



PROFESSIONAL – CORPORATE LAW

EDUCATORS BRIEFING 2020/21

	Topic	Guidelines
1	Comments on Performance in 2020 Examinations:	<p>As there was only one exam diet this year, there was no ability to review performance across a number of exam diets. Overall, the candidates performed on par in the law component of the paper with last Summer’s exam diet – and some scripts displayed a level of excellence that is to be highly commended.</p> <p>The performance in Question 1 was on par with results in Summer 2019 – although the performance in components of Part A (redeemable shares) and B (purchase by a company of its own shares) was extremely disappointing – with some candidates wholly unaware of some of the core capital maintenance rules. There was also some obvious confusion regarding the distinction between ordinary and preference shares – which is a core foundational concept. This is frustrating, especially given the fact that I have flagged the fact that company finance and company officers will ALWAYS make up the largest component of the two compulsory law questions on the paper. As future accountants, candidates need to be <i>au fait</i> with corporate finance and the lack of knowledge displayed in some scripts was quite unacceptable for those wishing to practice in this profession. Furthermore, candidates could not expand on the rules regarding alteration of the Articles of Association, which is an important aspect of corporate law to be cognisant of.</p> <p>The performance in Question 2 was average – and candidates struggled with some components of this question, especially in relation to the distinction between de facto and shadow directors, the distinction between the indoor management rule and the rule of agency, and the distinction between the fiduciary and statutory duties of a director.</p> <p>In relation to Question 3 – it was quite obvious that the majority of the candidates who attempted it had reviewed the Examiners Article (upon which this question was based). The performance was average to high, although a lack of detail regarding an auditors registration and qualifications (which were often confused with the liquidators), the duty to investigate and the specific role of an audit committee led to a loss of marks.</p> <p>Regarding Question 4 – this was attempted by a significant portion of candidates, and performance tended to be strong with a small portion of candidates attaining full marks. Marks were lost for confusion between the characteristics of employees and contractors, as opposed to the distinction between them, as well as a lack of detail, analysis and case law in the context of the tests used to draw the distinction.</p>
2	Learning Outcomes:	<p>This subject aims to ensure that students understand the theory and application of key principles of company, commercial, legal systems and other aspects of laws relating to business and recognise those issues which require the advice of a legal professional. Some of the key areas of focus are corporate finance and corporate management (including corporate offences), contract law and the law of tort – as these are particularly relevant to the accounting and finance sector.</p> <p>Please also refer to the learning outcomes in the detailed syllabus listed on page 39.</p>

3	Syllabus Changes:	The syllabus is updated every year. There has been a significant change in the 2020-2021 syllabus, in that this subject is being replaced with a new Professional Level Corporate Law module, which will encompass Business Law and Legal Systems.
4	Format of the Examination Papers for 2020-2021:	<p>There will be TWO compulsory questions on the paper. Compulsory Question 1 will focus on Contract Law, Tort Law and Legal Systems. Compulsory Question 2 will focus on Corporate Finance and Company Officers.</p> <p>Candidates will be required to answer any TWO of the four optional questions, all of which will comprise certain aspects of business and corporate law.</p>
5	Education Focus for 2020-2021:	All areas of the syllabus will be open to examination.