



# Examiner's report

## F4 (BWA) Corporate & Business Law For Paper Variant exams June 2015

### General Comments

The purpose of this report is to provide feedback on the performance of candidates in the June 2015 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 June examination had a format through which candidates were asked to answer 45 questions, worth 1 or 2 marks each totalling 70 marks, and 5 further questions worth 6 marks worth a total of 30 marks. The paper required completion in 2 hours. All questions were compulsory. The overall standard of scripts was reasonable. Most candidates managed to attempt all questions suggesting that candidates were prepared for the examination.

The paper covered the full range of the Corporate and Business Law syllabus. Candidate performance indicated that candidates were not time pressured. Answers in section B were long but in some instances too general and lacking the specificity necessary to garner top marks.

### Comments on Section A

Performance in Section A was reasonable. Candidates found the topics in contract law and company law, in particular liquidation the most challenging. Candidates are advised to be thorough in their preparation in order to be able to identify the correct answer amid seemingly plausible distractors.

### *Sample question*

#### **12 Which of the following are correct in relation to judicial management?**

- (1) It is a drastic remedy whose purpose is to ensure the company's profitability
- (2) The statutory test applied in cases of judicial management is that of reasonable probability
- (3) It is a prerequisite to liquidation
- (4) Any creditor or member may apply for a judicial management order

- A** (1), (2) and (3)
- B** (2) and (4) only
- C** (1), (2) and (4)
- D** (3) and (4) only

The correct answer to this question was C. Judicial management is identified as a drastic remedy which is involved in a bid to restore a struggling company to profitability. The statutory test in cases of judicial management is reasonable probability that the intervention would restore the company to profit. This assessment is made by the court after assessing the company's financial position. Finally, it is correct that any creditor or member may apply for a judicial management order. However, the well-prepared candidate would have known that option 3 was incorrect. Judicial management is not a prerequisite to liquidation. Many liquidations occur without the court being petitioned or even exploring the possibility of judicial management. This is because the court and the parties to the liquidation may determine that there is no chance of a return to profitability and therefore no need to pursue the judicial management process.

## Comments on Section B

In section B, most questions were answered reasonably well with candidates showing sound preparation and grasp of relevant concepts. Comment can be made on question 5 dealing with the nature and legal control over bribery, which presented the most difficulty for candidates. The question required candidates to identify the offence of corruption under the Corruption and Economic Crime Act 1994. However, some candidates struggled to distinguish between insider dealing and corruption in the scenario presented.

## *Conclusion*

Overall performance in this paper was fair. In future candidates are encouraged prepare thoroughly for the examination. Preparation and familiarity all aspects of the syllabus and relevant statutes is essential to correct identification of issues.