



FACULTY OF BUSINESS and ECONOMICS

POSTGRADUATE DIPLOMA IN ACCOUNTING

And

MASTER OF ACCOUNTING

UNIT OUTLINE

2010

ACCG 854 – COMPANY LAW

**ACCG854 - COMPANY LAW – FACULTY OF BUSINESS AND ECONOMICS
UNIT OUTLINE AND READING MATERIALS – 2010**

ABOUT THIS UNIT

The aim of this unit is to introduce students to corporate regulation in Australia and to create an **awareness of corporate issues**. Lectures will focus on relevant issues, cases and sections. Issues such as **how to prepare for exams** and how to **maximise grades** will be addressed.

TEACHING STAFF

Lecturer in Charge:

Michael Quilter – W3A432 - tel: 98508456 – email: michael.quilter@law.mq.edu.au

CLASSES

Classes will progress through the various Lecture Areas referred to in this Outline. There may be some reorganisation, overlapping, and/or integration of areas to accommodate assessment and unit structure.

REQUIRED TEXTS

Quilter, The Company Law Notes, Thomson Reuters (Lawbook Co.) 4th ed. 2010.
This is referred to as Q herein.

Lipton and Herzberg, Understanding Company Law, Thomson Reuters (Lawbook Co.) 15th ed. 2010. This is referred to as L&H herein.

After considering the law of partnership the unit will focus on corporate issues and the relevance and effect of the Corporations Act. **Note that certain relevant sections of the Corporations Act are set out in The Company Law Notes 4th edition 2010**. Both statutes (the Partnership Act and the Corporations Act) may be viewed in full at www.austlii.edu.au (for the Partnership Act go to “NSW”, then “Consolidated Acts”. For the Corporations Act, go to “Commonwealth”, then “Consolidated Acts”).

Useful websites

www.lipton-herzberg.com.au

www.asic.gov.au

www.asx.com.au

www.takeovers.gov.au

www.smh.com.au

www.camac.gov.au

By using www resources students are able to gain a **perspective** on their studies and be **aware of real world situations** where company law is relevant. Newspaper coverage of company law gives depth and realism to the formal explanations of the law in texts.

LEARNING OBJECTIVES AND OUTCOMES

Lectures will focus on relevant issues, cases and sections. Issues such as how to prepare for exams and how to maximise grades will be addressed. Students will be alerted to the

importance of **skills that will assist learning and problem solving** be exposed to basic **generic (workplace) skills** that will assist in the development of a successful professional career. Examples include:

- *responding and communicating in class (workplace skills: teamwork, communication, problem-solving, cooperation and the ability to build and maintain professional relations)
- *the ability to comprehend, digest and apply unit content (workplace skills: setting effective and attainable goals, gathering material, creative thinking and exploring new ideas and viewpoints)
- *awareness, perception and effective note-taking in lectures (workplace skills: critical analysis, client interviews and peer meetings)

Overall, the **aim of this unit** is to **introduce students to corporate regulation in Australia and to create an awareness of corporate issues**. Within this clear broad aim are several specific targets that will become identifiable as the unit progresses. These **specific aims** will be accomplished as each Lecture Area is covered. The unit aims to assist students to:

- * Understand the characteristics of the various forms of business organisations.
- * Understand the past and present corporate legislative framework.
- * Understand how companies are formed and different types of companies.
- * Understand the company constitution and how it affects the company's activities.
- * Understand the ways in which a company may raise finance.
- * Understand corporate management issues, in particular the role and obligations of directors.
- * Be aware of corporate governance matters including the impact of relevant ethical issues.
- * Understand how shareholders rights are protected.
- * Understand how the Corporations Act regulates acquisition and disposal of shares.
- * Understand corporate insolvency in the current regulatory environment.
- * Apply the law clearly to analyse and solve problems relating to company law.
- * Develop an interest in, and an understanding of, current corporate issues.

The unit aims to contribute to students' development of the following capabilities: (1) **discipline specific knowledge and skills***; (2) critical, analytical and integrative thinking; (3) problem solving and research capability; (4) creativity and innovation; (5) **effective communication***; (6) engaged and ethical local and global citizens; (7) socially and environmentally active and responsible; (8) capable of professional and personal judgement and initiative; (9) commitment to continuous learning.

Those graduate capabilities marked with an * will be a focus.

TEACHING AND LEARNING STRATEGY

This unit is taught by way of lecture/seminar style classes. Practice questions are discussed to enable application of content.

What is expected of students – criteria for success

Students should take responsibility for their own learning and this will incorporate reading as required, attendance at lectures and reflection on their abilities. The capacity of each student to digest material will vary and accordingly self assessment is necessary. The amount of focussed and effective effort a student puts in to preparation and study will generally be reflected in their performance. There are 2 main components of successful company law study: one is that students must have some **knowledge of the core issues** of the relevant topics [take short clear notes in lectures, think about your task, involve yourself in classes], the second is that students will only be successful if they can apply what they have learned,

that is, in your exam you have to be able to **use the law to solve problems** [either multiple-choice or written answer style].

Classes should be used by students to test their **understanding of the unit** in an environment where **immediate feedback** is available from the lecturer – students should be prepared to respond to, and ask, questions – being active is an important aspect of both study and professional practice and classes will be of more **benefit to all students if they are willing to participate**.

Attendance

Students are expected to attend classes. Where any issue arises as to a student's performance it may be necessary to consider whether the issue of their attendance is relevant. In a simple economic sense students pay for instruction and should attend classes to get the benefit and help of their lecturer.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Students are required to obtain knowledge of the relevant law and be able to apply that knowledge in a problem-solving context. This involves the ability to identify and analyse relevant issues. Assessment procedures will test both unit content and application of that content. Assessment will relate to unit content and all **assessment tasks are clearly outlined below**. Students should consult this outline to identify relevant readings for each of the Lecture Areas.

Assessment

50% of assessment will take place during the delivery of the unit – this will include two (2) in-class examinations [5% each], a mid-session examination [20%], and a class presentation [20%]. There will be a final examination worth 50% of total assessment. Examinations may incorporate multiple-choice and/or problem-style questions. Unless otherwise advised all examinations are closed book (that is no books, notes etc to be taken into the examination).

1. In-class test NUMBER 1 [5%] held in class 4 of the unit (15th March) – the test will cover Lecture Area 1 to 3 inclusive – the test will be **marked in class** and accordingly **feedback on your performance will be immediate**.

2. In-class test NUMBER 2 [5%] held in class 10 of the unit (10th May) - the test will cover Lecture Area 6, 7 and 8 – the test will be **marked in class** and accordingly **feedback on your performance will be immediate**.

3. Class presentation [20%] - Students should regard the class presentation as an opportunity to develop an important workplace skill as well as an opportunity to prepare a particular area of the unit in more detail. Marks for class presentations will be determined by the lecturer based upon their perception of the presentation as having achieved, or otherwise, its purpose (this purpose being to inform and interest the class, showing capability with the requisite area of the law and an ability to communicate and engage). Examples of the type of matters that may be comprised in any discretionary assessment of a presentation include: structure, clarity, content covered at the appropriate level, evidence of research, use of resources or aids, showing and engendering interest in the area, timing (particularly as to the duration of the presentation), currency of the material used, originality.

4. Mid-session multiple-choice examination [20%] – Date to be advised. The mid exam will cover Lecture Area 1 to 5 inclusive [note that these Lecture Areas will not be re-examined in the final exam] – the exam will be marked electronically - your marks should be available promptly – your result (your mark) will be your feedback on your performance and will enable you to assess your progress – individual answer sheets will not be re-assessed and if you are unsure of certain aspects of the areas examined (Lecture Area 1 to 5 inclusive) you should re-read the relevant Topics in the texts and re-visit any practice questions attempted in class - if you do not perform as well as you would have liked (or merely want to improve your performance) you should: (a) ensure that you focus on your remaining classes, prepare prior to each class and test your understanding by participating in class discussion; (b) ensure your notes are clear and concise (c) test your understanding of an area by simulating exam conditions, that is try to do questions without looking at books or notes; (d) because the final exam also includes multiple-choice questions practice understanding the concept behind their preparation by drafting your own questions; (e) read all material prescribed for each Lecture Area (this certainly includes The Company Law Notes but also widen your perspective of relevant issues in Understanding Company Law); (f) consult your lecturer if, once you have completed the reading for an area, you have any questions.

4. Final exam [50%] – This will be held at the conclusion of the unit – **Date to be advised** – the exam will cover Lecture Area 6 to 13 inclusive – the exam will include a mix of styles of questions (these may include both problem-style and multiple-choice questions) – to succeed in this exam you will need to have a good grasp of the relevant unit content (the law), **be able to analyse** and distinguish between alternatives in multiple-choice questions and to be able to **identify and resolve issues** arising in a problem-solving format. All assessment tasks will be considered in arriving at a student’s final grade however note that this is subject to satisfactory performance in the final exam.

Submission of work

Whenever a student presents any work for assessment (mid and final exams and the class presentation) they should ensure that any applicable conditions are satisfied and that the work is done to the best of their ability. Assessment is an opportunity for students to show that they are interested in the material and that they have successfully developed a method of study and can apply the content studied.

Examinations

You are expected to present yourself for examination at the time and place advised and/or designated herein.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at:

<http://www.reg.mq.edu.au/Forms/APSCon.pdf>

There is always room to consider a student’s special needs in exceptional circumstances, however note that supplementary exams will only be granted in cases where the student suffers severe disruption or has a serious medical condition and does not sit the exam. Please note that even though a medical certificate may be provided the issue of whether a supplementary exam is warranted (and the issue of special consideration generally) remains within the discretion of the lecturer-in-charge of the unit. There is no automatic right to a supplementary exam merely because an application for special consideration has been lodged. Whilst there will sometimes be situations where the severity and unexpectedness of a

student's condition warrants consideration in assessing their performance, the tight schedule and need for prompt completion in relation to the summer unit, and the nature of the unit itself, warrants finality. Accordingly **students are to ensure that they are prepared and ready to sit the scheduled examination.**

PLAGIARISM AND COPYRIGHT

The University defines **plagiarism** in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>. The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

Whereas restricted photocopying of books and articles is permissible for the purposes of study it is a breach of the publishers and/or authors **copyright** (and of the Copyright Act) to photocopy (or to arrange the photocopying of) substantial parts of works without the copyright owners permission.

DETERMINATION OF OVERALL GRADE

You will be given a numerical mark (or a grade signifying a range of numerical marks) for each of your assessment tasks. Your final grade will be determined having regard to your results in each of your assessment tasks subject to any requirements, procedures or practices (including scaling) relevant to the unit. Grade categories (HD, D, Cr, P, PC and F) are explained in the Handbook of Postgraduate Studies. **Knowledge of the law, the ability to apply this knowledge and the ability to analyse the relevant issues are key determinates of your performance.**

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details can be accessed at: <http://www.student.mq.edu.au>

LECTURE AREA 1 – COMPARISON OF BUSINESS ORGANISATIONS

Q Topics 1 and 2 L&H Ch.2

Partnership Act: www.austlii.edu.au/au/legis/nsw/consol_act/pa1892154/

LECTURE AREA 2 - HISTORY AND LEGISLATIVE FRAMEWORK, REGISTRATION AND TYPES OF COMPANIES

Evolution of modern company and Australian developments:

Q Topic 3 L & H Ch.1

Applying for registration and the consequences of incorporation:

Q Topic 5 L & H Ch.2

Types of Companies:

Q Topic 4 L & H Ch.3

Corporations Act: www.austlii.edu.au/au/legis/cth/consol_act/ca2001172/

LECTURE AREA 3 - THE COMPANY CONSTITUTION AND THE RELATIONSHIP BETWEEN THE COMPANY AND OUTSIDERS

The company constitution and the replaceable rules:

Q Topic 6 L&H Ch 4

Company liability in contract, tort and crime:

Q Topics 7 and 8 L&H Ch 5

Promoters and pre-registration contracts:

Q Topic 9 L&H Ch 6

LECTURE AREA 4 - CORPORATE FINANCING

Disclosure to Investors – fundraising:

Q Topic 11 L&H Ch 7

Share capital:

Q Topic 12 L&H Ch 8

Membership:

Q Topic 10 L&H Ch 9

Debentures and Loan Capital:

Q Topic 14 L&H Ch 11

LECTURE AREA 5 - DIVIDENDS; FINANCIAL and REPORTING OBLIGATIONS; AUDIT; ASIC INVESTIGATION

Dividends:

Q Topic 13 L&H Ch 10

Financial and Reporting Obligations of Directors:

Q Topic 19 L&H Ch 15

The Role of Auditors and issues of Audit liability:

Q Topic 20 L&H Ch 16

ASIC Investigation:

Q Topic 21 L&H Ch 21

LECTURE AREA 6 - DIRECTORS and MANAGEMENT

Q Topic 15 L&H Ch 12

LECTURE AREA 7 - DIRECTORS DUTIES and CORPORATE GOVERNANCE

Q Topics 16, 17 and 18 L&H Ch 13

LECTURE AREA 8 - DIRECTORS DUTIES and CORPORATE GOVERNANCE,

Duties of directors and other officers (continued):

Q Topics 16, 17 and 18 L&H Ch 13

LECTURE AREA 9 - MEETINGS AND MEMBERS RIGHTS

Members Meetings:

Q Topic 23 L&H Ch.14

Members Rights and the position of the Minority:

Q Topic 22 L&H Ch.17

LECTURE AREA 10 – TAKEOVERS; FINANCIAL SERVICES AND MARKETS

Takeovers:

Q Topic 24 L&H Ch. 18

Financial Services and Markets:

Q Topic 25 L&H Ch. 19

LECTURE AREA 11 – RESTRUCTURING & LIQUIDATION (PART 1)

Insolvency

Arrangements and Reconstructions; Receivership; Voluntary Administration

Q Topics 26, 27, 28 and 29 L&H Chs.22, 23, and 24

LECTURE AREA 12 - RESTRUCTURING AND LIQUIDATION (PART 2)

Liquidation - Insolvent trading

Q Topic 30 L&H Ch. 25 (for insolvent trading Ch.13)

LECTURE AREA 13 – OVERVIEW and REVISION

<p>There are short summaries of each of the Lecture Areas in this Unit at the end of the related Topic in The Company Law Notes (Q).</p>
