

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

EXAMINERS' COMMENTS

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

Passing %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	Overall
75%	69%	31%	33%	15%	46%	6%	24%	9%	44%	34%

General comments

A decrease in overall result was observed in this session as 34% of examinees secured passing marks compared to 43% in the previous session.

Below-average performance was noted in questions number 5, 7 and 9, 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 issue.

Question-wise common mistakes observed

Question 1

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

Question 2(a)

Examinees mentioned different kinds of agreements that are valid despite no consideration, which was not required.

Question 2(b)

Examinees did not identify certain restrictions imposed on the implied authority of a partner, such as a partner not being able to acquire immovable property on behalf of the partnership firm or transfer immovable property belonging to the firm.

Question 3(a)

Examinees predominantly focused on agreements expressly declared void under the Contract Act. Whereas, the question specifically required a response under the Competition Act, and unfortunately, the examinees' answers deviated from the intended law, due to which marks could not be awarded.

Question 3(b)

Examinees instead of defining the term 'electronic fund' under the Payment Systems and Electronic Fund Transfers Act, provided a general explanation, which was not relevant to the question.

Question 4

Examinees did not mention the following points:

- The bill rejected by the Senate to be considered in a joint sitting of the National Assembly and the Senate, initiated by a request from the National Assembly.
- The President's obligation to either assent to the bill within ten days or return it to Parliament for reconsideration.

Question 5(a)

Examinees misclassified the contract as a wagering contract, while it was actually contingent in nature. Consequently, they were unable to identify the remedies available to SR.

Question 5(b)

Examinees did not determine that TT and PD operate independent businesses that are neither the same nor competing in nature and that Saad would not be liable to share profits from TT's business with Mona and Zain in the absence of imposed restrictions or agreements.

Question 5(c)

Examinees did not mention that during the continuance of PD's business, CBL would not have the right to interfere in the conduct of PD's business nor would be entitled to inspect PD's books.

Question 5(d)

Examinees made an error regarding the effect of Zain's handwritten 'not negotiable' notation on the cheque. While Zain, as the holder, has the authority to add such words, they mistakenly believed it would invalidate the cheque. Additionally, examinees overlooked the fact that the purpose of this notation is to protect the holder, in this case, Zain.

Question 6(a)

Examinees did not discuss NB's liability for compensating HP for the incurred damages. This liability arose from NB's failure to provide the required payment security i.e., bank guarantee, before book delivery.

Question 6(b)

Examinees overlooked a key factor that time was of the essence due to OP's awareness of NB's planned exhibition for the autobiography on 3 March 2024. Consequently, examinees were unable to identify suitable courses of action for NB, such as accepting delayed performance, demanding delivery at an appropriate time, or exercising the right to rescind the contract.

Question 6(c)

Examinees did not identify that the agreement between Moiz and Haroon was void due to its unlawful object.

Question 7(a)

Examinees did not discuss the following key points:

- The continuation of a partnership business as a 'partnership at will' after its term expires.
- The characterization of Shakir's objection to customized mobile application development as a dispute related to ordinary business matters, was resolvable by a majority of TD's partners.
- The requirement for unanimous consent from all TD partners when proposing a change in the nature of business, such as pursuing a hardware business.

Question 7(b)

Examinees did not mention that, Abid would be required to indemnify TD for any loss caused to the partnership firm by his willful neglect, in the conduct of TD's business.

Question 8(a)

Examinees overlooked the following points regarding contract formation:

- Instead of simply accepting RP's offer, CM extended a counteroffer. A contract would only be formed if RP accepts this counteroffer.
- The concept of acceptance within the prescribed mode, since acceptance in deviated form might not be considered a valid acceptance.

Question 8(b)

Examinees did not identify that the contract between CP and SR is a contingent contract. As a contingent contract is dependent on the continued existence of radio sensor technology, the subsequent ban on this technology rendered performance impossible, thereby voiding the contract.

Question 9

Examinees ignored the fact that Rashid's statement did not influence Aisha's consent to the contract. Consequently, Rashid cannot be held liable for Aisha.

Question 10(a)

Examinees did not identify that apart from wagering agreements, the agreements which are knowingly made to promote or assist the conclusion, execution, or performance of, or to secure or guarantee the performance of, any wagering agreement, are also expressly declared to be void under the Contract Act.

Question 10(b)

Examinees overlooked the concept of “agency of necessity” in the Contract Act. This principle grants an agent the authority, in case of an emergency, to take actions that protect the principal from loss. These actions should be similar to what a person of ordinary prudence would do for himself in a similar situation.

(THE END)