



# Examiners' report

## F4 Corporate and Business Law (ZAF)

### December 2007

#### General Comments

The examination consisted of ten compulsory questions each carrying 10 marks. It was the first examination on the revised syllabus.. 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 carefully read 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.

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.

#### Specific Comments

##### Question 1

This question required the candidates to discuss the impact of human rights law on the common law of South Africa. This is a topic that is now covered by the new syllabus and it is obviously very important in the new dispensation applicable to the South African law. The majority of the candidates answered this question adequately. It is expected that this area of law will feature prominently in future exams.

##### Question 2

This was a reasonably straightforward question requiring candidates to explain the meaning of express, tacit and implied terms in the context of contract law. The new syllabus covers quite a few very important aspects of contract law and candidates are advised to pay special attention to the section. Some of the answers demonstrated confusion between the meanings of the different terms. There were also some satisfactory answers that demonstrate that it is a matter being well prepared for in the exam.

##### Question 3

This question required candidates to explain the meaning of wrongfulness in the law of delict. The law of obligations is also new to the syllabus and candidates are also well advised to take note of this new addition to the syllabus. It is an important addition and it is aimed to prepare candidates for their careers in accounting. 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 state the documents necessary and the procedure to register a close corporation. This question was aimed at testing the candidates' knowledge of close corporation law. Close corporation law is an important part of the syllabus and candidates can expect questions on this area of the law. The majority of the candidates answered adequately..

##### Question 5

In this question candidates were required to analyse the liability of various partners for partnership debts. Partnership law is also an important part of the new syllabus. Although a partnership is not a separate legal entity, the rules of court prevent an outsider to sue a partner personally for a partnership debt. An outsider can only do so after excusing the partnership assets. The majority of the candidates answered this question adequately. .

**Question 6**

In this question candidates were required to distinguish between special resolutions and conduct by means of unanimous consent. Despite the general rule that corporate decisions are to be taken at a properly constituted meetings of the company and not by separately obtaining the individual assent of members, numerous South African and British decisions recognise that a company can perform certain acts validly without any meeting being held, provided that all members were fully aware of what was being done and unanimously assented thereto. This question relates to some of the very basic principles of company law and some of the candidates answered adequately.

**Question 7**

This question deals with labour law and candidates were required to distinguish an independent contractor from an employee for the purposes of employment law. Employment law is also an important part of the new syllabus. Very few candidates answered this question adequately and it is perhaps due to the fact that not so much emphasis was placed on this area of law in the past. Candidates should perhaps pay more attention to this area of law in the future.

**Question 8**

This question provided a problem scenario dealing mainly with the law of contract. Stripped to its essentials it deals with the coming into existence of a contract and candidates were expected to apply their basic knowledge in order to suggest a solution. Most of the candidates were able to identify the problem area.

**Question 9**

This problem question dealt with company law and candidates were required to discuss the circumstances under which a company can buy back its own shares. The answers to this question were inadequate and few candidates set out the prerequisites that have to be complied with before a company is allowed to buy back its own shares. Candidates should pay more attention to the basic principles of company law.

**Question 10**

The problem scenario dealt with the fiduciary duties of company directors and their legal position when they transact with their own companies. Some of the answers were inadequate. Most of the candidates managed to pick up points.