

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

EXAMINERS' COMMENTS

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| SUBJECT Business Law | SESSION Certificate in Accounting and Finance (CAF) Examination - Autumn 2021 |
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Passing %

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|-----|-----|-----|----|-----|-----|-----|-----|-----|-----|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Overall |
| 61% | 30% | 12% | 8% | 48% | 39% | 40% | 16% | 13% | 42% | 30% |

General

A decline in performance was observed in this paper as 30% examinees secured passing marks as compared to 43% and 35% in immediate two previous sessions.

Poor performance was observed in question number 3, 4, 8 and 9 which may largely be attributed to selective studies and failure to identify and apply relevant knowledge of law to scenario based questions. Examinees are again advised that while attempting scenario based questions, they should first determine the core issue(s) then identify and apply the relevant provisions of law applicable to the issue.

Question-wise common mistakes observed

Question 1

- Performance in MCQ no. (ii), (iv), (vii), (x), (xiv), (xviii), (xxii), (xxiii), (xxvi) and (xxviii) was below average.
- Many examinees wasted time by writing the entire text of the correct option instead of mentioning the correct option number.

Question 2

- Examinees were not able to identify that the bill was ineffective unless passed in joint sitting of both houses.
- Examinees did not discuss that subsequently such bill has to be presented to the President who may either give assent or return it to the Parliament for reconsideration.

Question 3(a)

Examinees were not able to explain the rules regarding performance of reciprocal promises. Few examinees repeatedly mentioned the same concepts using different wordings; hence lost precious time.

Question 3(b)

Examinees were not able to identify that APL's payments contained implied intimation of settlement and therefore APL's demand was valid.

Question 4(a)i

Examinees were not able to identify that Noman exceeded the authority given to him by Akmal when he purchased 150 sheep instead of 50 cows and therefore Akmal is not bound for entire purchase made by Noman.

Question 4(a)ii

Examinees were not able to identify that the act of selling sheep implies ratification after which it shall be treated as if Noman made the transaction having full authority.

Question 4(b)

Examinees were not able to identify that anticipatory breach of contract had occurred and that HP had both options i.e. either repudiate the contract or treat the contract as operative and take action against Salima if she fails to perform on the actual date of performance.

Question 5(a)

Good performance was observed in this part of the question.

Question 5(b)

- Examinees did not cover some of the key aspects in their evaluation and failed to discuss that Aslam would be liable if he is regarded partner by holding out.
- Examinees did not discuss that Aslam would not be liable if he had denied or if he had no knowledge of Ibad's representation.

Question 6

- Examinees answered this question by mentioning essentials of promissory note and did not address requirement of the question i.e. essentials of a valid endorsement.
- Examinees were not able to identify as to where endorsement should be placed on the promissory note.

Question 7

- Examinees were not able to identify that there are different quorum requirements for public listed and public unlisted companies and consequently they were not able to distinguish between them.
- Examinees did not mention that DL and SGL may, through their respective articles of association, require a larger number as quorum i.e. greater than the quorum requirements prescribed under Companies Act, 2017.
- Examinees did not cover the quorum requirements of EGM(s) if called by the Commission.

Question 8(a)

Good performance was observed in this part of the question.

Question 8(b)i

- Examinees were not able to establish Saleem Hussain's eligibility to demand change in voting rights of class A shares.
- Examinees were not able to identify that Saleem Hussain's demand would cause variation in shareholders' rights i.e. affect substantive rights of class B and C and therefore approval of at least three fourths of members of affected class is required.

Question 8(b)ii

- Examinees were not able to identify the timeline within which general meeting should be held and that a special resolution will be required to be passed for alteration of ML's memorandum and articles of association.
- Examinees did not identify the requirement of notice of general meeting and did not discuss the requirement related to filings to be made with the registrar.

Question 9(a)

- Examinees were not able to establish Zakir Hussain's eligibility to demand fresh election of GL's board.
- Examinees did not list the grounds under which Zakir Hussain may not be elected on GL's board.

Question 9(b)

- Examinees did not describe prescribed time period within which required action should be taken i.e. 30 days from the receipt of requisition submitted by Zakir Hussain.
- Examinees were not able to explain the procedure required to be followed for election of Zakir Hussain on GL's board and that Zakir Hussain could also be appointed to fill any casual vacancy on board with mutual consent of GL's directors.

Question 10(a)

Examinees were not able to state that a company cannot declare dividend otherwise than out of its profits; or exceeding the amount recommended by the board; or out of unrealized gains on investment properties.

Question 10(b)

Good performance was observed in this part of the question.

(THE END)