



## Higher National Unit specification

### General information for centres

**Unit title:** Company Law: An Introduction

**Unit code:** DE5H 35

**Unit purpose:** This Unit is designed to provide students with basic knowledge about company law. It is intended for candidates who expect to take up a career in accounting and/or financial administration.

On completion of the Unit the candidate should be able to:

- 1 Describe the separate legal personality of a company, the various forms of corporate body and procedures for company formation.
- 2 Describe the capital and financing of a company.
- 3 Describe the management and administration of a company.
- 4 Describe the ways in which insolvent companies may be dealt with.

**Credit value:** 1 HN credit at SCQF level 8: (8 SCQF credit points at SCQF level 8\*)

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

**Recommended prior knowledge and skills:** Access to this Unit is at the discretion of the centre. However candidates would normally be expected to have some knowledge of business law before attempting this Unit.

**Core Skills:** There may be opportunities to gather evidence towards Core Skills in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

**Context for delivery:** If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

**Assessment:** This Unit may be assessed by two closed-book examinations and two open-book case studies.

To achieve this Unit, candidates should attain 70% of available marks for each Outcome.

**Centres will have discretion in designing assessments so that they can assess outcomes individually or combine outcomes where they consider it appropriate.**

## **Higher National Unit specification: statement of standards**

**Unit title:** Company Law: An Introduction

**Unit code:** DE5H 35

The sections of the Unit stating the Outcomes, knowledge and/or skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### **Outcome 1**

Describe the separate legal personality of a company, the various forms of corporate body and procedures for company formation.

#### **Knowledge and/or Skills**

- Separate legal personality of a company, and its legal consequences using the concept for business use (eg minimise risk).
- Formalities and documents required for registering a company
- Types of corporate bodies and their major characteristics (Public and Private Companies).

#### **Evidence Requirements**

Candidates should demonstrate their Knowledge and/or Skills by providing a report detailing the above knowledge.

The evidence may be written and generated under open-book conditions.

To achieve this Outcome, candidates should attain 70% of available marks.

#### **Assessment Guidelines**

The assessment of this Outcome could be conducted as an open-book case study which could take the average candidate two hours to complete.

The assessment may be presented as a short case study providing information about an organisation who is considering becoming a registered company. From this information candidates could produce a report detailing the legal formality of a company, forms of corporate body and procedures for company formation.

## **Higher National Unit specification: statement of standards (cont)**

**Unit title:** Company Law: An Introduction

### **Outcome 2**

Describe the capital and financing of a company.

#### **Knowledge and/or Skills**

- ◆ Share Capital (Ordinary and Preference)
- ◆ Loan Capital (Debentures and Company charges)
- ◆ Company power to borrow money, both secured and unsecured.

#### **Evidence Requirements**

Candidates may demonstrate their Knowledge and/or Skills by providing extended response answers to 3 questions covering the above areas of knowledge.

The evidence could be written and generated under controlled closed-book conditions.

To achieve this Outcome, candidates should attain 70% of available marks.

#### **Assessment Guidelines**

The assessment of this Outcome may be conducted as a single closed-book examination which should take the average candidate two hours to complete.

The assessment could be presented as a scenario based on the development of the company from Outcome 1. From this information candidates could give extended response answers to 3 questions on the aforementioned scenario.

### **Outcome 3**

Describe the management and administration of a company.

#### **Knowledge and/or Skills**

- ◆ Director: appointment, termination, duties and powers
- ◆ Company Secretary: appointment, duties and powers
- ◆ Company meetings (Annual General Meeting, Extraordinary Meeting)
- ◆ Types of resolution (ordinary, special).

## **Higher National Unit specification: statement of standards (cont)**

**Unit title:** Company Law: An Introduction

### **Evidence Requirements**

Candidates could demonstrate their knowledge and/or skills by providing on a sample basis extended response answers to 4 questions covering the above areas of knowledge. The sample will require the candidate to discuss 3 areas relating to Director (appointment, termination, duties and powers), 2 areas relating to Company Secretary (Appointment, duties and powers), 1 type of meeting (ie Annual General Meeting, Extraordinary Meeting). A different grouping of areas should be used each time the Outcome is assessed and the selection will be on a purely random basis.

The evidence could be written and generated under controlled closed-book conditions.

To achieve this Outcome, candidates should attain 70% of available marks.

### **Assessment Guidelines**

The assessment of this Outcome may be conducted as a single Closed-book examination which could take the average candidate two hours to complete.

The assessment may be presented as a scenario based on the development of the company from Outcomes 1 and 2. From this information candidates could give extended response answers to 4 questions on the aforementioned scenario.

## **Outcome 4**

Describe the ways in which insolvent companies may be dealt with.

### **Knowledge and/or Skills**

- ◆ Voluntary liquidation
- ◆ Compulsory liquidation
- ◆ Administration

### **Evidence Requirements**

Candidates could demonstrate their Knowledge and/or Skills by providing a report detailing the above knowledge.

To achieve this Outcome, candidates should attain 70% of available marks.

## **Higher National Unit specification: statement of standards (cont)**

**Unit title:** Company Law: An Introduction

### **Assessment Guidelines**

The assessment of this Outcome may be conducted as a open-book case study which could take the average candidate two hours to complete.

The assessment may be presented as a case study which details the continuing scenario based on the development of the company from Outcomes 1, 2 and 3. From this information candidates could produce a report which describes the ways in which insolvent companies may be dealt with.

## Administrative Information

<b>Unit code:</b>	DE5H 35
<b>Unit title:</b>	Company Law: An Introduction
<b>Superclass category:</b>	EC
<b>Original date of publication:</b>	August 2004
<b>Version:</b>	03 (October 2009)

### History of changes:

Version	Description of change	Date
02	Previous versions were made before the introduction of the History of Changes table.	2006
03	Outcome 1 amended to reflect current documentation required for registering a company.  Assessment Guidelines amended to allow centres greater discretion in their choice of assessment methods.  Outcome 3 amended, removing 'extraordinary' as a type of resolution.	12/10/09

**Source:** SQA

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## **Higher National Unit specification: support notes**

### **Unit title:** Company Law: An Introduction

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

### **Guidance on the content and context for this Unit**

This Unit is designed to provide candidates with the basic knowledge of company law. It is also designed to help candidates select the most appropriate corporate body for any business venture, and the best way of financing and managing it.

There may be opportunities for candidates who successfully achieve this Unit to gain exemptions from a number of professional accounting bodies. Centres should contact the relevant professional bodies to ascertain their current exemption policies.

### **Guidance on the delivery and assessment of this Unit**

By studying the Outcomes in chronological order the candidate will be able to understand the logical order of company formation, administration and liquidation. The assessment for all Outcomes could be based around one case study.

To achieve this Unit, candidates should attain 70% of available marks for each Outcome.

### **Open learning**

This Unit could be delivered by distance learning. However, it would require planning by the centre to ensure the sufficiency and authenticity of candidate evidence. Arrangements would have to be made to ensure that the evidence for all Outcomes is generated by assessment undertaken in the mode(s) detailed in the Assessment guidelines for each Outcome.

### **Disabled candidates and/or those with additional support needs**

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering whether any reasonable adjustments may be required. Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements)

## **General information for candidates**

### **Unit title:** Company Law: An Introduction

This Unit introduces you to basic company law. It will enable you to develop the knowledge of law you have obtained from other law Units.

This can be studied as a stand-alone Unit if you simply wish to gain the knowledge/skills of company law or it could be studied as part of a Group Award.

The assessment for this Unit is made up of 4 tasks for each of which you must attain 70% of available marks to pass. These tasks which cover the law relating to companies need you to:

- ◆ Describe the separate legal personality of a company, the various forms of corporate body and procedures for company formation.
- ◆ Describe the capital and financing of a company
- ◆ Describe the management and administration of a company
- ◆ Describe the ways in which insolvent companies may be dealt with

When you achieve this Unit there may be opportunities for you to gain exemptions from a number of professional accounting bodies. Ask the Centre who is teaching you this Unit to contact the relevant professional bodies to ascertain their current exemption policies.