

## Examiner's analysis interview: F4 - Corporate and Business Law

**Interviewer:** Hello. Welcome to the examiner's interview for *Corporate and Business Law*. The examiner has provided the answers and his words are spoken by an actor.

I understand that we will begin by reviewing the performance of the candidates over the last four exam sessions.

**Examiner:** Yes, I will be looking at exams from June 2010 to December 2012, a total of four papers, so there is a lot to cover. I will refer to each of the exams during the period, but only to highlight particular aspects of my general coverage which will focus on the areas indicated.

I will follow the outlined structure.

**Interviewer:** In what way has the structure of the paper changed?

**Examiner:** Well the reality is that the structure hasn't really changed. We still have 10 x 10 mark questions. There are still:

- 7 knowledge based questions and
- 3 analysis/application questions.

However, over the period under consideration, there has been an increase in the use of subdivisions in questions to cover more specific aspects of topics covered within questions.

**Interviewer:** How has this affected performance?

**Examiner:** It seems to have had the positive impact of focusing candidates' attention on the essential aspects of topic areas and cutting out the need to deal with peripheral aspects of questions.

In the past, one of the most repeated criticisms was that candidates simply regurgitated everything they knew in the form of prepared answers. I would like to stress that this is just wasting candidates' time.

**Interviewer:** Can you provide some examples of this from recent exams?

**Examiner:** Let's look at the June 2011 paper to see what effect the division of questions has on candidates' performance.

Question 4 was a question relating to promoters and could have been asked as a single ten mark question. However, the subdivided structure helped candidates to structure answers and provided

multiple triggers to stimulate recall and answers. This is because dividing the question into two distinct parts encourages candidates to answer either part, even if they do not know anything about the other element in the question. In doing that they might even recall parts of the other as they write.

Question 6 was a classic example of how subdividing questions can benefit candidates.

The question, relating to corporate governance could actually have been posed in the terms of the third element, part (c). That, however, would have made a very daunting prospect.

However, breaking the question down into three parts actually helped to better structure the answers and allowed less confident candidates a way into dealing with a question that might otherwise intimidate them.

Thus, they will know something about corporate governance although they might not know about the actual codes, and they should know something about non-executive directors again even if they cannot locate that within the general context of corporate governance.

It should be noted that the final three analysis/application questions were not subdivided in this paper.

However, later exams have tried wherever possible to break down the analysis questions as well and thus in the December 2012 paper, two of the last three questions were subdivided.

**Interviewer:** I now understand you want to explain the role of the marking guidelines that accompany the model answers to the exam paper.

**Examiner:** Yes and once again I will use the June 2011 exam to explain how the overall marking standard is set.

When each paper is written, some 18 months before it is actually sat, I include the general marking guidelines which eventually appear with the exam paper and model answers after the exam is taken.

**Interviewer:** Is that what the markers use when they actually come to mark scripts?

**Examiner:** Yes and no. Those guidelines form a general approach to what is expected but in the weeks immediately preceding the exam I start

to work on a much more detailed mark scheme that will form the basis of a much more precise marking structure.

All five team leaders who assist in the running of the marking session also help to refine the detailed marking scheme by including any possible points that might justify the award of a mark.

Once decided on, that becomes the standard for all markers to apply.

The exam paper for June 2011 is contained on four pages of A4 and the final marking scheme is seven pages.

**Interviewer:** I understand you now want to look at candidate performance over a single exam paper.

**Examiner:** Yes and the December 2011 paper demonstrates a number of useful points.

1. It shows how candidate performance fluctuates over the paper.
2. It also suggests that candidates do not have to pass every question to pass the exam, or they can fail in too many topic areas.

**Interviewer:** What can you say about individual questions?

**Examiner:** Well there are clearly two questions which were done inadequately:

Question 3 was on the topic of auditors' negligence and historically negligence questions have not been one of the best dealt with topics, so this was not a great surprise.

Question 9 was surprisingly inadequately answered, considering it was based on the core doctrine in company law of separate personality.

However, it should be noted that the contract questions: numbers 2 and 8 were well done.

Question 5 on company formation and share and loan capital was the best answered question.

The point is that successful candidates did not have to do well in every question but they had to do well in most of them and could not really afford to do badly in more than one or two questions.

This is a stark warning against question spotting.

**Interviewer:** I hear you have changed your presentation at this point to examine the performance of one particular candidate.

**Examiner:** Yes this part of the presentation was supposed to be where I went through three particular papers to show how real candidates approached the papers.

However, I want to focus attention on a paper that unfortunately I don't have access to as I only became aware of it from another marker's papers. This was a paper in which the candidate managed to gain 100%.

Now obviously I was taken aback when I saw the mark awarded, but on checking the paper I could not but agree that it was indeed worth the 100 marks awarded.

**Interviewer:** How did this candidate manage to get such an astonishing mark?

**Examiner:** Well it was actually remarkably easy:

- The paper was designed to be capable of answering fully
- The subdivisions of questions may have encouraged this
- The candidate had clearly learned the law

- They read the questions thoroughly and actually focussed their answers on what was asked of them rather than simply providing prepared answers
- They analysed the problem scenario questions from the perspective of the appropriate law and then stated and applied that law accurately.

It was as simple as that.

**Interviewer:** Can you give a specific example of how they went about this?

**Examiner:** Let's examine this candidate's approach to Question 10, which proved so difficult for the great majority of candidates including the ones I was going to focus on.

10(a) for four marks required an explanation of the status of the four parties involved in a company. Whereas candidates generally panicked at this task, this particular candidate, calmly distinguished the status of each of the parties, as was apparent from the scenario, and accurately described that status; one mark for each character.

10(b), for six marks, required a consideration of potential liability under general company legislation. Such a broad question afforded



candidates scope to consider a number of potential areas of liability and apply them again to each of the four parties. Unfortunately very few candidates took the opportunity offered as this one did.

**Interviewer:** How was the performance in the most recent exam?

**Examiner:** I have to say that the performance in that exam was the worst it has been for a long time.

**Interviewer:** The obvious question is why was the performance so bad?

**Examiner:** Well, the exam was structured as previous exams, with many of the questions being sub-divided into small discrete parts, the content was not much different from previous exams and when it was made public the paper was welcomed by candidates and learning providers as fair and manageable.

Yet the performance was unsatisfactory.

The fact of the matter is that the December 2012 examination paper was either done really well or really inadequately. From my analysis of the marks there appear to be very few borderline

papers. In fact there appear to be fewer than usual in the 44-48 mark range.

I believe that the reason for this may actually be a result of the success of the previous exams in the cycle I am looking at today.

**Interviewer:** Isn't that a bit of a contradiction?

**Examiner:** Yes, but while the very best candidates can always perform well, it is my belief that there is a significant cohort of candidates who require time and practice to adapt to the very different demands of a law examination. I think due to the good pass rates of recent exams, that many of December's candidates were new and inexperienced in relation to law and legal exams and that they simply were not yet ready for the rigours and strictures of doing that, or indeed as far as I can see, any law exam. As a result they demonstrated all the weaknesses and poor practice that we thought had been eradicated.

**Interviewer:** In spite of the dip in the recent exam, can you tell us what has been done consistently well over the four exams?

**Examiner:** Contract law remains a well prepared area and with 20 marks available out of a total 100 good solid answers provide candidates with a good basis for passing the exam overall.

Employment law is popular and well done in all of its aspects. Candidates appear to be comfortable with company formation and documents, especially when these topics are examined as knowledge based questions.

They are also good with all aspects of capital, shares, debentures and indeed dividends.

It is pleasing to report a considerable improvement in the performance of candidates in relation to the English legal system aspect of the syllabus.

**Interviewer:** Any other good topic areas?

**Examiner:** There has been a noticeable improvement in relation to directors' duties (even if badly let down by the recent December exam).

Winding up and administration also appear to be well grasped. This is surprising as it is one of the more difficult areas in the syllabus.

When money laundering is asked it tends to be done very well. However, it is done more often than it appears in the exams and seems to be a fall back answer for anything appearing in Question 10.

It has to be emphasised that it is not always examined.

**Interviewer:** I suppose there must be some topics that are still not done so well?

**Examiner:** Tort law remains problematic, although an improvement has been noticed in recent exams.

Analysis and application questions remain a difficulty for candidates, even those who are perfectly happy in dealing with knowledge based law questions.

**Interviewer:** Can you offer any advice to improve candidates' performance in the future?

**Examiner:** There are number of things to consider to improve performance.

The following remain the main areas for attention:

- The syllabus must be covered: it is simply not sensible to avoid any parts of the syllabus. It is not examined in a strict cycle but it will be examined sometime. The subdivision of questions now requires answers to be much more focused, otherwise time is wasted.
- This raises the general issue of good time management. Answers should correspond to the mark allocation indicated.
- As a result of question spotting, some candidates tend to supply prepared, but inappropriate, answers to some questions.
- Many candidates do not read the question sufficiently closely and as a result either spend time providing unnecessary material or even worse, completely irrelevant material.
- As a related point, many candidates still fail to read the question asked and provide general prepared answers on a topic area encapsulating the specific question topic.

- All that being said it is still a fact that the last three problem scenario based questions provide the greatest ground for concern. Too many candidates were let down by their performance in those questions, which continues to suggest a general lack of analysis and application skills if not general knowledge.
- Candidates should be encouraged to think generally about the problem scenarios they are faced with and should be prepared to think across the syllabus, and not to be afraid of using information from other papers that may be appropriate.
- Practice makes perfect and past papers should be used in preparation for the exam.

**Interviewer:** Are there any changes planned to the F4 exam?

**Examiner:** F4 has been identified as suitable to transform to the existing CBE format using objective test and multi-task questions and this has been backed in consultation sessions we have been running around the world.

Initially we are only planning to transition the Global and English variants and will come back to look at other variants.

The target date for the introduction of the CBE format is September 2014.

The structure of the paper exams (including all variants) would also change from the December 2014 sitting.

We are consulting on all proposed changes, after which we will produce a specimen paper and CBE demo exam. This will be available on our website when we finish the consultations. Keep watching the website for more information.

**Interviewer:** Thanks very much for all that useful information.