

Examiner's report

F4 Corporate and Business Law (MYS) December 2014



General Comments

The December 2014 examination introduced a new format. The paper was divided into two parts. Section A, for the first time, consisted of Multiple Choice Questions (MCQ). 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 parts were compulsory.

On the whole the candidates performed very well in the paper. There was no real issue on examination technique as Section A was MCQ based and Section B only required simple direct answers. So long as candidates could identify the relevant issue and state the law correctly they would have been able to achieve high marks.

Comments about Section A performance

Section A was very well done. Candidates seemed sufficiently well prepared for this part. Of course there were some questions which were inadequately answered. One example is question 27. The question read:

"In which of the following ways may terms be implied into a contract?"

- (1) By law
- (2) By custom
- (3) By the court
- (4) By agreement

- A (1) and (2) only
- B (1) and (3) only
- C (1), (2) and (3)
- D (4) only

Most of the candidates chose D which was the wrong answer. The correct answer was C. In this question the most unlikely answer was D because one cannot imply a term into a contract by separate agreement because the terms of the separate agreement would be express and not implied. Candidates could have got the right answer through the process of eliminating the unlikely answers. However, the unsatisfactory performance in this question indicates that candidates lacked sound knowledge of the law in this area.

Candidates are advised to equip themselves with adequate knowledge of the law in the various topics to stand a higher chance of doing well. Studying selected topics only may result in weaker 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.

The majority of the candidates fared well and obtained satisfactory marks. Generally they were able to identify the issues and come to a sound conclusion.

In some cases, candidates were not able to do well as they did not identify the issue. For example, in Part (a) of question 1 the scenario showed that Ali had agreed to sell a grandfather clock to Ben for RM200. He later refused to sell it on the ground that the price was too low, claiming that the market price was in fact RM2,000. The issue was whether consideration was sufficient although it may not be adequate. The majority identified this and applied it accurately to the problem. However there was a substantial minority who only discussed the problem solely from the viewpoint of whether there was an offer and an acceptance. They missed the real issue thus failing to obtain satisfactory marks.

Question 3 was another question where many candidates failed to identify the issue accurately. The question referred to Amir, Brian and Carmen, who were the directors as well as the shareholders of a company. The issue in part (a) was whether the company could give a loan to Carmen to enable her to purchase Amir's shares. Candidates were expected to discuss the rule under the Companies Act that a company cannot give financial assistance to anyone for the purchase of its own shares. Many candidates missed the issue. Instead they discussed the issue of prohibition on loans to directors. As Carmen was a director it was not unexpected that candidates may discuss the issue of loans to directors. However, as the question clearly stated that the loan was for the purpose of enabling the purchase of the company's shares, candidates should have identified the issue more accurately. While they were given some marks for touching the point on loans to directors, they failed to obtain satisfactory marks.

Candidates are reminded of the need to be well prepared for the examination. They should read the questions carefully to avoid making the mistakes referred to above. 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.