



ACCA

Corporate and Business Law (LW) (GLO)

Syllabus and study guide

September 2019 to August 2020



Think Ahead

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1. 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 learning outcome. 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.

2. 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 qualification is recognised and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualification is currently recognised on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus is organised into main subject area headings which are further broken down to provide greater detail on each area.

3. Guide to ACCA examination structure and delivery mode

The structure and delivery mode of examinations varies.

Applied Knowledge

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.

Applied Skills

The *Corporate and Business Law* exam is a two-hour computer-based objective test examination for English and Global. For the format and structure of the *Corporate and Business Law* or *Taxation* variant exams, refer to the 'Approach to examining the syllabus' in section 9 of the relevant syllabus and study guide.

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 are assessed by a three hour computer-based exam. Prior to the start of each exam there will be time allocated for students to be informed of the exam instructions.

The longer (constructed response) question types used in the Applied Skills exams (excluding *Corporate and Business Law*) require students to effectively mimic what they do in the workplace. Students will need to use a range of digital skills and demonstrate their ability to use spreadsheets and word processing tools in producing their answers, just as they would use these

tools in the workplace. These assessment methods allow ACCA to focus on testing students' technical and application skills, rather than, for example, their ability to perform simple calculations.

Strategic Professional

Strategic Business Leader is ACCA's case study examination at Strategic Professional 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 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.

For September and December 2019 sessions, all Strategic Professional exams will be assessed by paper based examination. From March 2020, these exams will become available by computer based examination. More detail regarding what is available in your market will be on the ACCA global website.

With Applied Knowledge and Applied Skills exams now assessed by computer based exam, ACCA is committed to continuing on its journey to assess all

exams within the ACCA Qualification using this delivery mode.

The question types used at Strategic Professional again require students to effectively mimic what they would do in the workplace and, with the move to CBE, these exams again offer ACCA the opportunity to focus on the application of knowledge to scenarios, using a range of tools – spreadsheets, word processing and presentations - not only enabling students to demonstrate their technical and professional skills but also their use of the technology available to today's accountants.

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 producing their answer.

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%.

4. Guide to ACCA examination assessment

ACCA reserves the right to examine any learning outcome contained within the study guide. 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 most examinations (not tax), regulations **issued** or legislation **passed** on or before 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.

For UK tax exams, examinations falling within the period 1 June to 31 March will

generally examine the Finance Act which was passed in the previous year. Therefore, exams falling in the period 1 June 2019 to 31 March 2020 will examine the Finance Act 2018 and any examinable legislation which is passed outside the Finance Act before 31 July 2018.

For additional guidance on the examinability of specific tax rules and the depth in which they are likely to be examined, reference should be made to the relevant Finance Act article written by the examining team and published on the ACCA website.

None of the current or impending devolved taxes for Scotland, Wales, and Northern Ireland is, or will be, examinable.

5. Relational diagram linking Corporate and Business Law (GLO) with other exams

This diagram shows links between this exam and other exams preceding or following it. Some exams are directly underpinned by other exams. This diagram indicates where students are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.



6. Overall aim of the syllabus

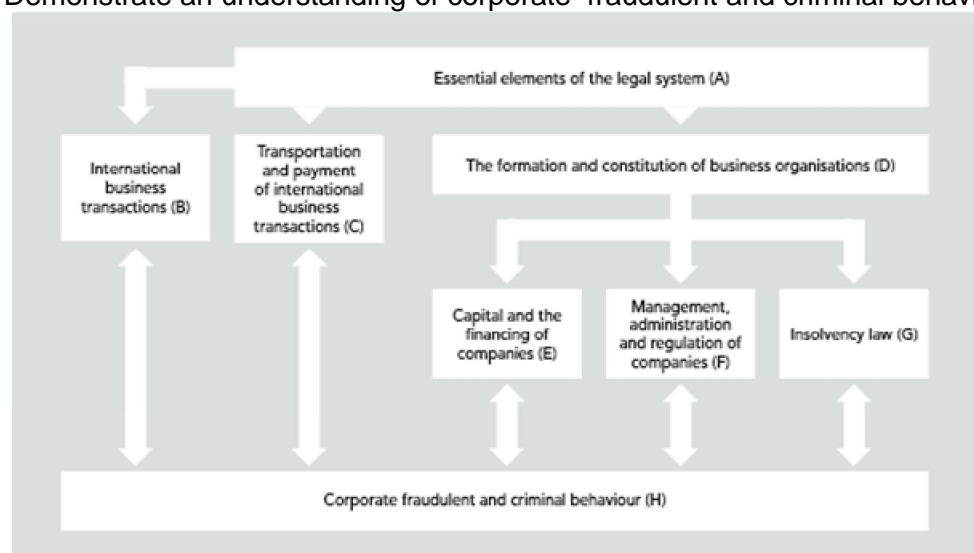
This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

The aim of this syllabus is 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.

7. 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 of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

8.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.

9. 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.

10. The 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

11. Detailed 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 including the following policies, procedures and controls:
 - i) risk management practices:
 - ii) internal controls:
 - iii) customer due diligence:
 - iv) reliance and record keeping;
 - v) the monitoring and management of compliance with, and the internal communication of, such policies, controls and procedures.^[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, including the failure to prevent the facilitation of tax evasion and the meaning of relevant body^[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 deletions from the syllabus.

The areas where there have been additions to the syllabus are shown in Table 1 below:

Table 1 – Additions to LW GLO

	Section and subject area	Syllabus content
H1c)	Fraudulent and criminal behaviour	The following policies, procedures and controls in relation to money laundering: i) risk management practices: ii) internal controls: iii) customer due diligence: iv) reliance and record keeping; v) the monitoring and management of compliance with, and the internal communication of, such policies, controls and procedures.
H1e)	Fraudulent and criminal behaviour	The failure to prevent the facilitation of tax evasion and the meaning of relevant body.