THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certificate in Accounting and Finance Stage Examination

Business Law Dynamics

Examiners' Comments **Autumn 2026**

PASSING %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	
72%	40%	33%	48%	23%	50%	26%	13%	8%	15%	34%

GENERAL COMMENTS

Overall, the candidates performed well in the Business Law section, whereas performance in the Company Law section was noted to be weak, particularly in Q8, Q9, and Q10, which were scenario-based questions. The candidates did not properly apply their knowledge to practical situations given in these questions.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

Marks could not be awarded where examinees selected multiple options for single-response Multiple Choice Questions.

Question 2(a)

Examinees did not mention that if the Senate does not agree to the proposed amendments, then at its request, the bill shall be considered in a joint sitting of both Houses, i.e., the National Assembly and the Senate.

Question 2(b)

Few examinees did not identify the distinguishing features between a cheque and other bills of exchange, focusing instead on generic features of a cheque. Consequently, full marks could not be awarded.

Question 3(a)

- Examinees were not able to determine that time was intended to be the essence of the contract and that the contract between PR and MIS contained reciprocal promises.

- Examinees failed to mention that if the delay in performance was attributable to PR, MIS may rescind the contract and claim compensation from PR for losses incurred as a consequence of non-performance of the contract.

Question 3(b)

Examinees did not discuss the following points across the three independent events:

(i) WR's acceptance was not communicated through the prescribed mode; therefore, AL was entitled to insist, within a reasonable time, that the offer be accepted in the prescribed manner.

(ii) WR's email constitutes a counteroffer, which effectively extinguished AL's original offer to sell the warehouse for Rs. 450 million.

(iii) WR's request did not constitute an acceptance, and AL was entitled to revoke the offer before its acceptance; consequently, WR was not entitled to claim contractual damages or other remedies against AL.

Question 4(a)

Examinees did not mention the following circumstances:

- Where a contract contains reciprocal promises and one party prevents the other from performing his promise, the contract becomes voidable at the option of the party so prevented.

- Where a party to the contract fails to perform an obligation at or before a specified time, and time was of the essence of the contract, the contract becomes voidable at the option of the promisee.

Question 4(b)

Examinees failed to mention that where both the customer and the supplier do not make any appropriation, the payment shall be applied in discharge of the debts in order of time. If the debts are of equal standing, the payment shall be applied in discharge of each proportionally.

Question 5(a)

Examinees did not discuss that while Waqar's implied authority involving expenditures exceeding Rs. 1 million could be validly restricted, the firm remained bound by his actions if

the third party dealing with the firm was unaware of the restriction and the transaction fell within the ordinary course of business.

Question 5(b)

Examinees only mentioned that if Ayan gives public notice electing to become a partner, he becomes personally liable for all acts of DT from the date he was admitted to the benefits of the firm. Examinees failed to discuss the other courses of action available to Ayan in the given situation.

Question 6(a)

Examinees did not mention the following items of ordinary business to be considered at an AGM:

- The election and appointment of directors in place of retiring directors.
- The appointment of auditors and the fixation of their remuneration.

Question 6(b)

Examinees did not mention the following requirements regarding the appointment of a proxy:

- The person appointed as proxy must be a member of the company, unless the AOA explicitly permits the appointment of a non-member.
- Where a proxy is appointed by a body corporate, the instrument of appointment must be signed by an officer or an attorney duly authorized in that behalf.

Question 7(a)

Examinees were not able to identify that a resolution validly approved by a majority of directors through circulation is as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

Question 7(b)

Examinees did not discuss that in the case of consolidation or sub-division of shares, the rights attaching to the newly issued shares should remain proportional to the rights attached to the previous shares so consolidated or sub-divided.

Question 8(a)

Examinees displayed the following deficiencies in their responses:

- Did not discuss that PTL is entitled to create a new class of shares with different voting rights, subject to its MOA and AOA, as permitted under the Companies Act, 2017.

- Considered both objections raised by the members of PTL in the EOGM as valid, which was incorrect. A dilution in voting power does not, in itself, render a proposed issuance of shares unlawful if all applicable legal requirements are complied with.

Question 8(b)

Examinees were not able to conclude that the demand for a poll was valid, because Khawar Javed and Khurram Murad collectively held the requisite shareholding required to demand such a poll.

Question 9(a)

Examinees displayed the following deficiencies regarding approvals for the disposal of an undertaking:

- Could not establish that LMD meets the definition of an undertaking as per the Companies Act, 2017. Consequently, prior approval of shareholders in an EOGM was required, for which PAL was obligated to issue a notice containing the prescribed information at least 21 days before the EOGM to all entitled persons.

- Did not mention that the agenda for the EOGM constituted special business; therefore, PAL was required to annex to the notice of the meeting a statement setting out all material facts concerning disposal of LMD's assets, including the prescribed information.

Question 9(b)

Examinees failed to mention that PAL should keep a copy of every instrument evidencing registration of charge at its registered office. Furthermore, PAL is also required to maintain a register of mortgages and charges in the prescribed form and manner.

Question 10(a)

Examinees failed to mention the following regarding non-cash transactions involving the director:

- That the arrangement between Ali Ahmed and AEL constituted a non-cash transaction.

- That in addition to approval of AEL's members, approval of such transaction would also be required by the members of BIHL in a general meeting, due to involvement of Ali Ahmed.

Question 10(b)

Examinees failed to mention the following regarding related party transactions:

- The purchase of construction materials by AEL from FTL constituted a related party transaction, as both entities are associated companies.
- Bashir Rana, being an interested director, should not have participated in the discussion or been present during deliberation at the board meeting. Furthermore, the vote cast by him was invalid.

(THE END)