

# Examiner's report

## F4 (BWA) Corporate & Business Law For Paper Variant exams December 2016

### General Comments

The purpose of this report is to provide feedback on the performance of candidates in the December 2016 examination. It identifies strengths and weaknesses demonstrated by candidates, and also highlights best practices that those presenting themselves for the examination in the future should consider in order to maximise their prospects of success.

The examination was divided into 2 sections. Candidates were required to answer 45 questions in Section A worth 1 or 2 marks each. Section B contained a further 5 multiple task questions worth a total of 6 marks each. These questions required short written responses. All questions were compulsory. The overall standard of scripts was good, suggesting that the majority of students had prepared well for the examination.

### Comments on Section A performance

Syllabus topics on which candidates performed very well included employment law, corporate management and types of business associations. Syllabus topics on which candidates performed less were the formation of contracts and the contents of contracts.

### Sample questions for discussion

This section of the report discusses two questions with which candidates experienced difficulties.

#### Question 23

Ahmed decided to purchase a car from a used car dealer, based on the salesman stating it was a good car. The car proves unreliable and Ahmed now wishes to sue the salesman.

#### Which of the following statements is correct?

- A Ahmed will not succeed because the statement was a mistake
- B Ahmed will succeed because the statement was a warranty
- C Ahmed will succeed because the statement was material to the contract
- D Ahmed will not succeed because the statement was a puff

The correct answer is D.

Most candidates opted for C. Candidates needed to distinguish between terms of a contract and statements made in the course of negotiations praising the merchandise with the intention to persuade the other to contract. The latter are mere puffs. The important factor to recall here is that for a statement commending the quality of the merchandise to form part of the contract, it should be made with the intention of both parties that it should become a term of the contract. Without evidence of such an intention on the part of the parties to the contract then the statement is mere puffery which cannot be a contractual term.

#### Question 24:

Gape agrees to purchase a bull from Dibotelo, who owns several bulls. Gape identifies which bull he wants to purchase but Dibotelo delivers the wrong bull to him.

#### On what basis can Gape resile from the agreement?

- A Just cause
- B Mistake
- C Uncertainty
- D Misrepresentation

The correct answer is B.

The delivery of the incorrect bull is a mistake as to the substance or object of the transaction. This mistake is material and entitles the affected party to resile from the contract. Most candidates opted for D. This scenario is not a misrepresentation by the seller. A misrepresentation is a statement by the contractant that is wrongful, made negligently or intentionally, which induced the contractant to conclude the contract. To be actionable, the misrepresentation should have resulted in damages or loss to the affected contractant. Distractors A and C were easier to eliminate.

### **Comments on Section B performance**

Performance in Section B was generally sound and candidates seemed to be well-prepared. They were particularly well-prepared for the question on exclusion clauses, though there were gaps in knowledge in capital maintenance and corporate fraudulent and criminal behaviour. Some candidates provided material which, though generally correct, was not relevant to the question asked.

The following points may be useful for candidates in future examinations. First, candidates are encouraged to read the questions in Section B carefully before attempting an answer. In some cases, candidates wrote down answers relevant for one part of a question in another part of the same question, which was then of no benefit to them. Second, candidates are encouraged to attempt all questions. Thorough preparation will enable candidates to offer an answer for each area tested in Section B, but it is always worth attempting a question even if a candidate is unsure of the answer.

### **Conclusions**

The performance of candidates at the December 2016 session was generally sound. The majority of candidates attempted most of the questions indicating that candidates were well-prepared for the examination. However, future candidates should note that they should attempt all questions. While it is recognised that few individuals will be fully prepared to deal with every question, it should be possible to make a reasonable attempt at every requirement. Thorough preparation in all areas of the syllabus is essential here. In Section A, a well-prepared candidate can carefully eliminate distractors and properly identify the answer. In Section B, the well-prepared candidate will be able to provide detailed responses to the questions thus garnering the required marks.