

Exam Approach Interview: F4 – Corporate & Business Law

Interviewer: Welcome to the F4 Examiner's Approach interview.

The following is an Examiner's Approach interview for Paper F4, *Corporate & Business Law*. It is important to note that this refers to the English Law paper, as opposed to ACCA's variant papers.

The content of this interview has been prepared by the examiner, working with the Qualifications team at ACCA, and is presented by actors representing an interviewer and the examiner in discussion. For more detail on the examiner's approach, please see the article produced by the examiner in the November/December 2007 archive edition of *Student Accountant*.

So, to begin, can you explain how F4 fits within the overall structure of the ACCA Qualification?

Examiner: Certainly. First of all, the Fundamentals level is divided into two modules – Knowledge and Skills.

The F4 paper is one of the six Skills module subjects which comprehensively cover the main technical areas that any accountant, regardless of their future career aspirations, is

expected to have mastered. These comprise law, performance management, taxation, financial reporting, auditing and financial management.

All Skills module exams are three hours long and make use of a range of assessment methods such as short-answer questions, extended computational exercises, essays, scenarios and case studies.

Interviewer: From what you have just said, F4 is connected to other papers within the ACCA Qualification. What are the links with other papers, or with other components of the qualification?

Examiner: F4 introduces some knowledge which is examined in F7 and P2 relating to share capital.

Company auditors and corporate governance are other aspects introduced in F4 and developed upon in F8.

Finally, all knowledge and capabilities acquired in F4 will be applied in context within the Practical Experience Requirements where trainees will apply relevant law to their various work and management responsibilities.

Interviewer: Thank you. What is the overall concept or theme for F4 as a paper?

Examiner: Well, F4 as a paper is essentially about developing knowledge and understanding of the general legal framework within which an accountant operates.

Candidates must get to grips with some fundamental basics if they are to understand any aspect of law, and accountants must be aware of the legal framework within which professionals operate.

Those studying law within, and as merely a component part of, a wider sphere of study cannot be expected to have the same detailed knowledge as law students. Nonetheless, they are expected to have more than superficial knowledge of various legal topics.

Interviewer: The syllabus for F4 is structured into eight main sections. Can you briefly explain the main content of these sections?

Examiner: The first syllabus section is A. This relates to the essential elements of the English legal system such as the court structure, the sources of law and the idea of human rights. Students will be expected to be able to define law and identify types of law such as

civil and criminal law. They will also be expected to be able to explain the structure and operation of the courts and tribunals systems. In relation to sources of law, they will be expected to be able to explain what is meant by case law and the doctrine of precedent in the Common Law. Students will need to explain legislation, and in particular to explain delegated legislation, with attention being placed on the rules and presumptions used by the courts to interpret statutes. Finally in this section, students will be required to identify the concept of human rights as expressed in the Human Rights Act 1998 and to explain its impact on the Common Law.

A different aspect of this content will be examined in each examination, so students will have the opportunity to demonstrate their knowledge of the area.

Section B covers the law of obligations, which can be divided into the law of contract and the law of torts. In relation to the former, students will be expected to be able to explain the way in which contracts are created, the contents of such contracts and the consequences of breaking contractual agreements. In relation to tort law, attention will be focused on the law of negligence and students will explain the duty of care and its breach, explain the meaning of causality and remoteness of damage and the defences

to actions in negligence. Students will be expected to deal with the concept of professional negligence and in particular explain the duty of care of accountants and auditors.

Section C deals with employment law. It requires students to be aware of the difference between employees and the self-employed; with particular emphasis on types of dismissal and redundancy and their related remedies.

Section D relates to the formation and constitution of business organisations. This section requires students to be aware of the rules of agency, particularly the legal rules regulating the formation and operation of partnerships, both limited and unlimited, and companies. With regard to companies, attention will be focused on the doctrine of separate legal personality as a distinguishing attribute of the company.

Section E relates to the way in which companies raise their capital and the purposes to which that capital is to be applied. In particular, it deals with the difference between share capital and loan capital, and the rules relating to them. It also introduces the concept of capital maintenance and the rules governing the payment of dividends.

Section F relates to the management, administration and regulation of companies and introduces the various company officers, such as directors, company secretaries and auditors. Students will be expected to have a thorough knowledge of roles played by these people and will be examined on the legal rules relating to them. This section will also involve a consideration of company meetings and the types of votes that can be passed at them.

Section G is about the legal implications relating to companies in difficulty or in crisis. It essentially deals with the law relating to company insolvency and the rights and duties of the various stakeholders in such companies when they go into liquidation.

Section H introduces the increasingly important issue of corporate governance and ethical issues relating to operation of businesses. In particular, it deals with the various codes of corporate governance. It also deals with other ethical issues such as fraudulent and wrongful trading, insider dealing and money laundering.

Interviewer: Thank you for explaining the main content of the syllabus for us. What can you tell us about how the exam itself is structured?

Examiner: First of all it is worth noting that, as F4 is a Fundamentals paper, all students must sit this exam unless they have an exemption awarded for prior learning in a degree or equivalent.

As with all papers within the Skills module, the writing time for this exam is three hours. All ACCA three hour papers have been allocated an additional 15 minutes reading and planning time, within which students can read the paper and understand the requirements. An article explaining how this time should be productively used has been published in *Student Accountant* magazine in the August 2007 edition which can be seen on the website.

Interviewer: What exactly can students do in reading and planning time?

Examiner: They can make notes and plan answers. This may *only* be done on the question paper and *not* on the answer booklet. The answer booklet cannot be used until the exam begins.

Interviewer: What kind of questions will appear in the exam?

Examiner: As the F4 paper is a wholly discursive paper, students must provide written answers to all questions. There are no calculations required.

Interviewer: So how many questions are there in the exam and what choice, if any, exists?

Examiner: As can be seen here, the exam has all compulsory questions. The paper contains 10, 10 mark questions. Seven of these questions will assess *knowledge* of the law and three will assess *application* of the law. Remember, the student must answer *all* questions.

For more information about the exam itself and how it is structured there are past papers to refer to available on the ACCA website.

Interviewer: What are the key features of the F4 examination paper?

Examiner: Firstly, the exam style involves the assessment of knowledge and understanding of an area, or areas, of the syllabus. The paper is structured in such a way that there are seven short knowledge-based questions and then three longer, more analytical questions.

Interviewer: How should students deal with a requirement that asks the candidate to do something AND something else?

Examiner: Because some questions may ask the candidate to do something 'and' something else, the candidate may have to use judgement to

decide how much effort to devote to each aspect. This will be based on the difficulty of different cognitive levels, for example 'describe' is usually easier than 'assess'. However, markers will be asked to exercise quite a lot of flexibility in awarding marks in this situation.

Interviewer: Can you explain more about cognitive levels?

Examiner: Certainly. This is *very* important. Most instructional verbs used within the Fundamentals' Skills module should be set at level 2, but where lower level verbs are used, the marks available will usually reflect this. For more information about these levels and the kind of verbs which fall within them, see the 'Testing testing 1,2,3' article in the January 2007 edition of *Student Accountant*.

Interviewer: You said that all the questions were compulsory. Why is this?

Examiner: This is because all questions in all papers are compulsory at the Fundamentals level. This is because, as the name of the level implies, all subject areas and main capabilities within these papers are 'fundamental' to having a sound grasp and technical proficiency in all these topics.

Interviewer: Are any issues about ethics introduced in this paper?

Examiner: Yes. Ethics is a core substantive aspect of Section H of the F4 syllabus, as mentioned previously, and the issue will be examined on a regular basis. This will not just be in relation to corporate governance, but will also be raised in respect of fraudulent and other illegal behaviour in relation to the operation of companies.

Interviewer: What would your advice be about revising effectively for, and passing, F4?

Examiner: I would recommend the best strategies to adopt in the revision phase, and in the exam itself, are to try to get an overall idea of the structure of the syllabus and then to focus on the detailed requirements of the particular sections with a view to seeing how they interrelate. For example, F4 is about the legal regulation of business activity, so it is necessary to have some understanding of the nature of law generally; hence the need for Section A. Also, many of the later concepts and rules relate to and depend upon general areas of law such as contract, or agency. These have to be studied in order to make sense of what comes later. Always remember, however, that the main focus is on businesses and their legal regulation.

It has to be repeated that all areas of the syllabus are essential and will be examined on a regular basis. Students are well advised, therefore, to devote adequate learning and revision time to all syllabus sections.

Interviewer: What would you say is the most important thing for students to bear in mind during revision?

Examiner: Students should read the questions thoroughly and try to answer what has been asked. In other words, do not simply regurgitate prepared answers which do not actually focus on the issues raised.

I also strongly advise students to prepare plans for their answers in order to ensure that all matters are covered.

In relation to problem scenarios, students should make sure that they deal with every aspect of the question and remember that these questions are about application, so the law must be applied, not just described or explained.

Interviewer: What are the main potential pitfalls in preparing for, and taking, the F4 exam?

Examiner: Candidates often fail to study the full syllabus adequately and consequently fail to answer all 10 questions. It is *extremely* difficult to pass if you do not answer all of the questions.

Also, candidates often reproduce prepared answers that do not relate to the question actually asked. This is particularly the case with regards to the problem or applied questions. Students *must* focus on the question which has actually been asked, not just write down an answer that has been prepared previously and remembered.

The final main pitfall I would like to mention is again in relation to the problem questions. In some circumstances, candidates do not actually apply the law to the facts of the scenarios as required. They must decide what the *effect* of the law on parties in the question is likely to be. Students must reach a conclusion. The correctness of that conclusion is less important than the fact that one is actually reached.

Interviewer: It is clearly important to follow the above tips and avoid any common pitfalls in exam revision and performance. What further information about student performance would you give which might help students prepare for exams?

Examiner: After each examination session, all ACCA examiners are required to produce an exam report. These reports highlight key issues arising in the last exam and focus on where students performed particularly well or badly. These are published in February and August, and can be found within the resources for each paper, which can be accessed through the website.

In addition, after each exam session has been completed, the exam review board meets. This is a board consisting of ACCA internal Education staff and six representative members of the approved learning partner community. Minutes from this board summarise the comments made by tuition provider representatives, report survey results about the exams from student questionnaires and detail the responses. Again, the minutes from the exam review board are available on the website.

Interviewer: And finally, what would be your concluding advice about the F4 examination paper?

Examiner: F4 is a wide ranging syllabus but must be studied broadly in order to give students a good chance of passing the examination. I strongly advise that students use at least one of the official study manuals to structure their study.

There is no substitute for practice. Students should practice doing law questions. Both of the official publishers and the past examination papers provide material to do this with.

Students should ensure that they answer the question as written, and in sufficient detail to gain the marks allocated to each requirement. They should remember, however, when using the previous exam papers, that the model answers given are very detailed in many instances and are provided for teaching purposes. Please be aware that students' answers can gain full marks even if they do not contain all the information contained in the model answers.

Interviewer: Thank you very much for sharing your insight into this exam paper. I'm sure it has given students and tutors lots of useful information.

Examiner: Thank you.