



RHODES UNIVERSITY
Where leaders learn

Company Law

A

**Course Outline
2021**

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1. Introduction

Welcome to Company Law A. In this course you will be introduced to various kinds of companies. Company law is mainly regulated by the Companies Act 71 of 2008. This statute forms the basis of this course and you should familiarise yourself with its contents.

Significance of this course

This course seeks to inform, educate and engage students on the legal framework for companies in South Africa, as defined in the Companies Act 71 of 2008.

2. Assumptions of prior learning

Before you start this course, you must be able to:

- Write and communicate in coherent English,
- Demonstrate a thorough knowledge of the general principles of the law of contract,
- Demonstrate a working understanding of the law of agency, and the rules for statutory interpretation.
- Be capable of independent learning,
- Understand the system of judicial precedent and the important role precedent plays in our law,
- Read, analyse and extract principles from law reports and other source material,
- Apply legal problem solving techniques to practical situations.

3. Critical Outcomes

Apart from the knowledge and skill that relate directly to Company Law, the following skills are central to the study and practice of law which the course intends to enhance. By the end of this course you should be able to:

- *Identify* and *solve* practical legal problems,
- *Organise* and *manage* yourself and your work load,
- *Analyse* and *evaluate* the information conveyed during lectures and contained in the course handout,
- *Communicate* effectively in class debate, discussions, written assignments and written examinations,
- Use academic technologies,
- Recognise problem-solving contexts in company law

4. Specific outcomes

By the end of this course, students will be able to achieve the following outcomes:

- Critically analyse the meaning, scope and extent of separate legal personality,
- Identify distinguish and characterise the different forms of companies,
- Provide a factual and theoretical understanding of the rights, duties, obligations and liabilities of the stakeholders in a corporate environment
- Understand internal regulatory oversight.
- Identify and systematically apply statutory provisions to determine subsidiary relationships,
- Appreciate and simulate the legal political social and cultural factors that are likely to significantly affect the South African corporate environment.
- Appreciate the corporate social responsibility of companies and their role in promoting social justice.
- Apply the knowledge acquired during the course to solve practical problems with regard to business enterprises,
- Critically analyse, explain and apply the various remedies provided in the Companies Act 71 of 2008 for the protection of minority interests,
- Advise an ordinary person regarding the legal rules that apply for the incorporation of a company in terms of the Companies Act 71 of 2008.

5. Teaching methods and learning responsibility of students

This course aims to analyse and critique the law in its present state and consider the imminent changes to this area of law. To this end:

- A combination of formal lecturing and class discussions will be conducted.
- Formal lecturing will be facilitated by through a case study method. To this end appropriate cases and the narratives of a legal dilemma will be the basis of lectures and class discussion.
- All lecture materials including power point presentations will be placed on RUConnected well in advance to free up time for class discussions.
- Students are expected to take responsibility for their own learning by reading and preparing the course material provided.
- Students are encouraged to voice their opinions in class and in assessments in order to illustrate how critically they have reflected and engaged with the relevant legal principles.
- The required reading for the entire course is part of this course outline.

6. Student assessment

<p>SPECIFIC OUTCOMES</p> <p><u>On completion of this course, you should be able to:</u></p>	<p>ASSESSMENT CRITERIA</p> <p>(What evidence must you provide to show that you are competent?)</p> <p><u>You must be able to:</u></p>	<p>ASSESSMENT TASKS</p> <p><u>The evidence will be gathered in:</u></p>
<ul style="list-style-type: none"> Identify the different theories of incorporation to provide a crucial context in which students will appreciate how concepts and principles of company law in south Africa are shaped by different objectives. 	<ul style="list-style-type: none"> Apply statutory and common law principles. Identify critical aspects of case law. Demonstrate an understanding of the concepts and principles contained in the case law and statutes. 	<ul style="list-style-type: none"> -Class discussion and seminars -Class assignments -Test -Examination
<ul style="list-style-type: none"> Identify, distinguish and characterise the different forms of companies. 	<ul style="list-style-type: none"> Describe and explain various companies. Discuss the advantages and disadvantages of each company. Identify the relevant legislative provisions. Identify critical aspects of case law regarding each company. 	<ul style="list-style-type: none"> -Class discussion and seminars -Class assignments -Test -Examination
<p>Provide a factual and theoretical understanding of the rights, duties, obligations and liabilities of the stakeholders in a corporate environment</p>	<ul style="list-style-type: none"> Identify different stakeholders in a company Describe the rights, duties, obligations and liabilities of stakeholders. Apply the common law and legislative principles in respect of the rights, duties, obligations 	<ul style="list-style-type: none"> -Class discussion and seminars -Class assignments -Test -Examination

	<p>and liabilities of stakeholders.</p> <ul style="list-style-type: none"> ▪ Understand the impact of majority rule & protection of minority interests in a company. ▪ Appreciate the rules for the management of companies. ▪ Demonstrate an understanding of and apply the relevant principles of the law of agency and contract to practical situations. 	
<ul style="list-style-type: none"> • Understand internal regulatory oversight 	<ul style="list-style-type: none"> • Identify the nature and extent of powers of auditors. 	<ul style="list-style-type: none"> -Class discussion and seminars -Class assignments -Test -Examination
<ul style="list-style-type: none"> • Appreciate and simulate the legal political social and cultural factors that are likely to significantly affect the South African corporate environment. 	<ul style="list-style-type: none"> • Describe and predict some of these factors such as: • the nature and extent of corporate governance codes; • South Africa's economic hegemony in Africa; and • the evolving recognition of companies as subjects of international law 	<ul style="list-style-type: none"> -Class discussion and seminars -Class assignments -Test -Examination
<ul style="list-style-type: none"> • Apply the knowledge acquired during the course to solve practical problems with regard to business enterprises 	<ul style="list-style-type: none"> • State the relevant law, and discuss the relevant legal precedents with regard to that issue. • Apply the law to the facts in order to come to a reasoned conclusion about the problem and the legal remedies that might flow from the finding. 	<ul style="list-style-type: none"> -Test -Examination

7. Study Material

A number of study material can be used to broaden and sharpen your understanding of company law. The following are prescribed and recommended sources. Under each theme, “*Henochsberg*” by Delpport et al, is the prescribed book, while the “*Contemporary Company Law*” book by Cassim is a recommended text. You **must** use the prescribed book in order to prepare for lectures, and you *may* use the recommended material for further reading and to improve your understanding of company law.

You will require the following for completion of this course:

- a. Companies Act 71 of 2008
- b. *Prescribed: Delpport et al, Henochsberg on the Companies Act 71 of 2008* (Last Updated October 2020) LexisNexis: Durban
- c. *Recommended: Cassim et al, Contemporary Company Law* (2012) Juta: Claremont
- d. *Recommended: Davis et al, Companies and other Business Structures in South Africa* 3rd edition (2013) Oxford University Press: Cape Town
- e. King IV: Report on Corporate Governance in South Africa (2016)
- f. Useful links:

Independent Institute of Directors of Southern Africa	www.iodsa.co.za
Companies Intellectual Property Commission	www.cipc.co.za
Financial Services Board	www.fsb.co.za
Johannesburg Securities Exchange	www.jse.co.za

The prescribed material is subject to change, as is the law, and that I reserve the right to add/replace study material during the course of the semester.

Announcements in this respect will be made during class / on RUconnected and students are expected to remain up to date.

8. Course Content

Theme 1: An introduction to South African Company Law

Unit 1 – The concept of separate legal personality

Theme 2: The constitution of a company, company types and their requirements

Unit 1 – Types of business structures and groups of companies

Unit 2 – Formation of a company and its founding documents

Theme 3: The roles, rights and duties of parties in a company

Unit 1 – Corporate capacity, authority and liability

Unit 2 – Share capital, shareholder meetings and resolutions

Unit 3 – The board of directors and directors' duties

Theme 4: Remedies and principles of best practice

Unit 1 – Protection of minority interests and remedies

Unit 2 – King IV Report on Corporate Governance

9. Student Feedback / Course evaluation

How students experience the course, the lecturer's approach to the course and assessments tasks is an important part of teaching and learning. As a result, students will be required to participate in a course evaluation at the end of the semester. The purpose of this evaluation is to give students a platform to express and reflect on how they experience the course as a whole and provide suggestions for improvement. Students will be requested to complete an evaluation questionnaire in which they will reflect and comment on the course and reflect on how they have experienced the course. Students are highly encouraged to use this platform to express their concerns, challenges and even suggest possible ways in which the course can improve

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