



Examiner's report

F4 (SGP) Corporate and Business Law

March 2017

General Comments

The purpose of this report is to provide feedback on the performance of candidates in the March 2017 examination. 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 December 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 essentials of the legal system, the law of obligations and the formation and constitution of business organisations.

Syllabus topics on which candidates performed inadequately included directors' duties, minority protection and winding up.

It is observed that the majority of the candidates tended to be better prepared for topics listed in the earlier part of the syllabus. It could be that the earlier topics are revised first and the candidates can relate better to them as being relevant to their everyday lives and work. With respect to the later topics, since they are likely to be revised last, the candidates probably did not have sufficient time to revise them. It is hoped the candidates will plan a revision time-table that leaves them with sufficient time for the topics towards the end of the syllabus and with sufficient time for all topics.

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.

Section A

The candidates should have been 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 poorly in the examination. It is unsure if it is because the format is multi-choice format that candidates forgo thorough preparation, hoping that through 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 on negligence, which is often tested in the examinations. A large majority of candidates experienced difficulty and illustrates how, with careful reading of the question and preparation of the topic, they should have been able to choose B as the answer.

Which of the following statements about remoteness of damage in the tort of negligence is NOT correct?

- A The defendant has to take their victim as they find them
- B The defendant is liable for every harm which results from their breach of duty
- C The damage must be caused by the breach of duty
- D The type of damage which results from the harm is foreseeable

(2 marks)

The question is a knowledge question of what is NOT correct. It would be important to note the word 'NOT' in the question.

C and D are clearly correct statements of the law. Very few candidates chose C and D, which meant they have studied the topic of negligence and are aware of the rules on causation and remoteness. If they had studied the topic, they should also have come across the egg-shell skull rule as stated in A, which is correct.

B is not correct and therefore the answer because the defendant is not liable for every harm which results from their breach of duty. It would be important to note the word 'every' in B. Rules of remoteness are meant to limit liability of the defendant. If they were made liable for every single harm which results, then the only rule we are concerned about is causation, not remoteness. The fact that there is a rule on remoteness means that the defendant is not liable for every harm. By reasoning logically, the candidates should be able to deduce that B is not a correct statement.

It is observed that for a question like this, the candidate is expected to know the rules related to negligence and to read the question carefully, in order to pick out key words like 'NOT' in the question and words like 'every harm' in the options.

Section B

Section B questions are hypothetical questions which raise real corporate and business law issues. These questions of necessity do require a certain amount of technical knowledge but candidates are required to apply that knowledge to resolve issues raised in the question rather than merely to regurgitate the knowledge.

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 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 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.

The candidates should also remember that topics covered in the later part of the syllabus, for instance management, administration and regulation of companies; minority protection; winding up and corporate rescue often appear in Section B. As mentioned earlier, it will help if the candidates set aside time to revise topics covered in the later part of the syllabus.

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 the 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 answers 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 sound 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.