

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

EXAMINERS' COMMENTS

SUBJECT	SESSION
Business Law	Certificate in Accounting and Finance (CAF) Autumn 2024

Passing %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	Overall
69%	64%	53%	76%	27%	26%	18%	37%	51%	10%	43%

General

This session saw an increase in overall results: 43% of examinees secured passing marks, compared to 34% in the previous session.

Below-average performance was noted in questions 7 and 10, 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. This shortcoming has also been highlighted in previous sessions.

Question-wise common mistakes observed

Question 1

- Performance in MCQ no. (iii), (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 mention that delegated legislation is more flexible than an Act of Parliament, as it can be amended more easily.

Question 3(a)

Examinees did not mention that the State Bank of Pakistan may revoke the designation of a designated payment system (DPS) if the operator or settlement institution is in the course of being wound up or dissolved, either in Pakistan or elsewhere.

Question 3(b)

Examinees did not mention that individuals who use information systems or devices to glorify an offence relating to terrorism may be considered offenders and punished under the Prevention of Electronic Crimes Act, 2016.

Question 4(a)

Examinees correctly identified the rights of transferee of a partner's interest, but ignored to mention the limitations, which was a specific requirement of this part of the question.

Question 4(b)

Examinees correctly identified the types of cheque crossings but failed to explain their respective effects, which were specifically required in this part of the question.

Question 5(a)

Examinees did not identify that SM, being unaware of the restrictions on Farhan's implied authority, could hold KT liable for the sale of the vending machine. Some examinees incorrectly stated that only Farhan would be liable towards SM.

Question 5(b)

Examinees did not determine that SM, as the promisor, would be liable and required to pay damages to AA for non-performance, as FC's default would not render the contract void, even though SM relied on a third party (FC) to fulfill the contract.

Question 5(c)

Examinees incorrectly suggested the use of a promissory note when a bill of exchange would be more appropriate to settle both transactions.

Question 5(d)

Examinees correctly identified that SM could claim ordinary damages from PC. However, they did not discuss additional remedies available to SM, including the option to rescind the contract, as the contract between SM and PC had become voidable at SM's option.

Question 6(a)

Examinees incorrectly concluded that Mohsin would have the same rights and duties as other SA partners. Furthermore, while evaluating Saba's position, examinees focused on identifying her rights and ignored to mention Saba's duties as a partner of SA.

Question 6(b)

Examinees incorrectly discussed Aijaz's hypothetical rights in a scenario where Aijaz would have elected to become SA's partner, neglecting the fact that he had already opted not to become a partner by issuing a public notice.

Question 7(a)

Examinees did not recognize that SD's offer of alternate delivery options i.e., pick up the snowboards from its factory or waiting for delayed delivery constituted a material alteration to the original terms of the contract, that would require ASR's consent. Examinees incorrectly mentioned that ASR was obligated to accept the snowboards merely because they were manufactured within the specified time frame.

Question 7(b)

Examinees did not determine that due to SD's breach of contract, SD cannot compel ASR to accept the original contract terms. Additionally, if SD rejects ASR's offer to pick up sixty snowboards for a proportionate price, SD will bear the entire loss.

Question 7(c)

Examinees did not mention that if SD does not make any appropriation on its own, the payment would be applied to the discharge of the debts in order of time i.e., the July invoice would be fully adjusted, and the remaining Rs. 0.5 million would be adjusted against the September invoice.

Question 8(a)

Examinees did not mention that the offer could be revoked if Malik sent a counteroffer to the farm's owner, by offering to purchase the farm for Rs. 12 million.

Question 8(b)

Examinees did not discuss that even Hamid's promise to refrain from real estate dealings in Karachi for a specified period of two years lacked consideration, making it unenforceable. Therefore, Malik cannot hold Hamid liable for breach of contract.

Question 9(a)

Examinees stated the rules concerning the devolution of joint liabilities instead of mentioning the rules related to the devolution of joint rights. Examinees are advised to carefully read the requirements of each part of the question to avoid such mistakes.

Question 9(b)

Examinees did not comprehensively identify the circumstances under which contingent contracts can be enforced. They did not mention that contingent contracts to do or not to do anything if an uncertain future event does not happen can only be enforced after the event becomes impossible.

Question 9(c)

Examinees did not mention that when consent to an agreement is caused by fraud, such contract becomes voidable at the option of the deceived party unless the fraud did not materially affect the consent of the party.

Question 10

Examinees failed to identify that, due to misrepresentation by Maaz, the contract would be voidable at Furqan's option and cannot be rescinded by Maaz alone. Examinees incorrectly concluded that Furqan had no remedies available if the cricket bat was not delivered to him as per the contract.

(THE END)