

PCLL Conversion Examination
June 2016
Examiner's Comments
Business Associations

Overall Comments

Answers to the examinations were generally very good, with the majority of candidates able to identify the issues in the questions and explain and apply the relevant law. Question 1 was the most popular question and Question 4 the least.

Question 1

Question 1 was in relation to corporate veil and the circumstances in which the corporate veil may be lifted. Candidates were expected to apply the law to the facts of the question and determine whether the Court could lift the corporate veil under specific circumstances. This was a popular question and candidates were able to apply the law to the facts in the question. Good answers included an in-depth discussion of *Prest v Petrodel Resources Ltd [2013] UKSC 34* which has similar facts to this case.

Question 2

Question 2 required a discussion of three possible types of business vehicles: limited liability company, general partnership and limited partnership. Good answers include an in-depth discussion of the role of partners/shareholders/directors and their respective liabilities and right to participate in the management of the business. Students were generally weaker in their discussion of limited partnership. Most candidates were able to give a recommendation as to the most suitable form of business vehicle that suits the business as set out in the facts and were able to support their recommendation with good reasons.

Question 3

This question was on the whole fairly well answered. Question 3 involved directors' duties and the fiduciary duties and role of the company directors. Most candidates explained the principles well. There were a few candidates with very good answers showing an in-depth understanding of the relevant case law. Again, students were expected to apply the law to the facts in the question.

Question 4

Very few candidates attempted this question. Those who did either excelled at the question or completely missed the question. Candidates were expected to identify that the creation of the fixed charge in this case potentially amounts to unfair preference and could be set aside by the liquidator if all elements of unfair preference could be proved. The best answers set out clearly all the elements of unfair preference and demonstrated a clear understanding of the relevant legislation. However, there were a number of candidates who completely misinterpreted the question and failed to identify this as a question in relation to unfair preference.