

Examiner's report

F4 (MYS) Corporate and Business Law

For Paper Variant exams June 2016

General Comments

This report aims to provide feedback on the performance of candidates in the June 2016 examination. It identifies weaknesses and considers ways to improve future performance.

The paper was divided into two parts. Section A consisted of multiple choice questions (MCQs). There were 45 questions carrying a total of 70 marks. Of these, 25 questions carried 2 marks each and 20 questions carried 1 mark each. Section B consisted of 5 short scenario based questions carrying 6 marks each which tested candidates' ability to identify and apply the law to the given scenarios. Both sections were compulsory.

Candidates performed reasonably well in the paper. There was no real issue on examination technique as Section A was MCQ based. Part B only required simple direct answers. Hence examination technique was also not a significant issue. So long as candidates could identify the relevant issue and state the law correctly they were able to achieve satisfactory marks.

Comments about Section A performance

Candidates' performed well in Section A. The results indicated that candidates were rather well prepared for this part. As the questions come from all parts of the syllabus, candidates could only do well in this section if they had studied across the syllabus and not selectively. The performance of the candidates showed that they had studied appropriately. However, as usual there were some questions which were not satisfactorily answered by a large number of candidates. Question 4 serves as a good example. This question related to the length of notice which an employee is required to give his employer when he wishes to terminate his contract of service. The question read:

- 4 **Zamri has been employed under a contract of service with his employer for the last six years. His contract of service requires him to give his employer three months' notice of termination. He now wishes to terminate his contract of service.**

What is the length of notice he is required to give his employer under the Employment Act 1955?

- A Three months
- B One month
- C Six weeks
- D Eight weeks

The correct answer is A. However, most of the candidates chose option D. The reason for this is probably because candidates failed to realise that under the Employment Act 1955, the length of notice stipulated therein only applies in the absence of a provision in the contract of service. Where the contract of service provides for the length of notice, such length of notice will apply to the employee. Thus the answer was in the question itself for those who were aware of this.

Candidates are reminded of the need to have adequate knowledge of the law in the various topics to stand a higher chance of doing well. Studying selected topics only in sufficient detail or studying superficially over a broader range of topics, may result in less satisfactory overall results.

Candidates are also advised to read each question very carefully before choosing an option. Guessing the answer is very risky as it is often wrong.

Comments about Section B performance

Section B consisted of 5 short scenario-based questions carrying 6 marks each. Each question was further divided into two or three parts. Questions came from across the syllabus. Candidates were expected to identify the relevant issue, apply the law and conclude on the issue.

A good number of candidates answered well and obtained satisfactory marks. Generally they were able to identify the issues and come to a sound conclusion.

However, the results also indicated that a sizeable number of candidates did not perform as well as expected. Some had not prepared sufficiently well for the examination even on topics which are usually quite well answered. For example, question 1 which was on the effect of contracts entered into by minors. The question was based on a scenario where Amirah, aged 16, ordered from and was supplied by a bookseller with some books for her studies at college. Part (a) which carried only two marks required the candidates to explain whether Amirah had any ground to refuse to pay for the books, while part (b), which carried 4 marks required the candidates to explain whether the bookseller had any ground to enforce payment for the books.

For part (a) candidates were expected to recognise capacity as an element of a contract and that under the general rule contracts entered into by minors are void. As Amirah was only 16 and below the age of majority (18 years) she had no capacity to enter into the contract and thus the contract was void. She could refuse to pay for the books on that ground. This would have been enough to earn them the two marks.

For part (b) candidates were expected to recognise the exceptions to the rule that contracts with minors are void. In particular, they were expected to discuss 'necessaries' and consider whether the books for the purposes of Amirah's studies could constitute necessaries and come under the exception.

Most candidates did recognise the issue of contracts with minors and state that the contract was void. This earned them some marks. However, many did not discuss the exception relating to necessaries adequately or at all, thus failing to obtain higher marks. There were also a number of candidates who discussed the exception relating to 'necessaries' in part (a) concluding that the contract was binding. However, such explanation and discussion could not give them extra marks as the maximum for part (a) was only two marks. Candidates are reminded and urged to read the question carefully and avoid writing unnecessarily. More marks could have been obtained if the candidates answered strategically. Another point of observance is that a very large number of candidates referred to the word 'necessities' when the proper term for the exception is 'necessaries'. Please take note of this for future reference.

Another example of a question where a sizeable number of candidates failed to obtain higher marks was question 5 which was a short scenario concerning the topic of insider trading under the Capital Markets and Services Act 2007. It contained 3 parts each carrying 2 marks. Part (a) required candidates to recognise whether Jenny and Billy are 'insiders', while parts (b) and (c) required candidates to explain whether Jenny and Billy respectively were guilty of the offence of insider trading.

Many candidates were clearly not prepared for this topic. A very large number was unable to explain who are “insiders”. Many simply guessed an answer merely stating either that Jenny and Billy were insiders or were not, without offering an explanation. Similarly, for parts (b) and (c) many candidates simply stated that Jenny and Billy were guilty of an offence relating to insider trading, without stating why. There were also a handful of candidates who stated that Jenny and Billy were guilty of “fraudulent trading” when the question clearly asked whether they could have committed an offence relating to “insider trading”.

Conclusion

Candidates are reminded, as before, of the need to be well prepared for the examination. Selective studying should be avoided. They should read the questions carefully to avoid making the mistakes referred to above. Issues must be accurately identified and the law must be correctly applied to be able to give sound advice. Candidates are not expected to write lengthy answers. So long as they are able to identify and explain the issue briefly and apply it to the given problem accurately they will obtain satisfactory marks.