



Examiner's report

F4 Corporate and Business Law (SGP)

For Paper Variant exams March 2016

General Comments

The purpose of this report is to provide feedback on the performance of candidates in the March 2016 examinations. It identifies strengths and weaknesses demonstrated by the 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 March examination requires candidates to answer 45 multiple-choice questions in section A, worth 1 or 2 marks each, and 5 short questions in Section B worth 6 marks each, in a total of 2 hours. All questions are compulsory. The multiple-choice questions are objective in that the correct answers had to be selected in order to earn marks. The short questions are also objective in the sense that the candidates had to focus on what was asked and answer it exactly to the point. No marks were given for candidates who discussed more issues than what was required in the question. The overall performance in the examinations can be improved through more thorough preparation for the examinations.

Syllabus topics on which candidates performed well included sources of law, formation of a contract, vitiating factors, general partnership and limited liability partnership and loan capital.

Syllabus topics on which candidates performed inadequately included remedies for breach of contract, tort of negligence, minority shareholder rights and corporate rescue.

While there is little evidence to suggest that the examination is actually time pressured, it is significant that some candidates did not attempt all of the questions. Even if the candidate is not certain of the correct answer, by reading and considering the choices carefully it is often possible to eliminate some of them, enabling an informed decision to be made. There is no good reason for leaving questions unanswered in an examination of this type.

Section A

The candidates should be better prepared for section A. Section A constitutes 70% of the marks for the paper and if the candidates score inadequately in this section, they are likely to do inadequately in the examinations. It is unsure if it is because the format is multi-choice format that candidates forgo thorough preparation, hoping that through intuition, common sense or sheer luck, they may be able to spot the correct option. Section A rewards candidates who know the rules rather than those who guess the answers.

The following is an example of a question which the candidates experienced some difficulty.

Question 6

Which of the following elements is NOT required to be proven in a claim for damages for breach of contract?

- A** The type of loss suffered was within the contemplation of the parties when the contract was entered into
- B** The degree or extent of loss suffered was reasonably foreseeable
- C** The loss was caused by the breach of contract



D If the loss suffered was an unusual loss, the innocent party's special circumstances were made known to the other party at the time of contracting

The question requires the candidate to choose the option that is NOT correct.

Options A and D are the rules laid down by *Hadley v Baxendale*. Both relate to the type of loss that is foreseeable. If the candidates had learnt the rule relating to award of damages, they would not have chosen options A and D. Yet, options A and D were the most popular options among the candidates. Thus, the majority of the candidates thought they were not relevant in a claim for damages although they actually constitute the basis on which to determine if a damage is claimable.

Option C is the causation requirement so it is definitely correct. A number of candidates chose this option.

Option B is incorrect and therefore the answer. This is because as long as the *type* of loss is foreseeable, there is no need to prove the full extent of loss is foreseeable. It could be the candidates assume the extent of the loss is the same as the type of loss. Or it could be the candidates did not learn the rule relating to award of damages. Whatever the reasons, very few candidates chose option B.

Section B

When attempting the short questions in Section B, candidates must be aware that their answers have to be clear, unambiguous and to the point.

Where the question required the candidate to state or explain the law, some candidates wasted valuable time by stating all the principles they have learnt on the particular topic, when it was only necessary to state or explain one or two relevant principles as required by the question. There is no merit or marks given for stating irrelevant principles.

On the other hand, other candidates did not state any legal principles at all in their answers. It is hoped that candidates remember this is a law examination, not an examination of common sense or one where regurgitating the facts from the question without stating any legal principles will garner marks.

For instance, when required to explain which duty a director breached, it will not do to state X in the question should have done this or X should have checked that or it is fair to make X liable. A question of this nature simply requires the candidate to simply state the director's duty concerned and why, based on the facts, the ingredients of that duty are fulfilled and so the director breached that duty. A full-page answer that does not state the correct legal principle will not gain the candidate any marks. A full-page answer that regurgitates all the directors' duties without understanding or explaining how the principles can be applied to the facts in the question also does not gain the candidate any marks.

It is hoped that candidates will note that this they are expected to know relevant legal principles and apply them to a hypothetical scenario. The objective of the examination is not to ask what the candidates think makes good common sense or is fair.

Summary

The examination paper is broad-based, requiring a relatively fundamental knowledge of many theories, concepts and practical applications. In order to pass it is not necessary to know any individual topic in great depth but it is necessary to know the basic principles associated with every topic in the syllabus.

Candidates 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 question. Sometimes, distractors can often be eliminated by a process of deduction however this process of deduction would require some basic knowledge of legal principles.

It is vitally important that candidates read the questions in Section B carefully. Too many candidates answered the questions by writing narrative answers that were of no benefit and wasted valuable time by offering detailed responses that are irrelevant. Since each sub-part is worth 2 or 3 marks only, it is only necessary to focus specifically on what the question required, which usually involves either stating or applying one or two legal relevant principles.

It is hoped the candidates will exercise good time management. Candidates should spend an adequate amount of time reading the multiple choice questions and their options carefully. They should not rush through the multiple choice questions only to spend a large amount of time writing copious answers to the short questions, which do not garner them marks if the copious answers are not relevant to the question.

It is hoped that candidates note the importance of reviewing the study materials before the examinations. For many candidates, whether they pass or fail the examination depends very much on their score for section A. The only way to obtain a high score for section A is to study the legal principles carefully and thoroughly.