

Executive Level

KE3 Part B: Fundamentals of Law

Changes applicable from March 2017

Examinations onwards

(Amendments to the Study Text)

1. Amendments to KE3 Study Text
2. Amendments to KE3 curriculum weightings
3. Amended Learning Outcomes

1. Amendments to KE3 Study Text

With effect from above amendment, **only** the below chapters / LOs of the KE3: Fundamentals of Law Study Text will be tested at the examinations effective from March 2017 onwards.

Chapter 1	Introduction to Laws of Sri Lanka and Regulatory Framework
Chapter 2	Law of Contracts (Basics)
Chapter 3	Sale of Goods (Basics)
Chapter 4	Negotiable Instruments (Basics)
Chapter 5	Law of Agency
Chapter 6	Law of Partnership (Basics)
Chapter 8	Hire Purchase, Leasing and Loans (LO 3.5.1 only)
Chapter 9	Labour Law
Chapter 10	Offences Related to the Business Environment
Chapter 11	International Trade (Chapter contents areas 1-4 only. This will cover LOs 3.6.1, 3.6.2 & 9.1.1)

2. Amendments to KE3 curriculum weightings

Syllabus structure

Main syllabus areas	Weightings
Part A : Fundamentals of Taxation	
1. Introduction to Taxation	5%
2. Income Tax Liability of a Resident Individual	20%
3. Introduction to Company Taxation	15%
4. Basic Tax Administration & Payment of Tax	5%
5. Taxes Payable by a Business	5%
Part B : Fundamentals of Law	
1. Introduction to the Laws & Regulatory Framework of Sri Lanka	5%
2. Law of Contracts (Basics)	15%
3. Sale of goods (Basics)	8%
4. Negotiable Instruments (Basics)	5%
5. Law of Agency & Partnership (Basics)	8%
6. Labour Law	5%
7. Offences Related to the Business Environment and New Regulations	4%

3. Amended Learning Outcomes

Learning outcomes

CA Sri Lanka's Learning outcomes for the Module are set out on the following pages. They are cross-referenced to the chapter in the Study Text where they are covered.

Part B: Fundamentals of Law

B1. Introduction to the laws and regulatory Framework of Sri Lanka (Syllabus Weighting: 5%)				
Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
1.1 Constitution and the different branches of law	Factual	Remember	1.1.1 Identify the main branches of the Sri Lankan Legal system and their roles.	1
1.2 Legal systems	Factual	Remember	1.2.1 Identify the key legal systems applicable in Sri Lanka.	1
1.3 Court system, powers, functions	Factual	Remember	1.3.1 Identify the courts in Sri Lanka and their functions.	1
1.4 Functions of regulatory Institutions	Factual	Remember/ Comprehension	1.4.1 Explain the regulatory role of each of these institutions: Institute of Chartered accountants, Sri Lanka Accounting & Auditing Standards Monitoring Board, Securities and Exchange Commission, Colombo Stock Exchange, Board of Investment, The Department of Registrar of Companies, Sri Lanka Customs, Central Bank (Exchange Control Department). 1.4.2 Identify the main functions of each institution stated above.	1

B2. Law of Contracts (Basics)

(Syllabus Weighting: 15%)

Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
2.1 Main elements of a contract	Conceptual	Comprehension	2.1.1 Explain the requisites of a valid contract i.e. offer and acceptance, intention to create legal relations, consideration (including the concept of “Laesio Enormis”, “capacity and form”), definition of contract, agreement, offer and acceptance, capacity to contract, form of contracts, “reality of consent”.	2
2.2 Terms of contracts	Conceptual	Comprehension	2.2.1 Explain what is meant by the terms of contract (conditions, warranties, exemption clauses) and the effect of exemption clauses and the Unfair Contract Terms Act No. 26 of 1997. 2.2.2 Explain mistakes, misrepresentations and undue influence and their consequences.	2
2.3 Legality of objects	Conceptual	Comprehension	2.3.1 Explain the effect of illegality and its consequences.	2
2.4 Termination of contracts	Conceptual	Comprehension	2.4.1 Explain the manner in which a contract could be discharged by performance, agreement, frustration and breach (including anticipatory breach).	2
2.5 Remedies for breach of contract	Conceptual	Comprehension	2.5.1 Explain the Common Law and Equitable remedies for breach of contract. 2.5.2 Explain the principle of unjust enrichment.	2
2.6 Other concepts of contract law	Conceptual	Remember/ Comprehension	2.6.1 Identify the periods of prescription for different types of contracts. 2.6.2 Explain the principle of privity of contract.	2

B3. Sale of Goods (Basics) (Syllabus Weighting:8%)				
Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
3.1 Form and subject matter of the sale of goods contract	Conceptual	Comprehension	3.1.1 Discuss the difference between a contract for sale of goods and a contract for work and materials, and the classification of said goods.	3
3.2 Conditions and warranties	Conceptual	Comprehension	3.2.1 Explain the implied conditions and warranties which are applicable in a contract for sale of goods.	3
3.3 Transfer of the property between seller and buyer	Conceptual	Comprehension	3.3.1 Discuss the time at which there is a passing of risk and a transfer of title (unascertained goods, reservation of title, instalment deliveries, sales by auction, sale by person not the owner).	3
3.4 Remedies available to buyer and seller	Conceptual	Comprehension	3.4.1 Explain the remedies which are available to a buyer and seller, including rights of an “unpaid seller”.	3
3.5 Legal implications of hire-purchase and leasing	Factual	Remember	3.5.1 State the principles of leasing and hire-purchase agreements.	8
3.6 International Trade	Factual	Remember	3.6.1 Identify the differences between a CIF contract and a FOB contract. 3.6.2 Explain the process of a Letter of Credit. 3.6.3 Explain the process of international sale of goods, with reference to finance and letter of credit, transportation, insurance and bill of lading.	11

B4. Negotiable Instruments (Basics)

(Syllabus Weighting: 5%)

Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
4.1 Cheques, bills of exchange and promissory notes	Factual	Remember/ Comprehension	4.1.1 Define and identify differences between cheques, bills of exchange and promissory notes. 4.1.2 Explain the functions of cheques, bills of exchange and promissory notes, from a business context.	4
4.2 Legal principles and commercial significance of cheques	Conceptual	Comprehension	4.2.1 Explain, in respect of the following, the applicable principles of cheque law and their commercial significance (endorsements, crossings, dishonour and banker's liability).	4
4.3 Holder in due course and presentment	Conceptual	Remember	4.3.1 Define and explain the commercial significance of "holder in due course" and "presentment" in relation to a bill of exchange.	4

B5. Law of Agency and Partnership (Basics)

(Syllabus Weighting: 8%)

Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
5.1 Creation of agency, different types of agents	Conceptual	Comprehension	5.1.1 Explain the circumstances under which a relationship of Principle-Agent would be recognised by mutual agreement, by ratification, by necessity and by estoppels.	5
5.2 Authority	Conceptual	Comprehension	5.2.1 Explain the circumstances under which an agent may acquire actual authority (including express authority and implied authority) and ostensible authority.	5
5.3 Rights and duties between Principal and Agent	Factual	Remember	5.3.1 State the duties of agent towards principal. 5.3.2 State the duties of a principal towards agent.	5
5.4 Termination of Agency	Conceptual	Remember	5.4.1 State the circumstances under which a contract of Agency may be terminated by the act of parties and by operation of law.	5
5.5 Liabilities of Agent	Factual	Remember	5.5.1 State the liability of agents for acts done whilst acting within actual authority, within ostensible authority and without authority.	5
5.6 Liability of state	Factual	Comprehension	5.6.1 Explain the liability of the state for acts done by its agents.	5

<p>5.7 Creation of Partnership relations of Partners, Change of Partners and Dissolution of Partnership</p>	<p>Factual/ Conceptual</p>	<p>Remember/ Comprehension</p>	<p>5.7.1 Identify the general characteristics of a partnership. 5.7.2 State the requirements to form a valid partnership. 5.7.3 Explain the formalities contained in the Prevention of Frauds Ordinance with regard to the creation of a partnership. 5.7.4 State the registration requirements for a partnership. 5.7.5 State the relationship between partners. 5.7.6 State the relationship between partners and third parties. 5.7.7 Explain the delictual ability of partners. 5.7.8 Explain the manner in which a partnership could be dissolved.</p>	<p>6</p>
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B6. Labour Law

(Syllabus Weighting: 5%)

Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
6.1 Employees' Provident Fund (EPF), Employees' Trust Fund (ETF), Private Provident Funds (PPF)	Factual	Remember	6.1.1 State who should contribute to EPF and ETF, along with relevant exemptions. 6.1.2 Identify the main differences between EPF and a PPF. 6.1.3 List instances in which employee can withdraw his/her contributions to EPF and ETF.	9
6.2 Gratuity	Factual	Comprehension	6.2.1 Explain the entitlement of gratuity.	9
6.3 Shop and Office Act	Factual	Remember	6.3.1 Identify employees covered under the Shop and Office Act. 6.3.2 State hours of employment, weekly, annual holiday and leave. 6.3.3 Identify facilities to be provided by employers under the Shop and Office Act. 6.3.4 Identify maternity benefits available to employees. 6.3.5 Identify authorised deductions from remuneration.	9
6.4 Termination of employment	Factual	Remember/ Comprehension	6.4.1 Explain the procedure for termination of employees under the Termination of Employment Workmen (Special Provisions) Act. 6.4.2 Identify "scheduled employment". 6.4.3 State the computation of compensation payable.	9

B7. Offences Related to the Business Environment and New regulations

(Syllabus Weighting: 4%)

Knowledge Component	Knowledge Dimension	Knowledge Process	Learning Outcome	Chapter
7.1 Main offences in business environment and defences	Factual	Remember	7.1.1 Define fraud, theft, money laundering, bribery, negligence and explain the main defences.	10
7.2 New regulations in business environment	Factual	Remember	7.2.1. State briefly on each of these Acts: Prevention of Money Laundering Act No. 05 of 2006, Electronic Transactions Act No. 19 of 2006, Computer Crimes Act, Consumer Protection Act, Intellectual Property Act No. 36 of 2003.	10