

paradigm shift.

Law 2025 – New Content Added for 2025 Workbook

Please note that some chapters do not have any new content for 2025 so the omission of certain chapters in our review below is not an error.

This document is not intended to cover all points in the relevant sections: instead, we just want to give you an overview of the main points.

If you have also purchased access to our Certificate Level subscription package, don't forget to make use of the online quick-fire questions on these 2025 syllabus updates which are provided as part of our Law course: the quick-fire questions will get you working with the following content in an active way, which is always the best way to learn!

Chapter 1 Legal principles and international law

1.4 Legislation

- When legislation becomes the subject of a court case, a judge must interpret the meaning of the legislation to apply it
- This process is called statutory interpretation

1.6 Laws evolving over time

- The Economic Crime and Corporate Transparency Act 2023 was introduced to reflect changing attitudes over time
- The Act aims to tackle economic crime, such as fraud and money laundering, which drive serious organised crime in the UK and corruption overseas
- The Act seeks to improve transparency in corporate entities by preventing abuse of corporate structures
- The Act is still in the process of development
- Some key impacts of the Act are:
 - Identity verification for directors, people with significant control, and those who file documents on behalf of companies
 - Companies House is allowed to link individuals to official documents (e.g., driving licences) to ensure fictitious individuals are not added to public registers

2.2 Criminal court hierarchy

- In the criminal court hierarchy, all cases are initially heard in the Magistrates' Court
- Minor offences (e.g., theft) are decided in the Magistrates' Court by a Magistrate
- Major offences (e.g., murder) are referred to the Crown Court by the Magistrates' Court for trial
- At the Crown Court, cases are typically heard by a Judge and Jury, with the jury deciding the guilt of the accused
- The Crown Court also hears appeals on decisions from the Magistrates' Court
- If a decision from the Crown Court is appealed, the case moves to a higher court
- Criminal law cases progress to the Court of Appeal and then to the Supreme Court, subject to permission being granted

Criminal law courts:

- Supreme Court – final appeal court
- Court of Appeal (Criminal Division) – hears appeals from Crown Courts
- High Court – hears some appeals from Magistrates' and Crown Courts
- Crown Court – tries major offences and hears appeals from Magistrates' Courts for minor offences
- Magistrates' Court – tries minor offences, refers major offences to the Crown Court

2.3 Tribunals and Alternative Dispute Resolution (ADR)

- Parties do not always need to take their civil disputes to court
- Two alternatives are tribunals and Alternative Dispute Resolution (ADR) processes
- These alternatives are not available for criminal law cases

2.3.1 Tribunals

- Tribunals are an alternative venue for hearing civil disputes
- Tribunals are commonly used for employment law matters, handled by Employment Tribunals
- Tribunals involve slightly less formality than court proceedings
- Tribunal decisions are binding on the parties involved but typically do not bind future cases
- The decisions, however, are recorded and may be considered in later hearings

2.4 Human Rights

- Human rights are often raised in disputes, especially in employment law cases
- There are two primary sources of human rights protection for individuals in the UK:
 - The European Convention on Human Rights
 - The Human Rights Act 1998

2.4.1 European Convention on Human Rights

- The European Convention on Human Rights was created after World War II to prevent human rights abuses
- The Convention outlines various rights and freedoms humans should have
- The UK has signed up for 16 rights and freedoms, including:
 - Right to a fair trial
 - Right to liberty and security
 - Right to equality and freedom from discrimination
 - Right to family life
 - Right to privacy
 - Right to property
 - Right to life
 - Right to free elections
- Freedoms include:
 - Freedom from slavery and human trafficking
 - Freedom of speech
 - Freedom of religion and belief
 - Freedom of assembly
 - Freedom from violence against women
- The Convention also includes human rights regarding the environment and health

- Individuals who believe their rights have been violated can take their case to the European Court of Human Rights (ECHR) in Strasbourg
- Due to the Human Rights Act 1998, individuals can also have their human rights cases heard in the UK courts, though the ECHR remains the final appeal court
- It should be noted that the ECHR is separate from the European Union, so it continues to be relevant to the UK after Brexit

2.4.2 Human Rights Act 1998

- The Human Rights Act 1998 incorporates the European Convention on Human Rights into UK law
- This Act ensures that the Convention's rights and freedoms are considered in UK cases, allowing them to be heard in UK courts
- UK public bodies, such as schools and hospitals, must respect individuals' Convention rights
- The Act impacts new legislation and its interpretation in the courts

For new legislation:

- A statement concerning its compatibility with the Convention must be issued early in the legislative process
- If proposed legislation is incompatible with the Convention, the Government can proceed with the legislation by making a statement to that effect

For the courts:

- Existing laws must be interpreted in a way compatible with the Convention
- Courts must take decisions and judgements from the European Court of Human Rights into account when hearing a case
- If legislation can be interpreted in two ways, one compatible and one incompatible with the Convention, courts must choose the compatible interpretation
- Courts may strike out secondary legislation violating the Human Rights Act
- If courts find primary legislation incompatible with the Convention, they cannot strike it out but can issue a declaration of incompatibility
- The Act also affects the application of common law in UK courts
- The courts are required to interpret the common law in a way compatible with the Convention where possible
- This means that UK case law is sometimes overruled by the Convention, though this happens only in exceptional circumstances

5 UK law supporting the principles of sustainability

- The Modern Slavery Act 2015 includes provisions for organisations to prepare an annual statement regarding modern slavery and potential risks in their supply chains
- This Act will be studied in more detail in Chapter 12

Chapter 2 Contract formation

1.2 Unenforceable contracts

- Where a contract is required to be in writing, it means a formal contractual document must exist with the contract's terms, signed by all the parties
- If a contract just needs to be evidenced in writing, a written document (or several documents) must exist which clearly outlines the agreed terms
- Unlike a contract that must be in writing, a contract evidenced in writing only requires written evidence of the agreement, such as an email or letter, demonstrating what the parties have agreed upon
- For a guarantee, the written evidence must be signed or acknowledged by the guarantor to be effective

Chapter 6 Types of trade

2.2 Formation and regulation of a partnership

- A partner can only be expelled if the partnership agreement explicitly allows for it
- If expulsion is permitted, a partner can be expelled by a majority vote of the other partners
- Even in such cases, the power of expulsion must be used in good faith and for legitimate reasons
- There is no statutory power for expulsion under the Partnership Act

2.3 Partners' liability and authority

- If a partner takes out credit in the partnership's name or uses the partnership's credit facilities (e.g., overdrafts or credit cards) for a purpose unrelated to the firm's ordinary business, the firm will not be liable unless the partner has actual express authority
- If a restriction is placed on a partner's authority to bind the firm, any actions taken in contravention of this restriction are not binding on the firm if the third party is aware of the restriction
- A partner's authority is often based on the perception of the third party, and if the third party genuinely believes a partner has authority, it is likely that the firm will be bound by the partner's actions
- A new partner to a firm is only liable for debts incurred after they become a partner
- New partners are not liable for debts that were incurred before they joined unless they agree otherwise
- If a partner retires, they remain liable for debts incurred while they were a partner unless the creditor agrees to release them from liability
- Retired partners may still be liable for debts incurred by the firm after their retirement if the creditor knew them to be a partner previously and was not notified of their retirement
- However, if a new supplier agrees to supply the firm after a partner's retirement, the retired partner will not be liable as long as they acted reasonably and retired before any debt to the new supplier was incurred

Tower Cabinet Co Ltd v Ingram (1949)

- Facts: Mr Ingram was part of a partnership with Mr Christmas known as Merry's. After retirement, Mr Ingram requested Mr Christmas to notify the partnership's suppliers of his retirement, but Mr Christmas failed to inform all suppliers. Mr Christmas then ordered goods using old letterheaded paper with Mr Ingram's name on it. The partnership didn't pay for the goods, and Tower Cabinet Co Ltd sued Mr Ingram to recover the debt
- Decision: The court ruled that Mr Ingram acted reasonably in his retirement, and the failure of notification was Mr Christmas's fault. The use of the old letterhead did not result in Mr Ingram being held out as a partner of the firm

Chapter 7 Companies: the consequences of incorporation

7.1 Accounts and reports requirements

- Under the Modern Slavery Act 2015, all commercial organisations that supply goods or services with an annual turnover exceeding £36 million, operating in the UK (in whole or part), must publish an annual modern slavery statement
- Details of the Modern Slavery Act are covered more extensively in Chapter 12

7.2 Publication of accounts and reports

- At the time of writing, thresholds and reporting rules for micro and small companies are under review following a consultation
- For exam purposes, you should learn the existing rules and thresholds as stated in this chapter

7.3 Audit requirements

- A company must generally appoint auditors to conduct an audit of its annual accounts unless it qualifies for an exemption by meeting any two of the criteria for small companies
- The criteria for exemption from audit are specific to small companies
- Other companies exempt from audit include:
 - Dormant companies
 - Non-profit-making companies subject to public sector audits
 - Subsidiary companies whose parent company guarantees their liabilities outstanding at the balance sheet date
 - Under the Economic Crime and Corporate Transparency Act 2023, when a company applies for an audit exemption, its directors must file an eligibility statement confirming the company qualifies for the exemption being claimed

Chapter 8 Companies: ownership and management

1.1.1 Identity verification

- The Economic Crime and Corporate Transparency Act 2023 introduces identity verification for directors
- The purpose is to prevent fraudulent appointments and the submission of fictitious information to Companies House, which would otherwise appear on public records
- There are two methods of identity verification: direct and indirect
- Direct verification is a digital service through Companies House that links a person to an official document such as a driving licence or passport
- Indirect verification is carried out by Authorised Corporate Service Providers (ACSPs), who are intermediaries authorised by the Registrar to verify a person's identity, such as a firm of accountants or solicitors
- Identity verification is also required for reporting individuals with significant control and for verifying the identity of those filing documents on behalf of companies

Chapter 9 Companies: finance

2.7 Dividends

- Accumulated realised profits and losses can be both capital and revenue in nature
- For example, when a company's property is revalued upwards by £1 million, the revaluation gain is not considered realised and therefore not available for distribution until the property is sold and the gain is realised
- If a revaluation results in a loss, that loss is treated as realised immediately at the time of the revaluation and reduces the amount of profit available for distribution
- The general rule is that all losses are treated as realised, with very limited exceptions
- This reflects the accounting principle of prudence, where a loss must be accounted for immediately, even if it has not yet been realised

Chapter 10 Insolvency law

4.6 Priorities on liquidation

- For unsecured ordinary creditors, when the fund available for distribution is at least £10,000, a portion of the assets is 'ring-fenced' for their payment
- This ring-fenced portion is calculated as 50% of the first £10,000 of floating charge realisations
- After the first £10,000, 20% of the floating charge realisations are allocated to unsecured creditors, subject to a prescribed maximum

Chapter 11 Criminal law

1.5 Duty to report

- The duty to report arises only in an accountant's business dealings
- This duty applies when information is received in the course of business in a regulated sector that leads the accountant to suspect money laundering is taking place
- There is no duty to report if the information is received in a purely social setting
- Given that the line between business and social activities is increasingly blurred, accountants must use their judgement and consider all circumstances when determining whether they have a duty to report suspected money laundering

3.1.1 Corporate failure to prevent fraud

- The Economic Crime and Corporate Transparency Act 2023 introduced a corporate offence of failure to prevent fraud
- This offence can only be committed by large businesses that meet two of the following criteria:
 - More than 250 employees
 - More than £36 million annual turnover
 - More than £18 million in total balance sheet assets
- Companies and partnerships will be held liable if they fail to prevent their employees, agents, or subsidiaries from committing fraud that benefits the organisation or its customers

3.2 Threats to consumers through fraud and cybercrime

- In 2021, UK businesses lost approximately £736 million due to fraud
- When consumer losses are included, the total loss from fraud increases to as much as £2.5 billion
- The rise of Artificial Intelligence (AI) has increased the risk and success rate of cybercrime
- AI has contributed to more realistic phishing content, deepfakes, automated hacking, and targeted social engineering, all of which increase the risk to individuals and businesses
- AI can also be used positively by law enforcement, enhancing fraud detection abilities by analysing internet data to identify patterns of fraudulent activity

Chapter 12 Employment law

2.3 Employer's implied duties

- Employers have a duty under common law to pay employees remuneration for the work they have done
- The employer and employee are free to agree on whatever remuneration they wish, even if it is unreasonable
- Remuneration is subject to express agreement, for example, parties may agree on a fixed rate, even if that includes paying nothing during a lay-off period
- If no express agreement on remuneration exists, then the remuneration must be reasonable

2.6 Modern Slavery Act 2015

- Modern slavery includes a range of offences such as slavery, servitude, forced or compulsory labour, and human trafficking
- The purpose of the Modern Slavery Act 2015 is to outlaw such practices, protect victims, and punish offenders
- The Act consolidates and simplifies existing offences related to modern slavery
- It enhances support and protection for victims, including placing restrictions on perpetrators
- It requires businesses to disclose actions taken to prevent modern slavery in their supply chains

2.6.1 Offences

- The key offences under the Modern Slavery Act are:
 - Holding another person in slavery or servitude where it is clear the person knows or ought to know that the other party is being held in such conditions
 - Requiring another person to perform forced or compulsory labour, where it is clear the person knows or ought to know that the other party is being subjected to forced or compulsory labour
 - Arranging or facilitating the travel of another person with the view to exploiting them (human trafficking)

2.6.2 Defence for victims

- The Modern Slavery Act provides victims with a defence if they were compelled to commit crimes
- A person will not be guilty of an offence if:
 - They were aged 18 or over at the time of committing the offence
 - They were compelled to commit the offence
 - The compulsion was the result of slavery or relevant exploitation
 - A reasonable person in the same situation with similar characteristics would have had no realistic alternative

2.6.3 Anti-slavery commissioner

- The Act establishes the position of an Anti-slavery Commissioner for the UK
- The Commissioner's role is to encourage good practice in the prevention, detection, investigation, and prosecution of slavery and human trafficking offences
- The Commissioner also aims to improve the identification of victims

2.6.4 Application

- The Modern Slavery Act applies to all commercial organisations with an annual turnover of over £36 million that operate in whole or part in the UK
- Such organisations are required to publish an annual modern slavery statement
- The statement must include:
 - A description of steps taken during the financial year to ensure slavery and human trafficking are not taking place in supply chains or any part of the business
 - Alternatively, organisations must state if no such steps have been taken

2.6.5 Filing requirements

- An organisation must publish a modern slavery statement for every financial year where its turnover exceeds the threshold
- It is recommended that organisations continue to publish a statement in subsequent years, even if the turnover threshold is not met
- There is no strict time limit for publishing the statement, but it is expected that businesses do so as soon as reasonably practicable after the financial year-end
- It is common practice to publish the modern slavery statement at the same time as the annual report and accounts
- The statement must be published on the organisation's website, with a prominent link on the homepage
- Previous statements should remain on the website to monitor compliance and progress
- If a business does not have a website, it must provide the statement upon receipt of a written request within 30 days

2.6.6 Other considerations

- A key focus of the Modern Slavery Act is transparency within supply chains
- Organisations required to make a statement must monitor and review their supply chains carefully to ensure no modern slavery is taking place
- Where there is a potential risk of modern slavery, organisations must disclose it and explain how they are managing that risk
- Applying judgement is crucial to complying with the Modern Slavery Act, particularly in identifying the possibility of modern slavery within supply chains

- Professional scepticism is needed when reviewing information from parties who may have an interest in concealing illegal activities