

INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN EXAMINERS' COMMENTS										
SUBJECT Business Law					SESSION Certificate in Accounting and Finance (CAF) Spring 2025					

Passing %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	
82%	57%	41%	37%	12%	19%	55%	36%	20%	37%	40%

General

A slight decrease in the overall result was observed in this session, as 40% of the examinees secured passing marks compared to 43% in the previous session.

Below-average performance was noted in question numbers 5, 6, and 9, primarily due to the examinees' inability to 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), giving due attention to the specific requirements of each question, and then apply the relevant provisions of law to address the identified issue.

Question-wise common mistakes observed

Question 1

- Performance in MCQs no (ii), (vi), and (ix) was below average.
- A few examinees selected multiple options instead of selecting one correct option, due to which marks could not be awarded.
- A few examinees did not write their selected option, especially since the options (a) and (d) were written very similarly.

Question 2

Examinees explained the main sources of law in Pakistan but did not discuss the role of the Senate in the process of legislation.

Question 3(a)

Examinees did not mention that operators of the designated payment system (DPS) are required to establish measures that ensure the safety, security, and operational reliability of the DPS, including contingency arrangements.

Question 3(b)

Examinees were not able to specify that the act of distributing false or misleading information that is capable of harming another undertaking's business interests, as well as fraudulently using another undertaking's trademark, firm name, product labelling, or packaging, would be classified as deceptive marketing practices.

Question 4(a)

Examinees did not mention that the consideration or object of an agreement would not be considered as lawful if the Court regards it immoral, or opposed to public policy.

Question 4(b)

Examinees were not able to identify that a banker must refuse payment if the bank has received notice of the customer's death.

Question 5(a)

Examinees did not discuss that, subject to the contract between Zahid and Shakir, SCRC's property shall be used exclusively for the business purposes of SCRC, therefore, Zahid must ensure that the medical supplies purchased with SCRC's funds are not used in his private clinic as such assets remain SCRC's property and must only be used for its business purposes.

Question 5(b)

Examinees were not able to establish that if Zahid, while operating the private clinic, derives any profit from SCRC's transaction, he must account for and pay such profits to SCRC unless there is a contract to the contrary wherein Zahid and Shakir mutually agree that the private clinic's profits arising from such transactions need not be paid to SCRC.

Question 5(c)

Examinees did not discuss that BT would have no grounds to recover the outstanding amount from Qasim, as Qasim would not be regarded as a 'partner by estoppel' (or holding out) if he had not represented himself as SCRC's partner; had denied Zahid's claim suggesting that he was a partner; or was unaware of Zahid's representation of him as a partner in SCRC.

Question 5(d)

Examinees correctly identified the mutual rights of Qasim concerning SCRC upon becoming a partner but failed to discuss his mutual liabilities, which were specifically asked for in this part of the question.

Question 6

Examinees were not able to establish that Rehan informing FW of Shoaib taking over Haroon's business does not automatically transfer Haroon's liability to Shoaib without FW's explicit agreement. Furthermore, they did not conclude that Rehan's claim of being liable to pay only Rs. 0.4 million is not valid, and he remains liable for the full invoice amount of Rs. 1 million, of which he may recover Rs. 0.6 million from Haroon's estate.

Question 7(a)

Examinees did not identify the formation of a constructive contract in cases where a person benefits from a non-gratuitous act. Specifically, this occurs when someone lawfully does something for another, or delivers something without intending it to be free, and the other person enjoys the benefit. In such cases, the latter is obligated to compensate the former or restore what was done or delivered.

Question 7(b)

Examinees did not adequately explain that the consequences of a promisor's failure to perform a contract at the agreed time depend on whether time is of the essence. While they discussed the effects when time is essential, they failed to address scenarios where time is not of the essence, which is a crucial distinction.

Question 7(c)

Examinees overlooked the point that a mutual mistake regarding an essential fact makes an agreement void. Furthermore, they did not mention that an erroneous opinion about the value of the thing which forms the subject matter of the agreement is not considered a mistake of fact.

Question 8(a)

Examinees incorrectly concluded that DIO breached the contract. Instead, they should have identified that the restaurant's breach made the contract voidable at DIO's option. Consequently, DIO could hold the restaurant liable for the breach and claim damages, including the return delivery charges, which naturally resulted from the restaurant's failure.

Question 8(b)

Examinees did not discuss that DIO has the right to demand acceptance of the offer in the prescribed manner. Alternatively, if DIO does not insist on this, it will be bound to deliver 100 liters of lavender oil to Dawood.

Question 8(c)

Examinees did not identify that DIO was obligated to deliver the complete order to CC during CC's usual business hours by 15 March 2025, at the designated place, and allow CC a reasonable opportunity to verify the quantity and quality of the castor oil.

Question 8(d)

Examinees incorrectly concluded that time was not of the essence. They should have discussed that because time was of the essence of the contract, DIO's failure to deliver on the agreed date made the contract voidable at Nadia's option. Consequently, Nadia could either accept the delayed delivery and claim compensation if notice was given upon acceptance or reject the delivery.

Question 9

Examinees failed to identify that Arif's accusation of Bilal committing fraud is invalid unless undue influence by Bilal in obtaining Arif's consent is proven. Furthermore, they did not establish that Arif's claim regarding Bilal's silence on the price difference is also invalid, as mere silence about facts likely to affect a person's willingness does not constitute fraud.

Question 10(a)

Examinees did not specify that MT's partners can modify Farah's implied authority through their internal contract. Moreover, they also missed that any action Farah takes on behalf of MT within her implied authority will bind MT, unless the other party is aware of those restrictions or does not know or believe Farah is an MT partner.

Question 10(b)

Examinees correctly identified DE's rights in respect of MT after the creation of a charge over Zia's interest. However, they failed to discuss DE's limitations, a key requirement of this part of the question.

(THE END)