

# Examiner's report

## F4 (GLO) Corporate and Business Law

### For CBE and Paper exams covering January to June 2016

#### General Comments

As there is a commonality of approach and indeed questions between this and the F4 ENG paper, much of what follows below is taken from the F4 ENG report, with changes of focus where required.

The June 2016 paper followed the structure introduced in the December 2014 examination. The paper is divided into two parts: Section A comprises 45 multiple choice questions (MCQs) of either 1 or 2 marks to a total of 70 marks, while Section B contains 5 multiple task questions (MTQs) each worth a total of 6 marks giving the normal overall total of 100 marks. All questions are compulsory and the exam time period is 2 hours.

In the computer-based examination format, all questions are structured so as to be capable of objective marking, while in the paper based format, although section A is marked objectively by computer, section B is still marked by subject experts.

The present structure replicates division in the previous examination structure between essentially knowledge based questions and questions requiring, not merely knowledge, but analysis and application in addition.

Performance in Section A, the purely knowledge based section of the paper, continues to be better than in, the more analytically challenging, Section B; that however is to be expected and reflects the general skill set of most candidates. In relation to this specific point, it is worth mentioning that the better performance in part A generally compensated for any weakness in relation to Section B. Candidates do perform more inadequately in Section B and this will be considered further in some detail below.

Although the time period for the exam is only two hours, there is no evidence of candidates' performance suffering under time pressure to complete it. Indeed it would appear that some candidates still had sufficient time to copy their answers for the Section A computer marked MCQ questions on their exam papers, while others provided unnecessarily extended answers to questions in the written part of the paper exam. One final comment in relation to section A, and one that supports the above point about time management, is that very, very, few candidates did not answer all of the questions.

#### Section A

As was hoped, this knowledge part of the exam appears to have benefited the majority of candidates, who traditionally have been stronger in fact based questions than in legal analysis. In examining the overall performance it can still be seen that candidates fared better in this section than in the analysis/application and there is certainly no evidence that any candidates suffered as a result of their performance in Section A as opposed to Section B.

As might be expected, the simpler 1 mark questions tended to be answered better than the more complex 2 mark questions. It has to be said, however, that there was a wide range of performance over the whole range of questions in either mark category, so it cannot be concluded that either the 1 mark question were too easy or the 2 mark questions too difficult, although the best performances were in relation to 1 mark questions and the worst in relation to the 2 mark ones.

As in previous examinations under the new structure, the extension of the field of material to be covered did not prove a major difficulty. However, it has to be admitted that candidates did show some problems in dealing with the more difficult question in areas of the syllabus in which they have traditionally struggled. As with the previous examination, it would appear that candidates have benefited from the recognition that they will be examined over a wider spectrum of the curriculum. Whereas previously candidates engaged in topic, and even worse question, spotting to now it would appear that they realise that there is nothing to be gained in such an exercise as all aspects of the syllabus can be examined in one exam.

Some questions proved particularly problematic for the simple reason that they were not the most straightforward and required careful thought in order to come up with the correct answer. Some of these will now be considered. But many of the least well done questions were in the areas that always have proved problematic for candidates, in particular the first section of the syllabus: business, political and legal systems. This is by far the least well done section of the syllabus. While it is perhaps understandable that candidates find this part of the syllabus more challenging, in that it relates to the more conceptual and less obviously business centred aspects of accountancy work and involves an understanding of various legal and quasi-legal systems, it nonetheless has to be emphasised that it remains a core aspect of the syllabus and as such it will always be examined. Consequently candidates would be strongly advised not to undervalue this element of their study.

The suspicion continues that candidates may be tempted to skim read questions and answers and simply do not spend sufficient time on thinking about them. Questions are sometimes more subtle than candidates allow for and the alternatives to the correct answers are called 'distractors' for the simple reason that they are there to undermine candidates' certainty as to the correct answer.

Question 1 in the June 2016 paper provided an example of both weaknesses mentioned above. The question was as follows:

**Codification is found in which of the following legal systems?**

- (1) Common law
- (2) Civil law
- (3) Sharia law

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

The majority of candidates recognising that codification is a core feature of civil law systems so selected an option which included a reference to civil law, i.e. B, C or D with few selecting A. However, candidates were faced with the prospect that there was no option of picking civil law on its own, so had to include on a non-civil law system. At this juncture candidates appear not to have considered the meaning of the word, the simple bringing laws together, and resorted to guessing, assuming that answer must exclude one of the options. Unfortunately it does not so few picked D, the correct answer.

Question 27 asked

**The doctrine of binding precedent in the English legal system is known as which of the following?**

- A** Stare decisis
  - B** Ratio decidendi
  - C** Obiter dictum
  - D** Per incuriam
- (2 marks)**

More than half went for B and less than 10% got the correct answer A, which indicates that candidates knew something about the English legal system, but not enough to answer a question in that area.

Another question specific to the Global paper that gave rise to concern was question 43, which was as follows:

Yeo sends a written offer to Zal stating that the offer will remain open until 14 July. The offer reaches Zal on 7 July, but on 12 July Yeo decides that he no longer wishes to be held to the offer.

**Under the UN Convention on Contracts for the International Sale of Goods, which of the following applies to Yeo?**

- A** He can withdraw the offer but cannot not revoke it
  - B** He can revoke the offer but cannot withdraw it
  - C** He can withdraw the offer or he can revoke it
  - D** He cannot withdraw the offer nor can he revoke it
- (2 marks)**

In terms of content this question was at the difficult end of the spectrum and it was also structured in a way that required close reading. However, it concerned a core aspect of the syllabus and an area within the topic that has been examined on a number of occasions. The difference between withdrawal and revocation is a difficult exam topic and it may be that frequency that led candidates to ignore the core of the question which concerned the fact the irrevocability of the offer. In any event the responses were almost evenly split among the four options, which would indicate a serious lack of knowledge in relation to the matter under examination, given that the answer, option D was only the least popular choice of answer. It would appear that the majority of candidates saw option D as a mere makeweight for the answers and simply did not give it the consideration it merited.

Question 6 was common to both English and Global papers, but showed a distinct level of underperformance in relation to the Global cohort of candidates. The question was:

**What notice period and percentage of votes are required to pass a resolution to remove a director at a company general meeting?**

- A** 14 days' notice and 75% of votes cast
- B** 28 days' notice and 75% of votes cast
- C** 14 days' notice and over 50% of votes cast

**D 28 days' notice and over 50% of votes cast  
(2 marks)**

Whereas in the English paper the largest number of candidates got the answer correct, for some reason Global candidates spread their selections almost equally between the 4 options, including the correct answer, D. Admittedly, the requirement to state both the notice period and the vote requirement added a level of difficulty, but that does not explain the level of performance of Global candidates, which can only be put down to lack of preparation/knowledge.

**Section B**

This element of the examination requires both analysis and application, which skills traditionally have not been to the forefront of candidates' abilities. Unfortunately, it has to be recognised that such weaknesses remain, even if the new structure has gone some way to mitigate the consequences.. Now scenarios are shorter, and questions are subdivided and more focussed. What the questions under the new structure seek to do is to encourage candidates to demonstrate their understanding of and ability to apply particular legal principles and concepts. However, as with Section A, this apparent reduction in what is required, introduces a compensating difficulty, that candidates must focus on and succinctly address the issue raised by the question: irrelevant information simply will not be rewarded and it is a matter of fact that the shorter, more detailed, questions have a tendency to starkly expose any lack of knowledge or application on the part of candidates.

Section B of the written paper essentially uses the latter four questions in the English paper with a specific Global syllabus topic in question 1. Wherever possible the topic addressed in question 1 is similar to that in the English paper and performance in the two parallel questions would appear to be equivalent.