may be incorporated and what formalities he should apply. (25)

3. You are a tax adviser. The partner for whom you work has asked you to prepare a briefing note summarising the advantages (excluding tax advantages) of an express trust.

You are required to prepare the briefing note, using examples to assist your explanation. (25)

4. **You are required to explain the history of the development of law and equity in England and Wales and in Northern Ireland, including the interaction between common law and equity and the amalgamation of the Courts.** (25)

Scots law candidates may answer the following alternative question 4:

4. ***You are required to explain the history of the development of law in Scotland, commenting specifically on the powers of the Scottish Parliament.*** (25)

5. Peter, John, Graham and Julie decide to organise a music concert. They hope to make a profit which they can share between them. They are in business together and rely on each other. They are coming to see your firm, as they want to understand what being in business together means.

You are required to prepare a memorandum for your principal to enable him to advise. He has asked you to comment on the definition of a partnership, how a partnership may be formed, what terms should be included in the partnership agreement and how a partnership may be dissolved. (25)

6. You are required to answer the following:

In the following cases explain who would inherit where there is no Will (*Scots law candidates should assume in each case that the deceased's assets consisted of a house valued at £280,000, furniture valued at £20,000 and £342,000 of shares, cash and personal effects*).

- 1) Jack dies in a car crash leaving behind Jill, his wife, and Bill and Ben, his sons, who are five and six.
- 2) Robbie is left everything when his wife Katie dies from a long standing illness, she never made a Will. They had no children but she did have one sister, Danni.
- 3) Lily and Jack were married for 50 years when Jack dies, neither of them had any other family.
- 4) Allan dies alone. He never married. No one has yet discovered if he had any family so list the order of who would inherit, as he had no Will.

Total (25)