



# Examiner's report

## F4 (GLO) Corporate & Business Law

June 2015

### General Comments

As there is a commonality of approach and indeed questions between this and the F4 ENG paper, much of what follows below is taken from the F4 ENG report, with changes of focus where required.

This report is the second session of examinations carried out under the new structure. The June 2105 followed the structure introduced in the December 2014 examination. The paper now being divided into two parts: Section A comprising 45 multiple choice questions (MCQs) of either 1 or 2 marks to a total of 70 marks, while Section B contains 5 multiple task questions (MTQs) each worth a total of 6 marks giving the normal overall total of 100 marks. All questions are compulsory and the exam time period is 2 hours.

In the computer-based examination format, all questions are structured so as to be capable of objective marking, while in the paper based format, although section A is marked objectively by computer, section B is still marked by subject experts.

The present structure replicates division in the previous examination structure between essentially knowledge based questions and questions requiring, not merely knowledge, but analysis and application in addition.

The significant overall improvement in the level of performance highlighted in the first report on the Global examination has been maintained. Performance in relation to section A, remains commendably high but it has to be noted, that there has been a fall in the level of performance in section B. The fact that candidates perform less well in section B cannot be ignored and will be considered further in some detail below.

Although the time period for the exam is only two hours, there is no evidence of candidates' performance suffering under time pressure to complete it. Indeed it would appear that many candidates had sufficient time to copy their answers for the Section A computer marked MCQ questions into their written exam papers, while others provided unnecessarily extended answers to questions in the written part of the paper exam.

### Section A

As was hoped, this knowledge part of the exam appears to have benefited the majority of candidates, who traditionally have been stronger in fact based questions than in legal analysis.

It was feared initially that the extension of the field of material to be covered might prove a difficulty but that has not been supported by the evidence of candidates' performance. It would appear that candidates have benefited from the recognition that they will be examined over a wider spectrum of the curriculum. Whereas previously candidates engaged in topic, and even worse question, spotting now it would appear that they realise that there is nothing to be gained in such an exercise as all aspects of the syllabus can be examined in one exam.

The December 2014 report contained the following passage by way of warning:

However, it has to be recognised that the new structure requires candidates to be aware of more detailed information than perhaps was required previously. Thus for example, whereas previously it was rare for agency law to be examined other than as an aspect of the law relating to company officers, now, as a topic in its own right the details of that topic will be required to be covered.

Question 26 in the current paper actually tested the consequences of this change in emphasis in precisely the area suggested.

**An agency by estoppel arises from the action of which of the following parties?**

- A** The principal only
  - B** The agent only
  - C** Both the principal and the agent
- (1 mark)**

The correct answer is option **C**, as the agent has to undertake some action and the principal has to approve or allow that action. Unfortunately, most candidates elected for option A with a number selecting B. As a result, approximately only one in three candidates answered this question correctly. Fortunately the question was only for one mark, so it did little damage to candidates' performance overall, but it does highlight the possible effects of the increased detail that candidates will be required to know under the new syllabus and structure.

Another more general point to be made in relation to Section A is the performance in the first section of the syllabus: Business, Political and Legal Systems. This is by far the least well done section of the syllabus. While it is perhaps understandable that candidates find this part of the syllabus more challenging, in that it relates to the more conceptual and less obviously business centred aspects of accountancy work and involves an understanding of various legal and quasi-legal systems, it nonetheless has to be emphasised that it remains a core aspect of the syllabus and as such it will always be examined. Consequently candidates would be strongly advised not to undervalue this element of their study.

A further point to be made raises another possible shortcoming in the way candidates approach the MCQs. The suspicion is that candidates may be tempted to skim read questions and answers and simply do not spent sufficient time on thinking about them. Questions are sometimes more subtle than candidates allow for and the alternatives to the correct answers are called 'distractors' for the simple reason that they are there to undermine candidates' certainty as to the correct answer. While candidates may well know the answer to a question, they would be well advised to do a negative check on the other possible answers to confirm their initial response. From the evidence of the June 2105 paper it would appear that candidates are not paying sufficient attention to either the questions or the answers, with many questions being incorrectly answered through simple carelessness. As has been stated above, time is not an issue and candidates should not rush through questions and should certainly resist the temptation to get into a simple read and click routine.

Other less well done questions in section A tended to share the attributes of question 26 in that they related to the details of topics that have previously been examined in general terms.

One final comment in relation to section A, and one that supports the above point about time management, is that very, very, few candidates did not answer all of the questions.

### **Section B**

This element of the examination requires both analysis and application, which skills traditionally have not been to the forefront of candidates' abilities. Unfortunately, it has to be recognised that such weaknesses remain, even if the new structure has gone some way to mitigate the consequences.

Previously candidates were faced with an extended problem scenario, involving many issues. Now scenarios are shorter, and questions are subdivided and more focussed. What the questions under the new structure seek to do is to encourage candidates to demonstrate their understanding of and ability to apply particular legal principles and concepts. However, as with Section A, this apparent reduction in what is required, introduces a compensating difficulty, that candidates must focus on and succinctly address the issue raised by the question: irrelevant information simply will not be rewarded and it is a matter of fact that the shorter, more detailed, questions have a tendency to starkly expose any lack of knowledge or application on the part of candidates.

One issue that requires addressing is the question that is based on a particular court case. The first point to be made is that any such question is NOT a test of knowledge of the particular case concerned. The question will have been structured because the case is a paradigm of a particular aspect of law but, nonetheless, the question must be capable of being answered without any knowledge of the case and candidates must not be tempted simply to state what they know about the underlying case, without considering the law that actually led to the particular decision. The case based scenario was selected because it involves particular legal issues, those issues must be addressed in any answer.

In support of the previous assertion that candidates were not under any time-pressure, can be cited the continued appearance in the written exam papers of the extensive and extensively prepared, but mainly irrelevant, answers. It would be unfair and inaccurate not to recognise that there was an overall improvement in the way in which the analysis/application questions were dealt with by candidates, but there are still grounds for major improvement, especially, if not specifically, in relation to the written paper.

One unfortunate continuation is the prepared general answer to a highly specific question. Thus questions relating to UN Convention on Contracts for the International sale of Goods may begin with an exposition of offer and acceptance when the question is actually about damages, or alternatively as was the case in this particular exam, prepared answers on Incoterms may be incorrectly used to answer questions under the convention.