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Since 1977

BUSINESS LAW
BL.Syllabus

CPA REVIEW

ATTY. MALVAR/ONG/LOPEZ
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THE CPA LICENSURE EXAMINATION SYLLABUS BUSINESS LAW

(50% of Business Law and Taxation)
(Effective October 2006 Examination)

This subject tests the candidates' knowledge of the legal implications of business transactions, business associations, and negotiable instruments, particularly as they relate to accounting and auditing situations. Candidates should know and understand the pertinent legal provisions, general principles, concepts, and underlying philosophy of the law.

The business law examination is not intended to test the candidates' competence to practice law or their expertise in legal matters but to determine that their knowledge is sufficient to enable them to recognize the legal implications of business situations, apply the underlying principles of law to accounting and auditing, and know when to seek legal counsel or recommend that it be sought.

Each examination will contain a minimum of 25 and maximum of 35 multiple choice questions, allocated to the different subject areas, as indicated below:

I. LAW ON BUSINESS TRANSACTIONS

Obligations and Contracts

1.1 Obligations

- a. Sources of obligations and their concepts
 1. Law
 2. Contracts
 3. Quasi-contracts
 4. Delicts
 5. Quasi-delicts
- b. Kinds of obligations in general under the Civil Code
- c. Specific circumstances affecting obligations in general
 1. Fortuitous events
 2. Fraud
 3. Negligence
 4. Delay
 5. Breach of contract
- d. Duties of the obligor in obligation to do or not to do
- e. Extinguishment of obligation with special emphasis on
 1. Payment of debts of money
 2. Mercantile documents as means of payment
 3. Special forms or modes of payment
 4. Remission or condonation, confusion, compensation and novation
 5. Effect of insolvency and bankruptcy on extinguishment of obligation

1.2 Contracts

- a. Concepts and classification
- b. Elements and stages
- c. Freedom from contract and limitation
- d. Persons bound
- e. Consent
 1. Capacitated persons
 2. Requisites
 3. Vices of consent
- f. Objects of contracts
- g. Considerations of contracts

- h. Formalities of contracts
- i. Interpretation and reformation of contract
- j. Defective contracts
 1. Rescissible
 2. Voidable
 3. Unenforceable
 4. Void

2.0 Contract of Sales

- 2.1 Nature, forms and requisites
- 2.2 Distinguished from
 - a. Dacion en pago
 - b. Cession in payment
 - c. Contract for a piece of work
 - d. Barter
- 2.3 Earnest money as distinguished from option money
- 2.4 Rights/obligations of vendor and vendee
- 2.5 Remedies of unpaid seller
- 2.6 Warranties (in relation to consumer laws)
- 2.7 Sale with a right to repurchase or conventional redemption, legal redemption
- 2.8 Sale on credit
- 2.9 Installment sales
 - a. Personal property – Recto Law
 - b. Real property – Maceda Law
 - c. PD 957 / Condominium Act

3.0 Contract of Agency, Pledge and Mortgage

- 3.1 Contract of agency
 - a. Nature, forms and kinds of agency
 - b. Obligations of agents and principals
 - c. Guaranty of commission agents
 - d. Modes of extinguishing an agency
- 3.2 Pledge
 - a. Nature and binding effect on third persons
 - b. Obligations/rights of pledgor and pledgee
 - c. Pactum commissorium
 - d. Modes of extinguishments
- 3.3 Mortgage
 - a. Real and chattel
 1. Nature
 2. Requisites
 3. Rights and obligations of mortgagor and mortgagee
 4. Requisites to have binding effect on third persons
 5. Mode of extinguishment

II. LAW ON BUSINESS ASSOCIATIONS

4.0 Partnership

- 4.1 Nature and as distinguished from corporation
- 4.2 Elements and kinds
- 4.3 Formalities required
- 4.4 Rules of management
- 4.5 Distribution of profits and losses
- 4.6 Sharing of losses and liabilities
- 4.7 Modes of dissolution
- 4.8 Limited partnership

5.0 Corporations

- 5.1 Nature and classes of corporation
- 5.2 Requirements for organization
- 5.3 Powers of a corporation

- a. Expressed
- b. Implied
- c. Incidental
- 5.4 Board of Directors/Corporate Officers
 - a. Qualifications
 - b. Election and removal
 - c. Powers and fiduciary duties
- 5.5 Classes of stocks
 - a. Concepts
 - b. Subscriptions
- 5.6 Powers, duties, rights and obligations of stockholders
- 5.7 Majority and minority control
- 5.8 Corporate reorganization
 - a. Mergers
 - b. Consolidations
 - c. Other business combinations
- 5.9 Modes of dissolution and liquidation
- 5.10 Foreign corporations
 - a. License to do business
 - 1. Purpose of the license
 - 2. Requirements for application/ issuance of license
 - 3. Consequence of doing business without a license
 - b. Definition and rights of foreign corporation

- c. Definition of doing business and its relation to foreign investments
- d. Resident agent (purpose, qualifications)
- e. Suits against foreign corporations
- f. Suspension/revocation of license
- g. Withdrawal from business
- 5.11 Kinds and availability of corporate books

III.LAW ON NEGOTIABLE INSTRUMENTS

- 6.0 Negotiable Instruments Law
 - 6.1 Negotiability of instrument
 - 6.2 Functions and kinds of negotiable instruments
 - 6.3 Construction of ambiguous instrument
 - 6.4 Parties and their liabilities
 - 6.5 Indorsements
 - 6.6 Accommodation party
 - 6.7 Consideration
 - 6.8 Manner and consequence of transfer of instruments
 - 6.9 Dishonored instruments and its effects (including clearing house rules and BP 22)
 - 6.10 Requisites of holder in due course
 - 6.11 Defense of parties
 - 6.12 Forgery and its effects
- 3.1 Discharge of negotiable instruments and the parties secondarily liable.