

Examiner's report

F4 Corporate and Business Law (BWA)
June 2013



General Comments

The examination consisted of ten compulsory questions. The first seven questions were knowledge based. The last three questions were problem-based. Each question carried 10 marks. Most candidates attempted all ten questions, and there was little evidence of time pressure. There were some candidates that left questions unanswered. This appeared to be due to lack of preparation.

Candidates performed particularly well on questions 1, 2, 4b, 6, 7 and 8. Candidates found Question 3, 5, 9 and 10 most challenging. This was probably due to lack of adequate preparation. Candidates understood the questions but were unable to give detailed answers.

A number of common issues arose in candidate's answers:

- Brief answers lacking in necessary detail to garner full credit, and
- Failing to answer all the questions due to inadequate preparation

In future candidates are encouraged to study each area of the syllabus thoroughly in order to be well prepared for the examination.

Specific Comments

Question One

This question required candidates to define law and explain and distinguish between common law, statutory law and customary law.

Most candidates were able to define law sufficiently and to distinguish between common law statutory law and customary law adequately. This question was well answered by candidates.

Question Two

This question required candidates to explain the duties of the employee.

Most candidates tackled this question well giving a good answer to the question. Candidates who may have struggled were inadequately prepared for examination in this area.



Question Three

Part (a) required candidates to explain the contents and effect of the company constitution.

The candidates' performance in this question was average. Some candidates were not familiar with company constitutions and answered the question with reference to memorandum of association and articles of association. Many candidates did not cite relevant provisions of the Companies Act, 2003 to support their discussion.

Part (b) required candidates to explain how the constitution of a company can be amended.

This question was fairly well answered by well-prepared candidates. Many answers lacked citation of relevant provisions of the Companies Act, 2003.

Question Four

Part (a) required candidates to discuss the ways in which directors can be appointed.

Most candidates gave a satisfactory answer to this question. Many answers lacked citation of relevant provisions of the Companies Act, 2003.

Part (b) required candidates to discuss the circumstances in which directors can be disqualified from office.

This question was answered well. Most candidates were able to identify various grounds upon which a director could be disqualified from office.

Question Five

This question required candidates to define the various contractual terms.

This question was fairly well answered. Many candidates were able to identify essentialia, naturalia and accidentalia and distinguish between them. Candidates who were unable to answer the question adequately were not well prepared in this area of the syllabus.

Question Six

This question required candidates to describe the procedure for calling and conducting an annual general meeting.

Most candidates answered this question with ease citing relevant provision of Schedule 2 to the Companies Act, 2003 that details the procedure for calling and conducting an annual general meeting.



Question Seven

This question required candidates to explain judicial management as an alternative to winding-up. Most candidates were able to discuss the essential elements of the winding up procedure and the judicial management procedure. Some candidates struggled to show how judicial management is an alternative to winding up.

Question Eight

This question required candidates to distinguish between an offer and an invitation to treat.

This question was answered well. Most candidates were able to explain and distinguish an offer from an invitation to treat and correctly apply the law to the facts presented in the question to arrive at the correct conclusion.

Question Nine

This question required candidates to discuss the circumstances in which the court may lift the veil and ignore the separate legal personality of the company.

This question was inadequately answered. Most candidates did not correctly identify the issue as separate legal personality and lifting of the veil and therefore did not deal with these concepts in their answers.

Question Ten

This question required candidates to discuss the legal requirements for share buyback in the maintenance of share capital.

Candidates struggled with this question. Whilst many correctly identified the issue as capital maintenance, they were unable to answer the question in sufficient detail. Candidates are encouraged to study each area in sufficient detail.