

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certificate in Accounting and Finance Stage Examination

Business Law Dynamics

Examiners' Comments

Spring 2026

PASSING %

Question-wise										Overall
1	2	3	4	5	6	7	8	9	10	
46%	36%	63%	47%	52%	47%	11%	19%	14%	19%	33%

GENERAL COMMENTS

The passing percentage in Business Law Dynamics (BLD) was noted as 33%, wherein the Business Law and Company Law sections were examined together. Overall, the candidates performed well in the Business Law section, whereas performance in the Company Law section could have been improved, particularly in Q7, which was an entirely scenario-based question that tested candidates' ability to apply their knowledge to practical scenario-based questions. Also, the candidates must avoid selected studies since performance in both sections significantly impacts the overall result.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

Marks could not be awarded in instances where the examinees selected multiple options for those multiple-choice questions that required the selection of a single response.

Question 2(a)

Examinees correctly explained delegated legislation but failed to describe the main methods of control exercised over it, which was a specific requirement of this part of the question.

Question 2(b)

Examinees did not mention that a person may be held accountable for a money laundering offence if he participates in, associates with, conspires to commit, attempts to commit, aids, abets, facilitates, or counsels the commission of the specified acts.

Question 3(a)

Examinees did not discuss that only a person who has attained the age of majority and is of sound mind can become an agent to be responsible to his principal; however, as between the principal and third persons, any person may become an agent.

Question 3(b)

Examinees did not identify all the differences between a contingent contract and a wagering agreement. Most of the points were repetitive and did not contain distinct differences.

Question 4(a)

- Examinees failed to mention that a first-class air ticket may not automatically qualify as a necessity for Rehman unless ITS can establish that it was medically required.
- Examinees did not discuss that in the case of Shahroze, ITS had a legitimate interest in ensuring compliance with local regulations due to the risk of reputational damage, and that the failure to pay the tourism fee could have led to legal consequences for Shahroze.

Question 4(b)

Examinees failed to mention the crucial point that the suit filed by Haris is defective for non-joinder of necessary parties, and the suit is not maintainable for recovery of the full amount from Daniyal unless Bilal and Fahad are joined as co-plaintiffs.

Question 5(a)

Examinees failed to conclude that Moiz must surrender the entire commission received from TGC to the firm, and it should be recorded in CTD's books as income since Moiz utilized CTD's existing customers and business relations to facilitate sales under the deal with TGC.

Question 5(b)

- Examinees did not mention that Moiz's decision to sell the goods at a discount in Yokohama was a prudent move to mitigate CTD's loss.
- Examinees failed to state that Moiz is entitled to full reimbursement of the transportation cost of Rs. 75,000 from CTD.

Question 5(c)

Examinees did not mention that submitting business disputes to arbitration and the purchase of immovable property for the firm were restricted actions and did not fall within the ambit of Ahmed's implied authority as a partner of CTD.

Question 6(a)

- Examinees did not mention that, within ninety days of the revocation of the license of a not-for-profit company, the assets of the company shall be transferred to another licensed company after satisfaction of all debts and liabilities.
- Examinees failed to state that where such a company has assets and liabilities, the board is required to initiate voluntary winding-up proceedings within thirty days of the registrar's acceptance of the report that contains the prescribed information and supporting compliance documents.

Question 6(b)

Examinees failed to mention that a person who is not a member of a company may be appointed as a director if he represents a member who is not a natural person or if he represents a creditor or other special interest pursuant to contractual arrangements.

Question 7(a)

- Examinees failed to state that the consolidated financial statements must comply with the disclosure requirements of the relevant schedule of the Companies Act, 2017, the financial reporting standards notified by the SECP, and must be audited by the auditor of ABL.
- Examinees did not mention that ABL, being a private company with a paid-up capital below the prescribed threshold, is not required to file its audited financial statements with the registrar. Few examinees incorrectly mention that ABL was not required to get its financial statements audited, as the paid-up capital was below the prescribed threshold.
- Examinees mentioned that the financial statements must be signed by the chief financial officer instead of the chief executive officer, which was not correct.

Question 7(b)

- Examinees did not discuss that ABL is required to hold its AGM within 120 days of the close of its financial year, and holding the AGM on 13 August 2026 would exceed this prescribed statutory limit, resulting in non-compliance with the Companies Act, 2017.
- Examinees failed to conclude that the suggestion of Zafar Ahmed is not valid, as the Companies Act, 2017, does not permit ordinary business to be approved through circulation.

Question 8(a)

- Examinees failed to establish that discontinuation of the existing telecom business and adoption of media broadcasting services by YTL constitutes a change in the principal line of business of the company.
- Examinees did not mention that after approval by members of YTL, approval of the registrar must be obtained for the proposed change of name, as the existing name would no longer be commensurate with YTL's principal line of business.
- Examinees failed to discuss that after such approval by the registrar, YTL must continue to mention its former name together with its new name in the prescribed manner for a period of ninety days from the date of the altered certificate of incorporation.

Question 8(b)

- Examinees failed to mention the correct requirements for quorum of a general meeting of YTL, i.e., at least two members present personally or through video link representing not less than 25% of the total voting power either of their own account or as proxies, unless the articles of association provide for a larger number.
- Examinees did not mention that although the EOGM of YTL was validly held, the special resolution was not validly passed and cannot be implemented since the votes cast in favor of the resolution were less than the required threshold.

Question 9(a)

Examinees did not mention that where the alteration in articles of association affects the substantive rights of members, the variation in their rights shall not be effective unless it is approved by at least three-fourths of the members or of the affected class of members voting either personally or through proxy in favor of such variation.

Question 9(b)

- Examinees failed to mention that a subsidiary company shall not enter into any arrangement involving non-cash transactions with a director of its holding company unless approval of its members and those of the holding company is also obtained through resolutions passed in their respective general meetings.
- Examinees did not discuss that the notice for each general meeting held to obtain approval of the members of the company must include the value of the assets involved, as determined by a registered valuer.

Question 10(a)

Examinees failed to mention that the borrower company is required to execute an instrument evidencing the modification of the charge duly verified in the prescribed manner and must keep at its registered office a copy of every such instrument.

Question 10(b)

- Examinees failed to establish that since WRL and CBL are associated companies, the proposed financial assistance of Rs. 50 million will be treated as an investment in an associated company.
- Examinees did not mention that the rate of return on financial assistance by WRL shall not be less than its borrowing cost or the rate prescribed by the SECP, whichever is higher.

(THE END)