

Examiner's report

F4 (ZWE) Corporate & Business Law

For Paper Variant exams December 2015

General Comments

The aim behind this report is for candidates to have feedback and an appreciation of the overall performance in the December 2015 F4(ZWE) examination (Corporate and Business Law).

Under the exam format candidates are expected to answer all 45 Section A (multiple choice questions) and 5 compulsory Section B multitask or problem-type questions.

Section A

Section A is made up of 45 compulsory questions with 25 questions being worth 2 marks each and the remaining 20 questions being worth 1 mark each, giving a total of 70 marks.

By and large, this section was reasonably well answered. However several questions posed a challenge to a significant number of candidates, particularly those relating to the law of contract. For example, candidates needed to be familiar with the courts' approach in interpreting exclusion clauses and needed to be able to distinguish between such concepts as set-off, merger and assignment. It is also essential that candidates rely on current materials when preparing for the examination; for example, a significant number of candidates thought that the minimum membership of a public company was two whereas this has not been the case since 1993. Candidates are clearly doing some preparation here but they will not reap any rewards from it if they use out of date sources.

An example of another question that candidates found difficult is discussed below:

Question 34

Rumbidzai is a director of Rufaro-Cynthia (Pvt) Ltd and has just successfully defended a legal action brought against her in regard to the affairs of Rufaro-Cynthia (Pvt) Ltd.

What approval is required for Rufaro-Cynthia (Pvt) Ltd to indemnify Rumbidzai in respect of the costs she incurred?

- A The approval of the members
- B The approval either of the members or of the court
- C The approval of the court
- D No approval

By operation of law, Rumbidzai is entitled to a reimbursement of the expenses she justifiably and reasonably incurred on account of the affairs of her principal Rufaro-Cynthia (Pvt) Ltd. This entitlement is automatic and there is no need for formalities such as the approval of the court or members of the company.

Section B

The majority of candidates now appear to be studying all aspects of the syllabus.

In terms of specific areas of the syllabus, it would appear that most of the candidates have a firm and thorough grounding in relation to the topic of shares, the various types of shares and the broader topic of rights and privileges associated with various types of shares and other forms of securities. Candidates also demonstrated a sound knowledge of the law on insider dealing and were able to apply it to specific facts. This was equally the case for the law of exclusion clauses in the context of contractual liability.



The majority of candidates made an adequate attempt at the question on partnerships , being able to explain the respective liability of a sleeping partner and a retiring partner. However, they performed less well than expected when considering the importance of a third party's awareness of the status of the various parties.

The question that candidates found most challenging was the one on directors. They struggled to apply their knowledge on the different types of director and on the legal effect of a director's disqualification. They were more comfortable, however, in applying their knowledge in relation to a director's breach of duties.

Conclusion

In the main, both Sections A and B were well answered by the majority of the candidates. There was no evidence of any of the candidates being unable to finish writing the