

September 2018
to
August 2019

Corporate and Business Law (LW) (GLO)

Syllabus and study guide

Guide to structure of the syllabus and study guide

Overall aim of the syllabus

This explains briefly the overall objective of the syllabus and indicates in the broadest sense the capabilities to be developed within the exam.

Relational diagram linking Corporate and Business Law (LW) (GLO) with other ACCA exams

This diagram shows direct and indirect links between this exam and other exams preceding or following it. It indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Main capabilities

The aim of the syllabus is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, education and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Intellectual Levels

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1:	Knowledge and comprehension
Level 2:	Application and analysis
Level 3:	Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Applied Knowledge, the Applied Skills and the Strategic Professional exams are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with Applied Knowledge, level 2 equates to Applied Skills and level 3 to Strategic Professional, some lower level skills can continue to be assessed as the student progresses through each level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

Learning Hours and Education Recognition

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 20 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down.

Guide to ACCA Examination Structure

The structure of examinations varies within and between levels.

The Applied Knowledge examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus. These are assessed by a two-hour computer based examination.

The *Corporate and Business Law* exam is a two-hour computer-based objective test examination for English and Global, and available as a paper based version for all variants.

The other Applied Skills examinations (PM, TX-UK, FR, AA, and FM) contain a mix of objective and longer type questions with a duration of three hours for 100 marks; these questions directly contribute towards the candidate result. These exams are available in computer-based and paper-based formats. Prior to the start of each exam there will be time allocated for students to be informed of the exam instructions.

Computer-based exams

For the Applied Skills (PM, TX-UK, FR, AA and FM) computer-based exams candidates will be delivered an extra 10 marks of objective test content (either five single OT questions or five OT questions based around a single scenario), for which candidates are given an extra 20 minutes. These questions are included to ensure fairness, reliability and security of exams. These questions do not directly contribute towards the candidate's score. Candidates will not be able to differentiate between the questions that contribute to the result and those that do not. All questions have been subject to

ACCA's regulatory approved quality assurance process.

The total exam time is therefore 3 hours and 20 minutes. Prior to the start of the exam candidates are given an extra 10 minutes to read the exam instructions.

Paper-based exams

For paper-based exams 15 minutes are added to the three hours to reflect the manual effort required as compared to computer-based exams. All paper-based and computer-based questions have been subject to the same quality assurance process. There will be time awarded by the invigilator to read the exam instructions.

Strategic Business Leader is ACCA's case study examination at the Strategic Professional level and is examined as a closed book exam of four hours, including reading, planning and reflection time which can be used flexibly within the examination. There is no pre-seen information and all exam related material, including case information and exhibits are available within the examination. *Strategic Business Leader* is an exam based on one main business scenario which involves candidates completing several tasks within which additional material may be introduced. All questions are compulsory and each examination will contain a total of 80 technical marks and 20 Professional Skills marks. The detail of the structure of this exam is described in the *Strategic Business Leader* syllabus and study guide document.

The other Strategic Professional exams are all of three hours and 15 minutes duration. All contain two Sections and all questions are compulsory. These exams all contain four professional marks. The detail of

the structure of each of these exams is described in the individual syllabus documents.

ACCA encourages students to take time to read questions carefully and to plan answers but once the exam time has started, there are no additional restrictions as to when candidates may start writing in their answer books.

Time should be taken to ensure that all the information and exam requirements are properly read and understood.

The pass mark for all ACCA Qualification examinations is 50%.

Guide to ACCA Examination Assessment

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified. For the financial accounting, audit and assurance, law and tax exams except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions.

For examinations, regulation **issued** or legislation **passed** on or 31 August annually, will be examinable from 1 September of the following year to 31 August of the year after that. Please refer to the examinable documents for the exam (where relevant) for further information.

Regulation issued or legislation passed in accordance with the above dates may be examinable even if the **effective** date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Corporate and Business Law (LW) (GLO) Syllabus and study guide

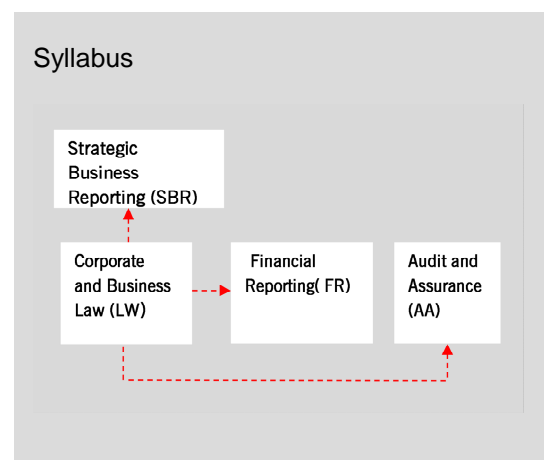
This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

Aim

To develop knowledge and skills in the understanding of the general legal framework within which international business takes place, and of specific legal areas relating to business, recognising the need to seek further specialist legal advice where necessary.

Relational diagram linking Corporate and Business Law (LW) (GLO) with other ACCA exams

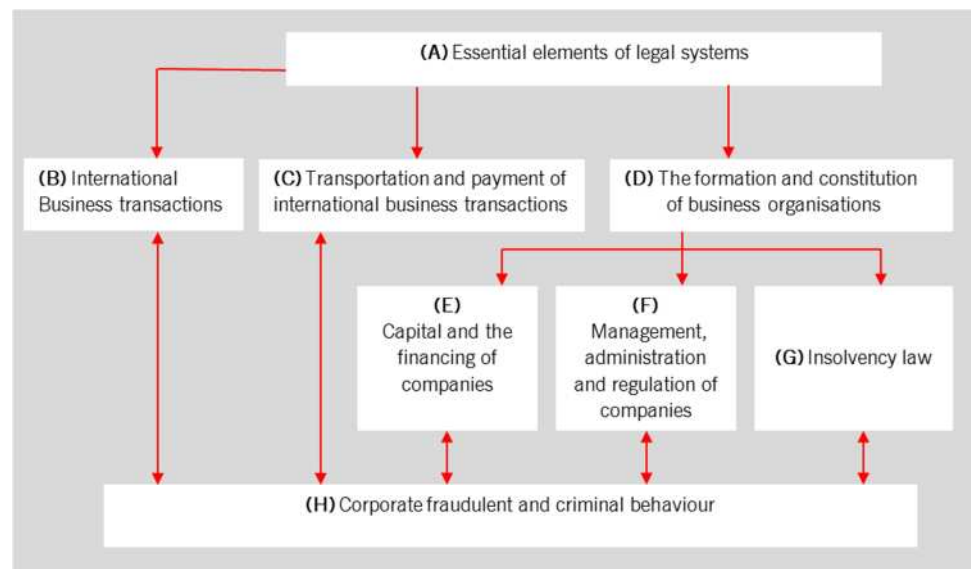
This diagram shows direct and indirect links between this exam and other exams preceding or following it. Some exams are directly underpinned by other exams and these links are shown as solid line arrows. Other exams only have indirect relationships with each other such as links existing between the accounting and auditing exams. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.



Main capabilities

On successful completion of this exam, candidates should be able to:

- A** Identify the essential elements of different legal systems including the main sources of law, the relationship between the different branches of a state's constitution, and the need for international legal regulation, and explain the roles of international organisations in the promotion and regulation of international trade, and the role of international arbitration as an alternative to court adjudication
- B** Recognise and apply the appropriate legal rules applicable under the United Nations Convention on Contracts for the International Sale of Goods, and explain the various ways in which international business transactions can be funded
- C** Recognise different types of international business forms
- D** Distinguish between the alternative forms and constitutions of business organisations
- E** Recognise and compare types of capital and the financing of companies
- F** Describe and explain how companies are managed, administered and regulated
- G** Recognise the legal implications relating to insolvency law
- H** Demonstrate an understanding of corporate fraudulent and criminal behaviour



This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Rationale

Corporate and Business Law Global is divided into eight areas. The syllabus starts with an introduction to different legal systems, different types of law and those organisations which endeavour to promote internationally applicable laws. It also introduces arbitration as an alternative to court adjudication. It then leads into an examination of the substantive law as stated in UN Convention on Contracts for the International Sale of Goods, which relates to the formation, content and discharge of international contracts for the sale of goods.

The syllabus then covers a range of specific legal areas relating to various aspects of international business of most concern to finance professionals. These are the law relating to the financing of international transactions, and the various legal forms through which international business transactions may be conducted. Particular attention is focused on the law relating to companies. Aspects examined include the formation and constitution of companies, the financing of companies and types of capital, and the day-to-day management, the administration and regulation of companies and legal aspects of insolvency law.

The final section links back to all the previous areas. This section deals with corporate fraudulent and criminal behaviour.

Detailed syllabus

A Essential elements of legal systems

1. Business, political and legal systems
2. International trade, international legal regulation and conflict of laws
3. Alternative dispute resolution mechanisms

B International business transactions

1. Introduction to the UN Convention on Contracts for the International Sale of Goods and ICC Incoterms
2. Obligations of the seller and buyer, and provisions common to both

C Transportation and payment of international business transactions

1. Transportation documents and means of payment

D The formation and constitution of business organisations

1. Agency law
2. Partnerships
3. Corporations and legal personality
4. The formation and constitution of a company

E Capital and the financing of companies

1. Share capital
2. Loan capital

3. Capital maintenance and dividend law

F Management, administration and the regulation of companies

1. Company directors
2. Other company officers
3. Company meetings and resolutions

G Insolvency law

1. Insolvency and administration

H Corporate fraudulent and criminal behaviour

1. Fraudulent and criminal behaviour

Approach to examining the syllabus

Examination Structure

The syllabus is assessed by a two-hour computer-based examination.

The examination consists of:

Section A

- | | |
|--|-----|
| - 25 x 2 mark objective test questions | 50% |
| - 20 x 1 mark objective test questions | 20% |

Section B

- | | |
|----------------------------------|--------------------|
| - 5 x 6 mark multi-task question | <u>30%</u> |
| | <u>100%</u> |

All questions are compulsory.

Study Guide

A. Essential elements of legal systems

1. Business, political and legal systems

- a) Explain the inter-relationship of economic and political and legal systems.^[2]
- b) Explain the doctrine of the separation of powers and its impact on the legal system.^[2]
- c) Explain the distinction between criminal and civil law.^[1]
- d) Outline the operation of the following legal systems.^[1]
 - i) Common law
 - ii) Civil law
 - iii) Sharia law.

2. International trade, international legal regulation and conflict of laws

- a) Explain the need for international legal regulation in the context of conflict of laws.^[1]
- b) Explain the function of international treaties, conventions and model codes.^[1]
- c) Explain the roles of international organisations, such as the UN, the ICC, the WTO, the OECD, UNIDROIT, UNCITRAL and courts in the promotion and regulation of international trade.^[1]

3. Alternative dispute resolution mechanisms

- a) Explain the operation, and evaluate the distinct merits, of court-based adjudication and alternative dispute resolution mechanisms.^[2]
- b) Explain the role of the international courts of trade including the International Court of Arbitration.^[1]
- c) Explain and apply in detail the provisions of the UNCITRAL Model Law on International Commercial Arbitration.^[2]
- d) Describe the arbitral tribunal.^[2]
- e) Explain arbitral awards.^[2]

B International business transactions

1. Introduction to the UN Convention on Contracts for the International Sale of Goods and ICC Incoterms

- a) Explain the sphere of application and general provisions of the Convention.^[1]
- b) Explain and be able to apply the rules for creating contractual relations under the Convention.^[2]
- c) Explain the meaning and effect of the ICC Incoterms.^[1]

2. Obligations of the seller and buyer, and provisions common to both

- a) Explain and be able to apply the rules relating to the obligations of the seller under the Convention.^[2]
 - i) delivery of goods and handing over documents

- ii) conformity of the goods and third party claims
 - iii) remedies for breach of contract by the seller.
- b) Explain and be able to apply the rules relating to the obligations of the buyer under the Convention:^[2]
- i) payment of the price
 - ii) taking delivery
 - iii) remedies for breach of contract by the buyer.
- c) Explain and be able to apply the rules relating to the provisions common to both the seller and the buyer under the Convention:^[2]
- i) breach of contract and in particular anticipatory breach and instalment contracts
 - ii) damages
 - iii) interest
 - iv) exemptions
 - v) effects of avoidance
 - vi) preservation of the goods.
- d) Explain and be able to apply the rules relating to the passing of risk under the Convention.^[2]
- d) Explain and be able to apply the rules of the UN Convention on International Bills Of Exchange And International Promissory Notes.^[2]
- e) Explain the operation of letters of credit and letters of comfort.^[2]

D Formation and constitution of business organisations

1. Agency law

- a) Define the role of the agent and give examples of such relationships paying particular regard to partners and company directors.^[2]
- b) Explain the formation of the agency relationship.^[2]
- c) Define the authority of the agent.^[2]
- d) Explain the potential liability of both principal and agent.^[2]

2. Partnerships

- a) Demonstrate a knowledge of the legislation governing the partnership, both unlimited and limited.^[1]
- b) Discuss the formation of a partnership.^[2]
- c) Explain the authority of partners in relation to partnership activity.^[2]
- d) Analyse the liability of various partners for partnership debts.^[2]
- e) Explain the termination of a partnership, and partners' subsequent rights and liabilities.^[2]

C Transportation and payment of international business transactions

1. Transportation documents and means of payment

- a) Define and explain the operation of bills of lading.^[1]
- b) Explain the operation of bank transfers.^[1]
- c) Explain and be able to apply the rules of UNCITRAL Model Law on International Credit Transfer.^[2]

3. Corporations and legal personality

- a) Distinguish between sole traders, partnerships and companies.^[1]
- b) Explain the meaning and effect of limited liability.^[2]
- c) Analyse different types of companies, especially private and public companies.^[1]
- d) Illustrate the effect of separate personality and the veil of incorporation.^[2]
- e) Recognise instances where separate personality will be ignored (lifting the veil of incorporation).^[2]

4. The formation and constitution of a company

- a) Explain the role and duties of company promoters, and the breach of those duties and remedies available to the company.^[2]
- b) Explain the meaning of, and the rules relating to, pre-incorporation contracts.^[2]
- c) Describe the procedure for registering companies, both public and private, including the system of streamlined company registration.^[1]
- d) Describe the statutory books, records and returns, including the confirmation statement and the register of people with significant control, that companies must keep or make.^[1]
- e) Analyse the effect of a company's constitutional documents.^[2]

- f) Describe the contents of the model articles of association.^[1]

- g) Explain how the articles of association can be changed.^[2]

- h) Explain the control over the names that companies may or may not use.^[2]

E Capital and the financing of companies

1. Share capital

- a) Examine the different types of capital.^[2]
- b) Illustrate the difference between various classes of shares, including treasury shares, the procedure for altering class rights.^[2]
- c) Explain allotment of shares, and distinguish between rights issue and bonus issue of shares.^[2]
- d) Examine the effect of issuing shares at either a discount, or at a premium.^[2]

2. Loan capital

- a) Define companies' borrowing powers.^[1]
- b) Explain the meaning of loan capital and debenture.^[2]
- c) Distinguish loan capital from share capital and explain the different rights held by shareholders and debenture holders.^[2]
- d) Explain the concept of a company charge and distinguish between fixed and floating charges.^[2]

- e) Describe the need, and the procedure for, registering company charges.^[2]

3. Capital maintenance and dividend law

- a) Explain the doctrine of capital maintenance and capital reduction.^[2]
- b) Explain the rules governing the distribution of dividends in both private and public companies.^[2]

F Management, administration and regulation of companies

1. Company directors

- a) Explain the role of directors in the operation of a company, and the different types of directors, such as executive/ non-executive directors or *de jure* and *de facto* directors, and shadow directors.^[2]
- b) Discuss the ways in which directors are appointed, can lose their office and the disqualification of directors.^[2]
- c) Distinguish between the powers of the board of directors, the managing director/ chief executive and individual directors to bind their company.^[2]
- d) Explain the duties that directors owe to their companies, and the controls imposed by statute over dealings between directors and their companies, including loans.^[2]

2. Other company officers

- a) Discuss the appointment procedure relating to, and the duties and powers of, a company secretary.^[2]

- b) Discuss the appointment procedure relating to, and the duties and rights of, a company auditor, and their subsequent removal or resignation.^[2]

3. Company meetings and resolutions

- a) Distinguish between types of meetings: general meetings and annual general meetings.^[1]
- b) Distinguish between types of resolutions: ordinary, special and written.^[2]
- c) Explain the procedure for calling and conducting company meetings.^[2]

G insolvency law

1 Insolvency and administration

- a) Explain the meaning of, and procedure involved, in voluntary liquidation, including members' and creditors' voluntary liquidation.^[2]
- b) Explain the meaning of, the grounds for and the procedure involved, in compulsory liquidation.^[2]
- c) Explain the order in which company debts will be paid off on liquidation.^[2]
- d) Explain administration as an alternative to liquidation.^[2]
- e) Explain the way in which an administrator may be appointed, the effects of such appointment, and the powers and duties of an administrator.^[2]

H Corporate fraudulent and criminal behaviour

1 Fraudulent and criminal behaviour

- a) Recognise the nature and legal control over insider dealing.^[2]
- b) Recognise the nature and legal control over market abuse.^[2]
- c) Recognise the nature and legal control over money laundering.^[2]
- d) Recognise the nature and legal control over bribery.^[2]
- e) Discuss potential criminal activity in the operation, management and liquidation of companies.^[2]
- f) Recognise the nature and legal control over fraudulent and wrongful trading.^[2]

Summary of changes to Corporate and Business Law (LW) (GLO)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There have been no additions to, or deletions from, the syllabus.