

Examiner's report

F4 (BWA) Corporate and Business Law

For Paper Variant exams June 2016

General Comments

The purpose of this report is to provide feedback on the performance of candidates in the June 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 June examination was in the format that required candidates to answer 45 multiple choice questions worth 1 or 2 marks, and a further 5 multiple task questions worth 6 marks each. The total marks available from the multiple choice questions was 70, and 30 marks could be garnered from the multi task questions. All questions were compulsory and the paper had to be completed within 2 hours. Overall standards in tackling questions were acceptable.

The examination covered the full range of the syllabus, which demanded preparation in all areas.

Comments on section A

Questions in Section A were answered reasonably well, although candidates had particular difficulty with some questions which can be attributed to the thoroughness of preparation. Two such questions are discussed below.

Question 44

In the context of company law, what type of share does a shareholder hold if the shareholder's right to receive a dividend is dependent on a dividend being paid to shareholders holding other classes of shares?

- A Preference share
- B Ordinary share
- C Deferred share
- D Cumulative share

The correct answer is C. In this scenario, most candidates opted for B which would suggest that candidates had not familiarised themselves with characteristics of other types of shares. A very small minority of candidates selected the correct answer.

Question 17

Which of the following courts hears appeals from the Small Claims Court?

- A Magistrates' court
- B High Court
- C Court of Appeal

The correct answer is B. Most candidates selected the answer A which is incorrect. This question required preparation on the hierarchy of courts. Candidates are encouraged to pay attention to details in preparation for the examinations.

Comments on Section B

Candidates struggled with the question in the area of the legal nature and control over bribery. In the first part of the question candidates were required to identify if any acts of corruption had

occurred. This required familiarity with the terms of the Corruption and Economic Crime Act, 1994. Candidates unfamiliar with this statute would have experienced difficulty in answering the question.

The second part of the question required an explanation of the rationale for the legal control over economic crime. The rationale stems from the fact that corruption and economic crimes of any nature increase the cost of doing business. Transactions which are tainted with bribery are inflated in cost so as to cater for bribes and may take a longer time to conclude. Corruption also increases business uncertainty and causes the development of a counter business culture of hidden rules known to corrupt elements. Corruption also carries with it the risk of prosecution, conviction, fines and imprisonments and reputational damage for individuals and organisations. Corruption leads to waste and inefficient use of public resources, which are siphoned away from public services and development and channelled to corrupt individuals. It negatively affects the poor, driving them further away from much needed public services and deeper into poverty as they cannot afford the bribes demanded to access basic services. Last, corruption erodes public confidence in government, the rule of law and the legitimacy of states on the international plane. While candidates may not have identified all of these points, it was reasonable to expect them to identify a selection of them.

Conclusion

Candidates are advised to keep the following important considerations in mind when preparing for the exam

- Revise all areas of the syllabus
- Prepare thoroughly paying close attention to detail
- Attempt to answer all questions in the examination.