

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Business Law	SESSION Certificate in Accounting and Finance (CAF) Autumn 2023

Passing %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	
62%	55%	45%	18%	46%	32%	7%	46%	71%	50%	43%

General comments

An increase in overall result was observed in this session as 43% of examinees secured passing marks compared to 31% in the previous session.

Below-average performance was noted in questions number 4 and 7, primarily due to the examinees' inability to identify and apply relevant knowledge of the law to scenario-based questions. It is strongly advised that when attempting such questions, examinees should first ascertain the core issue(s) and then identify and apply the relevant provisions of law that address the applicable issue.

Question-wise common mistakes observed

Question 1

- Performance in MCQ no. (i), (vi), (viii), and (x) was below average.
- Few examinees selected multiple options instead of selecting one correct option due to which marks could not be awarded.

Question 2

Examinees did not identify that the legal system in Pakistan is based on the Constitution of the Islamic Republic of Pakistan, 1973 as well as Islamic law (Sharia).

Question 3(a)

Examinees did not mention that Wasim, being a minor admitted to the benefits of GT, would not be considered as GT's partner. Consequently, he would not possess the ability to legally sue GT's partners for his share of profits or property relating to the firm unless he chooses to disassociate himself from GT.

Question 3(b)

Examinees stated a course of action for Wasim's decision not to become GT's partner, despite the question indicating Wasim's intention to become GT's partner. Additionally, some

examinees discussed Wasim's implied authorities as GT's partner, which was not relevant to the question's requirement.

Question 4(a)

Examinees misinterpreted that the defaulting party would automatically own Rs. 10 million as minimum compensation for breaching a contract in which a specific sum of Rs. 10 million was stipulated as a penalty. This led to the incorrect assumption that the defaulting party must pay Rs. 10 million regardless of the actual damages suffered by the aggrieved party.

Question 4(b)

Examinees did not discuss that Hammad had committed fraud against Fatima due to which the sale of the building would be voidable at Fatima's option.

Question 5(a)(I)

Examinees did not mention that if Daniyal determined LC's commitment to delivering the order without RP's input, then LC would be obliged to request RP to designate a reasonable delivery location for the order.

Question 5(a)(II)

Examinees failed to recognize that the delivery offer ought to be made to either Fahim Hussain or Karim Hussain. Moreover, during delivery, either Fahim Hussain or Karim Hussain must be given a reasonable opportunity to inspect the contents of 60 cement bags.

Question 5(b)

Examinees did not identify that the offer would also be revoked if LC sent a counteroffer to the customer or if LC rejected the customer's offer.

Question 6(a)

Examinees did not discuss that Abid would not be liable as a holding-out partner towards Malik if he had denied any of Saad's claims asserting his partnership with Saad.

Question 6(b)

Examinees did not mention that a transferee acquiring a partner's interest in a partnership firm would not be recognized as a partner of the firm, despite receiving a specified percentage of the annual profits.

Question 7(a)

Examinees overlooked indicating that time was of the essence in case of contract (I) and GB's failure to meet the deadline would render contract (I) voidable at SF's discretion. Further, they did not explain the fact that if SF chooses to accept delayed performance, it could not claim compensation for any loss due to the delay unless SF notifies GB of its intention to claim such compensation upon accepting the delayed performance.

Question 7(b)

Examinees failed to address that the contract between Rizwan and BD comprised reciprocal promises. Furthermore, they did not acknowledge that Rizwan's failure to supply the tiles as agreed upon hindered BD from fulfilling its promise within the stipulated timeframe.

Question 8(a)

Examinees did not define the term 'financial institution' under the Anti-Money Laundering Act. Instead, they provided a generalized explanation which was not required.

Question 8(b)

Some examinees did not state the powers vested in an arbitrator specified under the Arbitration Act. Instead, they provided generalized or irrelevant answers which were not required.

Question 9(a)

Examinees failed to mention that if SE has multiple debts with the same priority, Junaid's payments would be applied proportionally to discharge these debts.

Question 9(b)(i)

Examinees repeated several points rather than identifying four distinct differences between a contingent contract and a wagering agreement.

Question 9(b)(ii)

Examinees did not mention that an agreement without consideration can be a valid contract if it constitutes a gift already given by the donor to the donee.

Question 10(a)

Examinees did not identify that the instrument signed by Zareen acknowledging her debt towards Mehreen does not constitute a valid promissory note.

Question 10(b)

Examinees omitted that the banker would only be liable to Rustom if he could substantiate that payment was not made in due course.

Question 10(c)

Examinees repeated the same points instead of identifying four distinct differences between a promissory note and a bill of exchange.

(THE END)