



Examiners' report

F4 Corporate & Business Law (ZAF)

June 2009

General Comments

The examination consisted of ten compulsory questions each carrying 10 marks. Candidates are expected to be acquainted with the whole of the syllabus.

The unsatisfactory performance of many candidates was once again exacerbated by a clear failure to be careful in their reading of the content and requirements of questions. Although the examination technique appeared in some instances to be up to standard, it is obvious that insufficient time was allocated to the answering of some of the questions. It was also apparent that quite a few of the candidates were very ill-prepared for the exam and they tried to answer it on general knowledge.

Although this paper was in a new format, it was sufficiently testing to reveal that some of the candidates had simply not done sufficient preparation for the exam. It was also clear that some of the candidates were not acquainted with the whole syllabus.

Specific Comments

Question One

This question required the candidates to discuss what is meant by case law and precedent within the hierarchy of the courts. Unfortunately the majority of the candidates did not do well in this question. The only explanation can be that the majority of the candidates were not acquainted with the whole of the syllabus.

Question 2

This question required candidates to discuss the main duties of an agent towards his principal. The new syllabus covers quite a few very important aspects of agency law and candidates are advised to pay attention to the section. On the whole this was fairly well-answered, demonstrating that it is a matter of being well-prepared for the exam.

Question 3

This was also a rather basic question requiring candidates to explain the requirements for an offer and an acceptance to give rise to the formation of a contract. Contract law is a very important part of the syllabus and candidates should pay particular attention to this branch of the law. Although there were some fair answers the majority of the candidates were not properly prepared to answer a question on this area of the law.

Question 4

This question required candidates to analyse the remedies available for the breach of contract. The legal remedies at the disposal of the innocent party are execution of the contract, cancellation of the contract and damages. The availability of the respective remedies is determined by the nature and seriousness of the breach of contract that has been committed, and also by the terms of the contract. The majority of the answers was unsatisfactory. One can only conclude that these candidates were not properly prepared for the exam.

Question 5

This question dealt with the law of delict and candidates were required to explain when the conduct of a person would be wrongful. Candidates were also required to discuss the possible grounds for justification. The law of delict and professional negligence is also an important part of the syllabus. Candidates can expect questions on this area of the law. Unfortunately this question was the worst answered.

Question 6

This question dealt with one of the very basic issues in company law, namely that of the concept of corporate personality. The doctrine of separate or corporate personality is an old one and one could expect that candidates are acquainted with its meaning. The majority of answers were unsatisfactory.

Question 7

This question dealt with company law and candidates were required to discuss the rule in *Royal British Bank v Turquand* (1856). The rule in *Turquand's* case states that a person dealing with a company is entitled to assume, in the absence of facts putting him on inquiry, that there has been due compliance with all matters of internal management and procedure required by the articles of association. It is one of the basic rules in company law. Although this rule is fundamental to company law, the greater majority of the candidates had little knowledge on how this rule works.

Question 8

This question dealt with partnership law and in particular with the authority of a partner to bind the partnership in contract. Most of the candidates were able to identify the problem area and quite a few managed to answer the question well.

Question 9

This problem question dealt with the application of corporate personality to a problem scenario. Although the question appears to be tricky, it deals with an every day occurrence where the transfer of land is achieved by making use of the corporate personality of a close corporation. Again this is a very fundamental aspect of corporate law and candidates should master the basic principles. Some of the candidates managed to answer this question reasonably well.

Question 10

This question required candidates to consider the position where a director of a company enters into a contract with his own company to purchase the greater part of the business of the company. Here candidates should have considered the statutory requirements that have to be complied with where a company not only disposes the greater part of its business but also that the other transacting party is a director of the company. Most of the answers were unsatisfactory.