

SQA Advanced Unit Specification

General information for centres

Unit title: Company Law

Unit code: HR2C 48

Unit purpose: This Unit is designed to provide candidates with a broad understanding of the key principles and practices of corporate law. It is primarily intended for candidates who expect to pursue a managerial career or for those who intend to pursue further study in law at an advanced level.

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

- 1 Evaluate the law relating to the formation of registered companies.
- 2 Apply the legal rules regarding company capital.
- 3 Apply the legal requirements governing the management and administration of a company.
- 4 Evaluate the options available in the event of corporate insolvency.

Credit points and level: 2 SQA Credits at SCQF level 8: (16 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 National 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 competence in Communication at SCQF level 6 or equivalent. It would, also, be advantageous for candidates to have completed the SQA Advanced Unit in Company Law at SCQF Level 7.

Core Skills: There are opportunities to develop the Core Skills of Problem Solving and Numeracy at SCQF level 6 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: Assessment of Outcome 1 may take the form of a single case study with relevant questions; this may be conducted under supervision. Assessment of Outcomes 2 and 3 will be conducted under supervision using an integrated assessment. The assessment may be a series of case studies or restricted response questions. Outcome 4 will be assessed under controlled conditions using a case study or case studies with relevant questions. In all cases, candidates may have access to relevant materials.

SQA Advanced Unit specification: statement of standards

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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

Evaluate the law relating to the formation of registered companies

Knowledge and/or skills

- ◆ Significance of separate legal personality
- ◆ Types of registered company
- ◆ Significance of capital
- ◆ Registration procedures
- ◆ Legal effect of company documents

Evidence Requirements

Candidates will be required to produce written/oral evidence to demonstrate their knowledge and/or skills by providing appropriate advice in a given situation to show they can:

- ◆ explain the significance of corporate personality
- ◆ evaluate the options available when forming a registered company
- ◆ evaluate the significance of capital
- ◆ explain the registration process
- ◆ explain the purpose and contents of company documents together with their legal effect

Assessment guidelines

Candidate evidence may be generated by a single open-book case study exercise with questions conducted under supervised conditions. The questions set relating to the case study could ask the candidate to provide specific advice in the evaluation of a particular problem.

Candidates may be allowed approximately 1½ hours to complete the assessment. Candidates may bring relevant materials to the assessment. The case study may be provided to candidates 7–10 days in advance of the assessment.

Outcome 2

Apply the legal rules regarding company capital

Knowledge and/or skills

- ◆ Types of capital
- ◆ Rules relating to capital
- ◆ Maintenance of share capital

Evidence Requirements

Candidates will need to provide evidence to demonstrate their knowledge and/or skills by showing that they can **select, reject and apply** with reference to a case study or case studies:

- ◆ the legal rules relating to company capital

Candidates will select from the three knowledge and/or items listed, above, and will reject the items that do not apply to the case study or case studies. Candidates should apply the knowledge and/or skills that are relevant to the case study or case studies given.

The types of capital a candidate will select from are (at least two must be applied):

- ◆ preference shares
- ◆ redeemable shares
- ◆ ordinary shares
- ◆ debentures

When applying maintenance of share capital a candidate will select from (at least one must be applied):

- ◆ reduction of capital
- ◆ acquisition of own shares
- ◆ financial assistance

The assessment must be conducted under supervised conditions. Where sampling is used a different sample should be used in reassessment.

Assessment guidelines

See Outcome 3.

Outcome 3

Apply the legal requirements governing the management and administration of a company

Knowledge and/or skills

- ◆ Powers, duties and liabilities of directors
- ◆ Powers, duties and liabilities of the company secretary
- ◆ Meetings and their administrative procedures
- ◆ Protection for minorities
- ◆ Insider dealing

Evidence Requirements

Evidence will be generated by sampling. Candidates will need to provide evidence to demonstrate their knowledge and/or skills by showing that they can:

- ◆ Apply the powers, duties and liabilities of the management of a company. Candidates will provide evidence of the powers, duties and liabilities for **either** company directors **or** the company secretary.
- ◆ Apply legal advice to company meeting and their administrative procedures. Candidates will provide evidence for **either** an annual general meeting **or** an extraordinary general meeting.

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candidates should apply administrative procedures, by sampling two from the following — quorum, voting and proxies.

Of the two remaining knowledge and/or skills items **one** should be assessed:

- ◆ apply the legal rules relating to minority protection
- or**
- ◆ apply the legal rules relating to insider trading in terms of intent, penalty and exams

The assessment must be conducted under supervised conditions. Where sampling is used a different sample should be used in a reassessment event.

Assessment guidelines

An integrated assessment for Outcomes 2 and 3 could be used.

Candidates may be required to produce evidence to demonstrate their knowledge and/or skills for both Outcomes by correctly answering a series of five case studies and/or restricted response questions. Where restricted response questions are used, it is possible to incorporate more than one part to a single question.

Candidate's responses should give a brief explanation of the law and application of the law to a given situation is required, this may be backed up by relevant case law where necessary. Candidates should have access to lecture notes/handouts and textbooks.

The assessment should be completed within, approximately, one and a half hours and should be supervised.

Outcome 4

Evaluate the options available in the event of corporate insolvency

Knowledge and/or skills

- ◆ Administration
- ◆ Liquidation
- ◆ Creditors Voluntary Arrangements (CVAs)
- ◆ Receivership

Evidence Requirements

Evidence will be generated by sampling two from the four knowledge and/or skills items, above, by evaluating the options open to a company in a case study or case studies. Candidates will need to provide evidence to demonstrate their knowledge and/or skills by showing that they can evaluate the legal implications of:

- ◆ Administration
- ◆ Liquidation
- ◆ CVAs
- ◆ Receivership

The assessment must be conducted under supervised conditions. Where sampling is used a different sample should be used in a reassessment event.

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Assessment guidelines

Candidates could provide evidence to demonstrate their knowledge and/or skills by correctly identifying and explaining the options available in the event of corporate insolvency. Evidence could be provided by correctly answering questions set that relate to a case study or case studies based on insolvency. Candidates should be encouraged to refer to contemporary examples of corporate insolvency.

The assessment should be supervised under open-book conditions. Candidates may have access to lecture notes/handouts and textbooks. Approximately 1 hour should be allowed to complete the assessment.

Administrative Information

Unit code: HR2C 48
Unit title: Company Law
Superclass category: EC
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Version	Description of change	Date

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

FURTHER INFORMATION: Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

SQA Advanced Unit specification: support notes

Unit title: Company Law

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 80 hours.

Guidance on the content and context for this Unit

This Unit is designed to provide candidates with an understanding of the key principles and practices of corporate law.

It is suggested that the following areas should be covered but changes in legislation will inevitably require review of the emphasis which each merits (eg director's duties, capital maintenance rules).

Outcome 1

- ◆ Comparison of different types of business organisation
- ◆ The meaning and consequences of separate legal personality
- ◆ Advantages and disadvantages of different types of registered company — public/private, limited/unlimited
- ◆ Significance of capital — practical and legal
- ◆ Registration process for public and private companies
- ◆ Company documents and their legal effect

Outcome 2

- ◆ Types of shares.
- ◆ Forms of share capital.
- ◆ Rules regarding share issue — proper purposes rule, pre-emption rights, consideration required, public companies — advertising, use of prospectus
- ◆ Capital maintenance rules
- ◆ Loan capital — capacity to borrow, forms of debentures, types of security, priority of charges, remedies of debenture holders

Outcome 3

- ◆ Directors — appointment/removal; powers and authority to bind company; duties owed to company (common law and statutory); liabilities for breaches (civil and criminal)
- ◆ Company secretary — qualification; powers and authority to bind; duties; liabilities
- ◆ Meetings — AGMs, EGMs, voting, proxies
- ◆ Insider dealing
- ◆ Minority protection

Outcome 4

- ◆ Administration — aim, appointment of administrator, powers and duties of the administrator and ending of administration
- ◆ Liquidation — effect, compulsory liquidation, MVL and CVL, powers and duties of a liquidator, application of assets, ending of liquidation
- ◆ Creditors' voluntary arrangements
- ◆ Receivership — restricted use, effect

Guidance on the delivery and assessment of this Unit

It is recommended that candidates are given a basic introduction to the legal concepts of common law versus statutory law and civil law versus criminal law prior to studying this Unit.

Candidates should be encouraged to find current examples of issues relating to corporate law for classroom discussion.

It is desirable that the Outcomes are delivered and assessed in the order given. Three assessments will be used, one integrating Outcomes 2 and 3, with Outcomes 1 and 4 being assessed individually. Candidates will have access to their lecture notes/handouts and textbooks. All assessments will be supervised.

Opportunities for developing Core Skills

Elements of the Core Skill of Problem Solving, that is, planning and organising, critical thinking, and reviewing and evaluating, will be naturally developed and enhanced as the Unit is undertaken. The analysis of case studies relating to company management and administration will require candidates to apply the law, devising and explaining solutions to typical problems. Identifying and considering powers, duties and liabilities of all parties involved will encourage a high level of analytical, strategic business thinking. Ongoing evaluation and review of current legislation and regulatory requirements is integral to the practical task.

Accuracy in interpreting and calculating complex financial information, including the legal implications of trading, underpins the competencies developed in the Unit. Candidates should have formative opportunities to enhance skills in the interpretation and presentation of financial data with an emphasis on Numeracy as a tool to be applied efficiently and critically in practical contexts. Discussion of current case studies and exemplar materials could support skills development. Group and individual discussions with the assessor during formative work would offer opportunities to reinforce analytical evaluation of issues and legal requirements.

Open learning

This Unit is suitable for open and distance learning delivery. The assessment strategy and guidelines described in this specification must still be applied if this method of delivery is chosen.

For further information and advice, please refer to the SQA document *Assessment and Quality Assurance for Open and Distance Learning* which is available on SQA's website www.sqa.org.uk.

Equality and inclusion

This unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

General information for candidates

Unit title: Company Law

This Unit has been developed to provide you with an understanding of the key legal rules and practices applicable to companies in the UK.

The Unit has four main areas, Outcomes 1, 2, 3 and 4. Outcomes 1 and 4 may be assessed individually; Outcomes 2 and 3 may be assessed together. Assessment for Outcomes 2, 3 and 4 will take place under supervised conditions.

In **Outcome 1**, you will learn how a company differs from other types of business organisation and examine how a company is formed. You will examine why a company needs to have capital. You will consider the advantages and disadvantages of different types of companies and be able to give advice in a given situation.

In **Outcome 2**, you will learn why look at the legal rules which apply in relation to a company's capital.

In **Outcome 3**, you will learn about the management and administration of a company. You will be able to explain and apply the law relating to the people who run the company and deal with its administration. You will be able to deal similarly with the law about meetings and how minority groups are protected.

In **Outcome 4**, you will learn about the options available when a company is in financial difficulty.

In order to complete this Unit successfully, you will be required to achieve a satisfactory level of performance in all three assessments. These assessments will cover each of the above Outcomes. You may be allowed to use your class notes, handouts and/or textbooks in completing the assessments. Assessment for Outcome 1 may take place under supervised conditions.