

CHAPTER NO. 1

INTRODUCTION TO LEGAL SYSTEM

March 2015: Q 1

What do you understand by delegated legislation? Give two advantages and disadvantages of such legislation. (05)

March 2020: Q 1

(b) What is a delegated legislation? State one disadvantage of a delegated legislation.

March 2016: Q 1

Identify the basis of legal system and explain the main sources of law in Pakistan. (05)

September 2016: Q 1

Briefly describe the process of legislation in case of a money bill when: (5)

- (a) National assembly is in session
- (b) National assembly is not in session

March 2018: Q 1

(a) Briefly describe how delegated legislation takes place and also describe how control is exercised over delegated legislation. (04)

(b) What is the process of legislation in case of a money bill when National Assembly is in session? (02)

September 2018: Q 1

Specify Pakistan's system of government and identify Senate's role in the legislation process. (05)

CHAPTER NO. 3

OFFER AND ACCEPTANCE

September 2015: Q 3

(b) Murad offered his car to Sanum for Rs. 400,000. Sanum accepted the offer and enclosed a pay order of Rs. 150,000 with a promise to pay the balance in monthly instalments of Rs. 62,500 each.

Under the provisions of the Contract Act, 1872 explain whether it is a valid contract. (03)

March 2016: Q 3

(b) Bader, who is the owner of Mashoor Associates, sent one of his employees Aftab in search of his pet horse which had been missing for 5 days. Bader advertised a reward of Rs. 20,000 in a newspaper for anyone who finds his missing horse. Aftab, unaware of the newspaper advertisement, traced the horse. Subsequently, on knowing about the reward Aftab claimed it from Bader.

Under the provisions of the Contract Act, 1872 identify the type of offer which was made by Bader. Also state whether Aftab would be able to claim the amount of reward under the circumstances. (04)

September 2017: Q 3

(b) Under the provisions of the Contract Act, 1872:

(i) list the essentials of a valid acceptance. (04)

September 2018: Q 4

(b) On 3 September 2018 Saleem offered, by a letter, to sell his laptop to Ghazi for Rs. 50,000. Ghazi received the letter on 5 September 2018. On 6 September 2018 Ghazi posted the letter of acceptance to Saleem. The letter reached Saleem on 8 September 2018. Saleem wrote a letter of revocation of his offer and posted it to Ghazi on 5 September 2018. The letter reached Ghazi on 7 September 2018.

Required:

Under the provisions of the Contract Act, 1872 briefly describe:

(i) When the communication of the offer and acceptance and the revocation of the offer was completed as against Saleem and Ghazi under the above circumstances. (2.5)

(ii) Whether a binding contract was created between Saleem and Ghazi (2.5)

March 2019: Q 1

(b) Respond to the following scenarios, under the provisions of Contract Act, 1872:

(ii) Ahmed being interested in purchasing Adil's DHA property sent him this letter on 01 March 2019, "I have heard that you are selling your DHA property. I am very much interested in purchasing it. Will you please consider selling the same to me? What is the highest price you have been offered so far?" Adil replied, "The highest quote for the property till now is Rs. 35 million." Ahmed replied, "I agree to buy your DHA property for Rs. 36 million." Subsequently, Adil received an offer from Hamid quoting Rs. 38 million for the said property. What will be Adil's liability towards Ahmed if he wishes to make the sale to Hamid? (02)

March 2020: Q 3

(c) Batool offered to sell her flat to Saqib for Rs. 4,200,000. Saqib accepted the offer and sent a cheque of Rs. 1,500,000 with a stipulation to pay the balance in 24 equal monthly instalments of Rs. 112,500 each. Explain whether it is a valid contract. (03)

CAPS

CHAPTER NO. 4

CAPACITY OF PARTIES

March 2017: Q 2

(a) Under the provisions of the Contract Act, 1872 'Every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is of sound mind, and is not disqualified from contracting by any law to which he is subject.'

Describe the circumstances in which a person may not be able to enter into a contract, despite meeting the above conditions. (04)

September 2019: Q 3

Respond to the following scenarios, under the provisions of the Contract Act, 1872:

(a) Shoaib, aged 15, is the son of a billionaire businessman, Ijaz Munsif. Last month Shoaib drove his father's 2018 Model BMW to a vintage car exhibition arranged by Volkswagen Club of Pakistan. At the exhibition he saw a vintage Mercedes-Benz and entered into a contract with the seller for the purchase of the car.

The seller, knowing Ijaz Munsif's status, delivered the car to Shoaib at his house. The seller requested for payment for the car but Shoaib refused to pay. The seller is now requesting for full payment by Ijaz Munsif. Discuss whether the seller would succeed in recovering the payment from Shoaib or Ijaz Munsif. (05)

CHAPTER NO. 5

CONSIDERATION

September 2016: Q 3

(b) Mrs. Ikram was searching for a house for her family in city's posh locality. Her grandfather Nadeem had promised to pay her Rs. 1.0 million by way of a gift for the purchase of the house. After finalizing the deal with one of the estate brokers, Mrs. Ikram asked Nadeem to pay her Rs. 1.0 million as promised. Nadeem, however, refused to pay the amount. Mrs. Ikram filed a suit against her grandfather Nadeem for the enforcement of the promise made by him.

Under the provisions of the Contract Act, 1872 advise under what circumstances Mrs. Ikram would be able to recover the amount from Nadeem. (04)

March 2020: Q 3

(b) Muneer wanted to complete his bachelor's degree from Europe. His paternal uncle Furqan Butt had promised him to pay Rs. 2 million by way of a gift, at the time of his admission to a college in Europe. After getting admission to one of the renowned colleges in Europe, Muneer asked Furqan Butt to pay him Rs. 2 million as promised. However, Furqan Butt refused to pay the amount and Muneer filed a suit against Furqan Butt for the enforcement of his promise. Discuss the circumstances in which Muneer may be able to recover the amount from Furqan Butt. (04)

CHAPTER NO. 6

FREE CONSENT

September 2014: Q 2

Under the provisions of the Contract Act, 1872 describe the following:

- (a) Undue influence (06)
- (b) Fraud (06)

March 2016: Q 2

(a) Shafiq bought Abad's motorcycle factory in Faisalabad on Abad's representation that fifty thousand motorcycles are assembled at his factory annually. Shafiq later found that the factory has a capacity to manufacture thirty-five thousand motorcycles only per annum. Shafiq now wants to rescind the contract on the ground that his consent was obtained by misrepresentation.

Under the provisions of the Contract Act, 1872 list the circumstances under which Shafiq may not be able to rescind the contract. (05)

March 2017: Q2

(b) Jamal threatened Rafia to murder her son Atif if she did not sell her house to Mujahid. Rafia did as she was told.

Under the provisions of the Contract Act, 1872 comment on the validity of the above contract. (02)

September 2017: Q 3

(a) Ghaffar purchased a piece of land from Sharif who is an engineer by profession. During the discussion prior to the purchase, Sharif had told Ghaffar that in his opinion, the land would be able to support 2,500 mango trees. However, only 2300 trees could eventually be planted on the land.

Under the provisions of the Contract Act, 1872 discuss whether Ghaffar can claim damages on the grounds of fraud. (03)

September 2018: Q2

(a) Mughal and Dawood are trading in rice. Dawood entered into a contract with Mughal for the purchase of 50 tons of rice. Dawood had private information of change in prices which would have affected Mughal's willingness to enter into the contract. When Mughal, through his own resources, came to know about the prices, he accused Dawood of fraud and repudiated the contract. Under the provisions of the Contract Act, 1872 explain whether Mughal is justified in repudiating the contract. (04)

September 2019: Q 3

Respond to the following scenarios, under the provisions of the Contract Act, 1872:

(b) Haroon was engaged to be married to Ghazala. Haroon wanted to establish his own business and therefore he entered into a contract with Ghazala for providing him all her jewellery and apartment by way of a gift and in return Haroon agreed to give her a small share in business profit. After some time, Ghazala filed a suit against Haroon, requesting for setting aside the gift deed as it was not made with her free will. Discuss whether Ghazala would succeed in her contention. (04)

(c) Sultan bought electronic appliances worth Rs. 700,000 from Zameer on thirty days' credit. At the time of purchase, Sultan knew that he was in insolvent circumstances. Discuss the validity of the contract. (03)

CAPS

CHAPTER NO. 8

VOID AGREEMENT

September 2014: Q 3

(a) Two wrestlers Goga and Sheeda agreed to play a wrestling match on the condition that if any of them would fail to appear for the match, he would have to pay Rs. 5,000 to the other party. The winner was to receive Rs. 20,000 out of the sale proceeds of the tickets. Goga failed to appear in the match and Sheeda sued him for Rs. 5,000. Goga however, refused to pay claiming that being wagering in nature, the contract is not enforceable by law.

Under the provisions of the Contract Act, 1872 describe whether Sheeda can recover the amount from Goga. (03)

September 2016: Q 2

(b) Until recently Mansoor and Arif were independently engaged in the business of selling sweets at Multan railway station. Mansoor incurred a loss due to competition. Arif, in view of his friendship with Mansoor, agreed to move his business to the old city area. They reached an agreement that Arif would not engage in any competing business with Mansoor. It was also agreed that in case of a breach, none of them would have recourse to a court of law for the enforcement of their rights.

Subsequently, due to economic downturn, Arif in addition to the old city area has also started to sell sweets at Multan railway station. Mansoor, in order to restrain Arif from selling sweets has filed a suit against him.

Under the provisions of the Contract Act, 1872 analyse the above situation and explain the following:

- i. whether Arif is justified in starting sweets business at Multan railway station. (02)
- ii. what would be your answer in (i) above, if Mansoor had bought the goodwill of Arif's business. (03)
- iii. whether Mansoor is justified in filing a suit in the court of law. (02)
- iv. what would be your answer in (iii) above, if both Arif and Mansoor or had agreed to refer their disputes to arbitration and not to the court of law. (02)

September 2018: Q4

(c) On 1 July 2018 Basit agreed to buy 500 grams of silver from Taimure after two months at a price of Rs. 65 per gram. On the due date the price of silver was Rs. 62 per gram.

Under the provisions of the Contract Act, 1872 discuss the validity of the above contract if both Basit and Taimure had an intention to settle the transaction by paying the difference between the contract price and the market price without making any delivery. (02)

Answer

(c) Wagering agreement

The contract being wagering in nature, is not a valid contract. As both Basit and Taimur had no intention of giving or taking delivery of goods (subject matter) and were only interested in earning profit by way of fluctuation in silver prices.

March 2020: Q 2

- (b) Naeem was a treasury manager in Raheel Associates (RA). Naeem robbed Rs. 100,000 cash from the business. Raheel, the owner of the business, instituted legal proceedings against Naeem. Naeem agreed to return the cash and Raheel agreed to withdraw the proceedings against him. Naeem fulfilled his part of the promise.

Under the provisions of the Contract Act, 1872 explain whether Raheel is bound to withdraw the proceedings against Naeem. (02)

CAPS

CHAPTER NO. 9

CONTINGENT CONTRACTS

March 2017: Q2

(c) Vazir said to Saulat, "I will buy speed boats worth Rs. 10,000,000 from you, if you obtain the license for me to operate the boats at Clifton beach". Saulat agreed and applied for the license and deposited Rs. 100,000 as processing fee. However, before the issuance of license, the city government imposed ban on the issuance of new licenses. Saulat wants Vazir to buy the speed boats as he had made necessary efforts to arrange for the license. However, Vazir refuses to buy the speed boats from Saulat.

Under the Contract Act, 1872 identify the type of contract between Vazir and Saulat. Also state whether Vazir is now bound to purchase the speed boats from Saulat. (04)

September 2018: Q 2

(c) Zubair agrees to construct a bungalow for Ubaid for Rs. 20 million on the condition that payment will only be made after Muneer, an architect, certifies that the bungalow has been constructed in accordance with the layout plan.

Under the provisions of the Contract Act, 1872 describe the nature and validity of the above contract. (02)

CHAPTER NO. 10

QUASI CONTRACTS

September 2015: Q 2

(b) Under certain special conditions, obligations resembling those created by a contract are imposed by law although the parties have never entered into a contract. In view of the provisions of the Contract Act, 1872 describe the conditions which must be fulfilled for claiming the amount in each of the following cases:

(i) Baqir supplied a jacket to Sultan in order to save him from cold weather. Sultan who was a minor agreed to pay Rs. 2,000 for the jacket although its market price was Rs. 1,500. (03)

(ii) Rohi, who paid the electricity bill of Saulat without being asked, is now demanding payment from Saulat. (01)

(iii) Sami, a coolie picked up the goods purchased by Nadia from the supermarket and took them to her car. Nadia did not object to it. Sami demanded service charges from Nadia. (02)

March 2018: Q2 b

(b) (ii) briefly describe various types of quasi-contracts. (05)

March 2020: Q 2

(a) Mohsin acquired a piece of agricultural land in Moro, Sindh from a local landlord, Qasim Soomro, on a lease term of twenty years. The revenue payable by Qasim Soomro on his land to the Provincial Government was in arrears. As a result, the land was advertised for sale by the Provincial Government. Mohsin, in order to prevent the sale of land, paid the sum due by Qasim Soomro to the Provincial Government.

Under the provisions of Contract Act, 1872 explain whether Mohsin can recover such amount from Qasim Soomro. (02)

CHAPTER NO. 11

PERFORMANCE OF CONTRACT

March 2015: Q2

(b) In accordance with the contract entered into by Masoom and Mubarak, Masoom has offered to deliver 300 Rolex watches to Mubarak on 1 March 2015. Under the provisions of the Contract Act, 1872 advise Masoom about the conditions which must be satisfied for constituting a valid offer of performance. (03)

March 2017: Q3

Faheem, Saleem and Jameel jointly borrowed Rs. 50 million for a business project from a common friend Kamal. They jointly promised to repay the borrowed amount. Under the provisions of the Contract Act, 1872 comment on the following:

(a) In the absence of express agreement, what would be the rights and liabilities of joint promisors. Also explain their rights and liabilities if Kamal releases Jameel from the joint liability. (06)

(b) how the liability would devolve in case of death of one or more of the joint promisors. (02)

September 2017: Q3

(c) Following is the statement of sums payable by Nisar to Mairaj on 4 March 2017:

Date of invoice	Rs.	Remarks
01/01/2016	200,000	Guaranteed by Imran.
08/06/2016	150,000	
Total	350,000	

Nisar sent a cheque for Rs. 100,000 on 5 March 2017. As there were no instructions from Nisar, Mairaj adjusted the payment against the amount of Rs. 150,000. The guarantor (Imran) objected to such appropriation and claimed that adjustment should be made in the order of the date of invoices.

Under the provisions of the Contract Act, 1872 discuss whether the objection of Imran is justified. (03)

March 2019: Q1

a) Briefly explain five rules regarding performance of reciprocal promises under the provisions of Contract Act, 1872. (05)

March 2020: Q 2

(c) What is meant by 'Assignment of Contract' under the Contract Act, 1872? State any four rules subject to which a contract may be assigned by act of parties. (05)

CHAPTER NO. 12

DISCHARGE OF CONTRACT

March 2015: Q2

(a) Lalchi Traders agreed to supply cotton yarn to Farzi Textile Limited at a fixed price for one year. Three months after the formation of the contract the price of yarn increased sharply, making it commercially unviable for Lalchi Traders to continue the supply at the agreed price. Therefore, they terminated the contract on the ground of difficulty/impossibility of performance.

Under the provisions of the Contract Act, 1872 briefly describe:

- (i) whether the contract would be discharged under the above circumstances. (05)
- (ii) what would be your decision if Lalchi Traders were importing yarn and Government has imposed a ban on its import. (02)

September 2015: Q3

(a) What is meant by discharge of a contract? Briefly describe the modes of discharging a contract by mutual agreement under the provisions of the Contract Act, 1872. (08)

September 2017: Q 1

(a) Golden Foods (GF) agreed to supply 2,500 cans to Riaz Grocery Stores (RGS). According to the agreement, the date of delivery was 31 August 2017. However, on the due date GF refused to supply the cans.

Under the provisions of the Contract Act, 1872 discuss the rights of RGS in the above situation assuming that time was the essence of the contract. (03)

(b) What would be your answer to (a) above, if GF supplied the cans on 12 September 2017 and RGS accepted the performance; but suffered a loss on account of delayed supply? (02)

September 2018: Q 2

(b) Under the provisions of the Contract Act, 1872:

(i) List any five circumstances in which the parties to the contract are not absolved from the performance of their contractual obligations on the ground of supervening impossibility. (05)

March 2019: Q1

(b) Respond to the following scenarios, under the provisions of Contract Act, 1872:

(i) On 11 February 2019, Isfandyar agreed to sell his house to Javed for Rs. 15 million. On 19 February 2019, Javed came to know that Isfandyar has finalized a deal for the same house with Jenny. Discuss the option(s), if any, available to Javed. (02)

March 2020: Q 3

(d) Imran Traders entered into a one-year contract with Minhas Oils Limited for the supply of gravels for their extraction project in Badin at a fixed price of Rs. 30,000 per dumper. Six months after the contract, the diesel prices increased sharply, making it non-profitable for Imran Traders to continue the supply at the agreed price. Therefore, they terminated the contract on the ground of impossibility of performance. Describe whether the contract is discharged in the above situation. (04)

CAPS

CHAPTER NO. 13

REMEDIES FOR BREACH OF CONTRACT

March 2016: Q2

(b) What do you understand by the terms 'Ordinary damages', 'Special damages' and 'Exemplary damages'? Briefly describe the rules relating to the award of each of the above types of damages under the Contract Act, 1872. (08)

March 2018: Q 2

(a) Saleem entered into a contract for the purchase of 5 vehicles from Phony (Pvt.) Limited (PL) which were to be delivered in the month of February, Saleem also entered into another contract for onward sale of these vehicles to Jabbar Limited (JL). However, PL refused to deliver the vehicles as contracted. Saleem had to buy the vehicles from another supplier at an extra cost of Rs. 2 million for supplying these to JL. Saleem also had to pay compensation of Rs. 0.6 million to JL due to delay in supply.

Under the provisions of the Contract Act, 1872 analyse the above situation and comment whether Saleem is entitled to receive any compensation from PL. (04)

CHAPTER NO. 14

INDEMNITY AND GUARANTEE

March 2015: Q 3

(b) Basit and Rahim go into a shop. Basit says to the shopkeeper, 'Let him (Rahim) have the goods and if he does not pay you, I will'.

Under the provisions of the Contract Act, 1872 identify and describe:

(i) the type of the above contract and whether Basit would be liable in case of Rahim's default. (04)

(ii) what would be your answer, if Basit said to the shopkeeper, 'Let him (Rahim) have the goods, I will see you are paid'. (03)

March 2016: Q 3

(a) Bunny extended a credit of Rs. 500,000 to Sohail on the surety of Majid and Rabat. On the date of payment, Sohail defaulted and Majid settled the debt.

Under the provisions of the Contract Act, 1872 briefly describe the rights available to Majid and Rabat against Sohail and Bunny and also between themselves. (08)

September 2017: Q 3

(b) (ii) Explain the term 'right of subrogation'. (03)

March 2018: Q 3

Under the provisions of the Contract Act, 1872 analyse and comment on the following situations:

(a) Abid has obtained a loan of Rs. 800,000 from Saqib. Loan was given on the surety of Munib, Hamid and Suleman with maximum limits of Rs. 150,000, Rs. 250,000 and Rs. 400,000 respectively. Abid repaid Rs. 200,000 and defaulted. Comment and compute the amount payable by each surety. (03)

(b) Shafiq obtained a loan from Qasim on the surety of Anwar. Qasim also obtained a charge over Shafiq's car at the time of disbursement of loan. However, Anwar was unaware of this security. Qasim gave up the charge over the car and Shafiq defaulted. Comment on the position of Anwar. (03)

September 2018: Q 4

(a) Mujeeb obtained a generator on lease for a period of six years from Munaf at an annual rent of Rs. 120,000. Fareed executed a contract of guarantee in favour of Munaf guaranteeing due payment of rent by Mujeeb. In the third year, Mujeeb defaulted in payment. Munaf sued Fareed and got a decree. Fareed, thereafter, gave a notice to Munaf revoking his guarantee for the remaining period of lease.

Under the provisions of the Contract Act, 1872 identify the nature of Fareed's guarantee and explain whether Fareed would be discharged under the above circumstances. (04)

March 2019: Q 3

(b) Salim gave a loan of Rs. 100,000 to Ahmed carrying a mark-up of 10% per annum. Amir and Rehan agreed to act as Ahmed's sureties. In the light of Contract Act, 1872 determine, along with reasons, how much each surety would be liable (in Rupees) in the following independent scenarios:

(i) Ahmed defaulted and Salim being aware of weak financial position of Rehan, asked Amir and Rehan to pay 75% and 25% of the default respectively. (02)

(ii) Salim without discussing with Rehan released Amir from the suretyship. Ahmed defaulted and Salim asked Rehan to pay the entire amount. (02)

September 2019: Q 3

Respond to the following scenarios, under the provisions of the Contract Act, 1872:

(d) Majid and Soomro went to a money lender. Majid said to the money lender, 'Let Soomro have a loan of Rs. 50,000, I ensure that you will be paid'. Identify and describe the type of contract and state Majid's responsibility in the contract. (03)

CAPS

CHAPTER NO. 15

BAILMENT AND PLEDGE

September 2015: Q 2

(a) Sobia borrowed Rs. 300,000 from Meller against a gold necklace as security. She agreed to return the amount to Meller after one month. However, on due date Sobia defaulted in payment.

In view of the provisions of the Contract Act, 1872 identify and describe the type of contract Sobia and Meller entered into. Also enumerate the rights available to Sobia and Meher in the above circumstances. (08)

March 2017: Q 1

(b) Danish while buying a smart phone from one of the retailers, found a satellite phone on the market floor. Danish in spite of considerable search could not find the owner of the phone. He gave the phone to the retailer for safe custody till the real owner is found. Under the provisions of the Contract Act, 1872 explain the following:

(i) The type(s) of contractual relationships, if any, between Danish, the retailer and the real owner of the phone. (03)

September 2018: Q 2

(b) (ii) Briefly describe the conditions in which a pledge made by a mercantile agent is considered to be a valid pledge. (03)

September 2019: Q 1

(b) Under the provisions of the Contract Act, 1872 define pledge. Also describe the conditions in which a pledge made by a non-owner is considered to be a valid pledge. (05)

CHAPTER NO. 16

AGENCY

September 2014: Q3

(b) Arif was running a meat shop in Islamabad. He wanted to attend the wedding of his sister in Peshawar so he asked his friend, Moiz, to look after his shop during his absence. While managing the shop, Moiz noticed that the deep-freezer in the shop was not working properly. In order to save the meat from being spoilt, he sold it at a discount of 5% and had the freezer repaired the next morning. Looking at customers' positive response, Moiz continued to offer the meat at 5% discount. Upon his return from Peshawar, Arif, being unhappy with the situation, immediately discontinued the discount and now wants to recover the loss from Moiz.

In view of the provisions of the Contract Act, 1872, analyse the above situation and explain the rights and liabilities of Arif against Moiz. (10)

March 2015: Q3

(a) Under the provisions of the Contract Act, 1872 describe the circumstances in which an agent is presumed to be personally liable on the contract to third parties. (08)

September 2016: Q3

(a) Zeshan is engaged in the business of buying and selling town houses in Lahore for the past many years and Inam is his agent. Due to the recent growth in construction business, Zeshan has decided to buy a small cement factory in the outskirts of Lahore and has asked Inam to negotiate the deal with the seller. Inam who has no technical knowledge of the cement industry has employed Saqib for his assistance.

Under the provisions of the Contract Act, 1872 briefly describe:

- (i) The status of Saqib and whether Inam is justified in employing Saqib to perform his work.(03)
- (ii) Saqib's responsibility towards Inam and Zeshan.(02)
- (iii) Inam's responsibility for Saqib's acts, if employed without Zeshan's authority.(02)

September 2017: Q5

(b) Kalim Real Estate (KRL) by misrepresenting themselves as an agent of Goofy Builders (GB), negotiated and entered into a contract with Tameer Associates for acquisition of a piece of land for GB.

Under the provisions of the Contract Act, 1872 explain the liability of KRL in the above situation. (05)

March 2018: Q 1

(c) Under the provisions of the Contract Act, 1872 analyse the following situations and comment on the type and validity of the contracts:

(i) Arif is the sole proprietor and deals in sale of product X. On 1 January 2018, Arif entered into two months' contract with Abbas for the promotion and sale of product X on commission basis. On 4 February 2018, Arif died in a car accident. Abbas came to know about it on 15 February 2018. However, Abbas continued selling the product as per the contract. (03)

(ii) Pawan owed Rs. 5 million to Ghafoor but was unable to pay due to liquidity constraints. However, Pawan owned a property and on 1 November 2017 he authorised Ghafoor to collect rent of the property

until he recovers his dues. On 1 March 2018 Pawan terminated the authority of Ghafoor to collect rental though his dues were not fully satisfied. (04)

March 2018: Q 2

(b) Under the provisions of the Contract Act, 1872:

(i) describe co-agent (02)

March 2019: Q 1

(b) Respond to the following scenarios, under the provisions of Contract Act, 1872:

(iii) Noman rented his house to Ahsan under a contract terminable on three months' notice. Noman's wife without discussing with Noman, sent a termination notice to Ahsan. When Noman came to know of the situation, he ratified the act of sending of notice to Ahsan. Discuss whether the notice given by Noman's wife is valid. (02)

(iv) While attending a seminar, Khizar told a group of people on his table that he is the agent of Lucky. Lucky smiled considering it a joke. Later, Moiz who was sitting on the table sold security cameras and surveillance system to Khizar on credit believing him to be agent of Lucky. Comment on whether a contract of agency is established between Khizar and Lucky. (02)

March 2019: Q 2

(c) Under the Contract Act, 1872 state an agent's responsibility in case he appoints a sub-agent without having the principal's authority. (02)

September 2019: Q 1

(a) Fauzia is working as a sales girl for a pottery store, owned by Mirza Baig, in a famous mall. Fauzia, in the absence of Mirza Baig, often displays her own pottery items on the shelves and uses her employer's time, resources and facilities to sell her own items.

Recently, on a surprise visit to the store, Mirza Baig caught Fauzia selling her own items in the store. Upon investigation, it was also revealed that on certain instances Fauzia had sold Mirza Baig's pottery wares at a higher rate than recommended and pocketed the difference.

Under the provisions of the Contract Act, 1872 identify the nature of contractual relationship between Fauzia and Mirza Baig. Discuss the duties breached by Fauzia and the rights available to Mirza Baig under the above circumstances. (05)

March 2020: Q 3

(a) Four Wheels Limited (FWL), misrepresenting themselves to be the agents of Big Motors (BM), persuaded Motor Manufacturers (MM) to sell them 10 luxury Jeeps customised for BM. Discuss FWL's liability under the above situation. (05)

CHAPTER NO. 17

PARTNERSHIP ACT, 1932

September 2014: Q 4

(a) Rustum, Mahmood and Wali are partners in a firm, Wali wants to admit his sixteen-year-old son Raghib as a new partner. Under the provisions of the Partnership Act, 1932 can Raghib be admitted to the partnership business? State the rights, liabilities and limitations of Raghib, if he is admitted to the partnership business. (05)

(b) Sharing net profits usually creates a very strong inference that the parties have formed a partnership. But in certain situations, the fact that the profits are shared or the parties have agreed to share the profits will not by itself create a presumption that a partnership was intended. List such situations as given in the Partnership Act, 1932. (05)

March 2015: Q 4

(a) Nomi, Sultan and Behram have decided to establish a partnership business to run a departmental store. Under the provisions of the Partnership Act, 1932 advise them about their mutual rights and liabilities towards each other. (05)

(b) The above partnership business was started in January 2015. In March 2015 Behram received an overdraft of Rs. 100,000 from the partnership's bank. He informed the bank that the money would be used to construct a new cash counter in the departmental store. However, he used the money to pay for his wife's Dubai trip. Advise Nomi, Sultan and Behram about their rights and liabilities and that of the firm in relation to the above transaction (05)

September 2015: Q 4

(a) Munaf, a sole proprietor, engaged in the business of selling cooking oil to wholesalers agreed to admit Lari in his business on the following terms:

That Lari shall not bring any capital and shall not be liable for any losses of the firm. However, he shall be entitled to receive Rs. 150,000 on introducing any new client to the business, share 40% of the profits and have the right to exercise all the powers of a partner in the firm.

Analyze the above situation and advise whether a partnership is constituted between Munaf and Lari under the provisions of the Partnership Act, 1932. (05)

(b) Meher, Abid, Rani and Azra were partners in Abid Associates, a firm of town planners and consultants. Bari Builders supply goods to Abid Associates on credit. Abid died on 5 January 2015. Meher, Rani and Azra decided to continue the business in the old firm's name. However, neither the surviving partners nor the representative of Abid gave public notice to this effect.

Due to insolvency of a major client, Abid Associates was facing difficulty in making payment to Bari Builders. When Bari Builders investigated the matter, they came to know about the death of Abid. They have now filed suits for the recovery of outstanding balance, severally against Abid's estate and Meher, as the credit was extended on the faith of Abid and Meher.

In view of the provisions of the Partnership Act, 1932 explain whether Bari Builders are justified in filing the above suits and would they succeed in recovering the outstanding amount under the above circumstances. (05)

March 2016: Q 4

(a) Maqbool, Rufi and Sham are the partners in Zeeshan Builders (ZB), a firm engaged in the business of constructing industrial and residential projects in Balochistan. Sham is also the owner of a cottage industry in Quetta. Sham has obtained a long-term loan for his cottage industry from Dostana Bank Limited by transferring his interest in ZB to the bank by way of a mortgage.

Under the provisions of the Partnership Act, 1932 describe the rights and disabilities, if any, of Dostana Bank Limited in the above circumstances. (06)

(b) In the above partnership business, Rufi intends to acquire a plot of land for the firm with his own money. However, he is not certain whether the plot would be considered as partnership property.

Under the provisions of the Partnership Act, 1932 advise Rufi as what is considered to be included in the partnership property and how it is to be applied. (04)

September 2016: Q 4

(a) Raheel, Samina and Umair have agreed to constitute a partnership for carrying on a business of printing study text for CA students in Peshawar. Raheel wants to specify the rights and duties of partners in the partnership agreement so that these can be changed with mutual consent of all the partners whereas Samina and Umair do not consider it necessary and believe that the implied authority may be extended to bind the firm whenever required.

Under the provisions of the Partnership Act, 1932 list:

(i) the general duties of partners which cannot be modified by an agreement amongst them. (03)

(ii) the restrictions imposed on the implied authority of a partner in the absence of any usage or custom of trade. (04)

(b) In the above partnership business, assume Umair is a minor who has been admitted to the benefits of the partnership with the consent of Raheel and Samina. Under the provisions of the Partnership Act, 1932 list the rights and disabilities of Umair before attaining majority. (03)

March 2017: Q 4

(a) Amjad enjoys a very good credit standing in the market. Kashif, owner of Kashif Electronics, represents Amjad as his partner. Kalim on the faith of such representation supplied laptops to Kashif Electronics on credit. Kashif defaulted and Kalim filed a suit for the recovery of the amount against both Amjad and Kashif. Under the provisions of the Partnership Act, 1932 analyse the above situation and explain whether Amjad would be liable to pay the outstanding amount to Kalim. (04)

(b) Asghar, Babar and Careem are carrying on agricultural business in partnership, they have agreed to share the profits in the ratio of 4:3:2 respectively. Careem is not liable for the losses of the firm. Under the provisions of the Partnership Act, 1932 analyse and comment on each of the following independent situations:

(i) Asghar, who is responsible for procurement, has suggested to buy seeds and pesticides from Zubair Enterprises, a supplier of crop products, as the seeds and pesticides offered by him are of good quality and at a very reasonable price. However, Babar is not in agreement with Asghar. (03)

(ii) In February 2017, the partnership incurred substantial losses due to heavy floods in the area and the partnership assets are not sufficient to meet the firm's liabilities. A number of creditors have filed a suit for recovery of the amount from Careem. (03)

September 2017: Q 4

(a) 'The sharing of profit is a prima facie evidence but not a conclusive test of partnership'.

Under the provisions of the Partnership Act, 1932 list the circumstances in which receipt by a person of a share of profits of a business does not of itself make him a partner with the persons carrying on the business. (03)

(b) On 1 July 2016 Abid, Rizwan and Salman started a partnership business and contributed Rs. 200,000 each towards the firm's capital. They also agreed to share profits in equal proportion. Abid, in addition to his capital contribution, paid Rs. 100,000 to one of the suppliers as a security deposit. All the partners are entitled to interest at the rate of 8% on their capital. However, during the year, the firm incurred a loss of Rs. 80,000.

Under the provisions of the Partnership Act, 1932 state the amount of interest, if any, payable to each partner. (04)

(c) Wasim, Ahmed and Salman are partners in a firm. Salman died in a plane crash. Wasim and Ahmed agreed to admit Salman's minor son, Noman, to the benefits of the Partnership. Noman attained majority on 6 June 2016. He became aware of the fact that he had been admitted to the benefits of the Partnership on 16 July 2016. Being undecided about joining the firm as a partner, he preferred to wait for some time.

On 10 January 2017, the firm suffered heavy losses due to a fire in one of its factories. Wasim and Ahmed informed Noman that on account of losses, his entire capital has been wiped off and he is required to contribute Rs. 100,000 to enable the firm to settle its liabilities.

Under the provisions of the Partnership Act, 1932 analyse the above situation and advise whether Noman would be regarded as a partner in the firm. Also state his liabilities towards the losses, if any. (05)

March 2018: Q 4

(a) Gul, Raza and Sami are partners in GRS Garments. Raza discovered that a supplier MP offers reasonable rates for consumables stores and put forth a resolution that MP should be included in the firm's list of suppliers. MP is owned by Gul and managed by his brother but Gul did not disclose this fact. When Raza and Sami became aware of the fact, they asked Gul to share with them the profits earned by MP on transactions with GRS.

Under the provisions of the Partnership Act, 1932 discuss whether Gul is bound to share the profits as demanded by Raza and Sami. (2.5)

(b) In 2014, Majid and Ebad started a business of sale and repair of vehicles under the name of ME Motors (MEM). Majid sold one of the vehicles which came for repair to Zahid for Rs. 1.0 million. Zahid on finding out that Majid did not have the legal title of the car sued MEM.

Under the provisions of the Partnership Act, 1932 discuss who would be liable for damages in the above situation. (2.5)

(c) X has been carrying on textile business for the past few years. He has recently met Y who is an expert in textile designing. X and Y have agreed that Y would advise X on various technical issues and use his contacts for the benefit of the business. Y would be entitled to 35% of the profits of the business. However, Y will not be required to bring any capital and will not take part in the day to day affairs of the business.

Under the provisions of the Partnership Act, 1932 analyse the above situation and advise whether partnership exists between X and Y. (05)

September 2018: Q 5

(a) Taqi, Saqib and Abrar are partners in a trading firm. By an agreement among themselves they decided that no partner shall have the authority to buy or sell goods beyond the limit of Rs. 20,000 without the consent of other partners. Ignorant of this restriction, Wajid sold goods worth Rs. 45,000 to Saqib who did not consult with the other partners. In view of the provisions of the Partnership Act, 1932 explain whether the firm and its partners are liable to Wajid under the above circumstances. (04)

(b) Bader and Yaseen established a distribution agency for supplying low cost medicines to hospitals. Yaseen, by way of a verbal agreement, allowed the agency to use his ancestral land

for the business of the agency. Bader purchased a delivery van in his own name with partnership money. Bader wants to repay the amount to the partnership and therefore a receivable has been recorded in the partnership books. Under the provisions of the Partnership Act, 1932 describe whether the above assets would be considered to be the partnership property. (04)

(c) The sharing of profit is a prima facie evidence of partnership. Under the provisions of the Partnership Act, 1932 list any four circumstances in which a non-partner could benefit from the profits of a partnership. (02)

March 2019: Q 4

(a) Respond to the following scenarios, under the provisions of Partnership Act, 1932:

(i) Tehram, Rahil and Zain are partners in TRZ Associates. Zain, after obtaining mutual consent of all the partners, transferred his share of interest to Hatim. Hatim now wants to discuss the future business strategy of the firm with Tehram and Rahil. In this regard, he has asked the partners to provide him the firm's cash flow forecast so that he can determine firm's growth potential for the next five years. Comment on Hatim's entitlement to do the same. (03)

(ii) Sahir and Sarim are lawyers who have entered into a partnership namely SS Associates. Noreen approached SS Associates for a property dispute case. However, after seeing Sarim's capabilities, Noreen gave Rs. 250,000 to Sarim for investment in stocks and bonds at his discretion on her behalf. Sarim hid the said fact from Sahir and used the money to meet his personal needs. Subsequently, Noreen filed a suit on the firm for the recovery of Rs. 250,000. Reason out the validity of suit filed by Noreen. (02)

(iii) Faizan and Mehran are partners in a trading firm and have decided that no partner shall have the right to buy or sell goods beyond the value of Rs. 100,000 without consent of the other partner. Due to a sudden crisis in the market, prices of a product started falling sharply. Faizan without consulting Mehran sold all the perishable stock worth Rs. 950,000 in order to restrict the firm's loss. Can Mehran hold Faizan responsible for misconduct? (02)

(b) Define principle of 'holding out' under the Partnership Act, 1932 and state its exception, if any. (03)

September 2019: Q 4

(a) Under the provisions of the Partnership Act, 1932 state the mandatory duties of partners which cannot be modified by an agreement amongst them. (03)

(b) Masoom, Rahul and Naila are partners in a trading firm. In 2016, they borrowed Rs. 500,000 from Ishtiaq for purchasing a shop in Multan. The loan was agreed to be repaid in two years' time. However, due to financial crises the loan could not be re-paid in time. For the purpose of settling the loan, Ishtiaq has offered Naila to admit his seventeen-year-old son Muneer to the partnership business.

Under the provisions of the Partnership Act, 1932 discuss whether Muneer can be admitted to the partnership business. State Muneer's rights and liabilities if he is so admitted. (04)

(c) Aftab, Rehan and Bali were partners in a law firm. The partnership deed, among other things, provided that the profits or losses of the firm would be shared equally among the partners. The firm continued its business for many years with Aftab receiving fifty percent share in the net profit and Rehan and Bali each sharing twenty-five percent of the net profit. Rehan and Bali never objected to this arrangement. Later on, partners developed some differences and Rehan and Bali filed a suit against Aftab for the recovery of their share in profits on the basis of partnership deed.

Under the provisions of the Partnership Act, 1932 discuss whether Aftab would succeed in defending the suit filed against him by Rehan and Bali. (03)

March 2020: Q 4

(a) Respond to the following independent scenarios, under the provisions of the Partnership Act, 1932:

- (i) Moiz, Adeeb and Mumtaz were partners in a firm. Adeeb died. Moiz and Mumtaz continued the business and agreed to give 10% share of profits of business to the widow of Adeeb as annuity. Discuss whether Adeeb's widow would be deemed to be a partner in the firm. (02)
- (ii) Saima, Ahsan and Bari are partners in a law firm. Bari received an advance of Rs. 150,000 from one of firm's clients for defending a law suit. Bari, without proceeding on client's request and informing other partners about the receipt of the amount, utilised the money for personal use. Discuss the rights and liabilities of partners and that of the firm with regard to Bari's act. (06)
- (b) Under the provisions of the Partnership Act, 1932 list down any four restrictions imposed on the implied authority of a partner. (04)

CAPS

CHAPTER NO. 18

NEGOTIABLE INSTRUMENTS, ACT 1881

September 2014: Q 5

(a) What do you understand by the terms 'Holder', 'Holder in due course' and 'Payment in due course' under the Negotiable Instruments Act, 1881? (08)

March 2015: Q 5

(a) Under the provisions of the Negotiable Instruments Act, 1881 identify the person(s) who may cross the cheque after its issue and the manner in which it may be crossed. (05)

September 2015: Q 5

		Date: September 12, 2015
Rs. 100,000/- only		
Please pay on demand to Tauseef or to his order the sum of Rupees One Hundred Thousand only, value received.		
To		Sd/- _____
Laila	Accepted	Laeeq
Busy Road	Laila	Saddar
Karachi		Karachi

(a) Identify the type of above negotiable instrument and briefly describe its essential characteristics under the provisions of the Negotiable Instruments Act, 1881. (07)

March 2016: Q 5

(a) Under the provisions of the Negotiable Instruments Act, 1881 briefly describe the terms 'Negotiation' and 'Indorsement'. (04)

(b) Sarwar owes Rs. 500,000 to Zain. The amount is payable on 11 August 2016. Sarwar intends to issue a negotiable instrument to Zain in satisfaction of her debt.

Under the provisions of the Negotiable Instruments Act, 1881 advise Sarwat about the type of negotiable instrument which may be issued to Zain, assuming that Sarwat does not want to involve a third party in making the payment. Also prepare a draft of the said instrument. (04)
(You may make assumptions wherever you consider necessary)

(c) Under the provisions of the Negotiable Instruments Act, 1881 describe the purpose of crossing a cheque. Also state whether a cheque can be crossed specially more than once. (02)

September 2016: Q 5

(a) Under the provisions of the Negotiable Instruments Act, 1881 describe the following: (05)
i. Acceptor for honour

March 2017: Q 5

(a) What do you understand by the term 'Drawee in case of need' under the provisions of the Negotiable Instruments Act, 1881? (02)

(b) Aamna has received a bearer cheque from her uncle Shoaib as a gift. Shoaib's title to the cheque was defective and Aamna after receiving the cheque indorsed it to her landlord on account of rent. Under the Negotiable Instruments Act, 1881 explain whether the landlord would be able to recover the amount of the cheque. (03)

March 2018: Q 5

Under the provisions of the Negotiable Instruments Act, 1881 briefly explain:

(a) the term 'endorsement'. (03)

September 2018: Q 3

(a) In view of the provisions of the Negotiable Instruments Act, 1881 comment on the type and validity of each of the following instruments signed by Rahul:

- i. Nauman please pay to Mahreen Rs. 100,000.
- ii. Nauman, I shall be highly obliged if you make it convenient to pay Rs. 100,000 to Marhreen.
- iii. I acknowledge myself to be indebted to Nauman in Rs. 100,000 to be paid on demand, for value received.
- iv. I promise to pay Mahreen or order Rs. 100,000 six days after Nauman's death. (04)

(b) Under the provisions of the Negotiable Instruments Act, 1881 discuss the effect(s) of the words 'Not negotiable' on a cheque crossed specially. (03)

March 2019: Q 2

(a) Under the provisions of Negotiable Instruments Act, 1881 define 'Holder in due course' and 'Acceptor for honour'. (05)

September 2019: Q 5

(a) Respond to the following independent situations, under the provisions of the Negotiable Instruments Act, 1881:

(ii) Samad drew a cheque which was payable to 'Munaf or order'. Saleem after forging Munaf's endorsement on the cheque received payment from the banker. Discuss whether the banker would be liable on the cheque to Samad. (02)

(b) Under the provisions of the Negotiable Instruments Act, 1881 briefly describe:

(ii) Payment in due course (02)

March 2020: Q 5

(c) Sultan drew a bill of exchange on Amjad and made it payable to Bukhari or order. On maturity another person of the same name wrongfully acquired possession of the bill and presented it to Amjad for payment. Amjad after making due inquires and being satisfied that the presenter is Bukhari, made payment on the bill.

Under the provisions of the Negotiable Instruments Act, 1881 discuss whether Amjad is discharged from his liability. (02)

CAPS

CHAPTER NO. 19

COMPANY

March 2016: Q 6

(a) Organizations working for useful objects of the society often need protection of limited liability for such work.' However, there are certain conditions subject to the fulfillment of which an exemption may be granted to an entity from using the word 'Limited' to its name. Describe those conditions and also specify the authority who may grant such exemption under the Companies Act, 2017. (04)

September 2017: Q 6

(b) Zeta Associates (ZA) intends to register as a limited liability company without adding the word 'Limited' to its name.

Under the provisions of the Companies Act, 2017 list the conditions which ZA must satisfy for dispensing with the requirement of using 'Limited' to its name. (04)

September 2016: Q 6

(b) Under the provisions of the Companies Act, 2017 briefly describe the term 'Body Corporate'. (02)

March 2018: Q6b

(b) Under the provisions of the Companies Act, 2017 explain the term 'body corporate or corporation'. (04)

March 2019: Q 9

(a) Masters Limited (ML) has made equity investment in Abbas Limited (AL). In the light of Companies Act, 2017 state under what circumstances ML may classify AL as its subsidiary. (4)

March 2020: Q 7

The licence of Cancer Research Association (CRA), issued under section 42 of the Companies Act, 2017, was revoked by the Commission as the affairs of CRA were conducted in a manner prejudicial to public interest.

Under the Companies Act, 2017 briefly discuss the effect of revocation of license on CRA, its members and officers. (05)

CHAPTER NO. 20

INCORPORATION OF COMPANY

September 2014: Q 6

(a) Under the provisions of the Companies Act, 2017 a company, without prior approval of the Commission, cannot be registered by a name which contains certain words or phrases suggesting certain attributes/affiliations. List those attributes/ affiliations. (04)

September 2014: Q 8

(a) Mazboot Limited (ML) is a newly incorporated company. ML has issued a prospectus inviting offers from the general public for subscription to its shares and is also intending to sign a musharika finance facility agreement with Top Bank Limited. However, Mr. Baqir, who is the legal advisor of the company, is against the signing of musharika finance facility agreement.

In view of the provisions of the Companies Act, 2017 explain why ML should not sign the finance facility agreement. List the condition(s), if any, which ML must comply before exercising its borrowing powers. Also state the consequences if ML signs the musharika finance facility without fulfilling the above condition(s). (07)

September 2015: Q 7

(a) What is meant by the term 'Member' as described under the provisions of the Companies Act, 2017? (04)

September 2019: Q

(a) Under the provisions of the Companies Act, 2017 discuss how a person may become a member of the company. (03)

September 2015: Q 7

(b) Paband Limited is in the process of incorporation and has filed an application with the registrar's office for registration of its memorandum of association. However, the registrar has refused to register the memorandum.

Under the provisions of the Companies Act, 2017 state the possible reasons for such refusal. Also advise the options available to Paband Limited in the above circumstances. (06)

September 2017: Q 6

(a) Malik and Azad, being the promoters of Masoom Limited, are in the process of preparation of memorandum of association for filing with the registrar.

Under the provisions of the Companies Act, 2017 advise them about the conditions required to be fulfilled for registering the memorandum. Also state the remedies available to them, if for any reason, the registration is refused. (05)

March 2016: Q 6

(b) The Directors of Muntaqil Limited are considering to re-locate company's registered office from Karachi to Islamabad to carry on business more economically.

Advise Company Secretary about the steps which must be taken to re-locate the registered office under the provisions of the Companies Act, 2017. (06)

March 2017: Q 6

(a) Innovation Limited is a newly incorporated public limited company. Prior to the issuance of certificate of commencement of business, the directors have entered into a long-term contract with a foreign company for the supply of materials for use in production.

Under the provisions of the Companies Act, 2017 explain the following:

- (i) status of the long-term contract under the above circumstances. (02)
- (ii) requirements for obtaining the certificate of commencement of business. (05)

March 2017: Q 10

(a) Shafiq and Rahat intend to establish a limited liability company in Lahore for the manufacture of edible oil.

Under the provisions of the Companies Act, 2017 advise them with regard to the following:

- i. factors to be considered while selecting the name of the Company. (02)
 - ii. names which may require prior approval of the Commission. (04)
- (b) The registrar, after registration of the memorandum of association, has issued the certificate of incorporation to Anjaan Limited.

Under the provisions of the Companies Act, 2017 briefly describe the effects of incorporation. (04)

March 2018: Q 6

(a) Printing (Pvt.) Limited (PL) wants to change its name to Printing and Marketing (Pvt.) Limited.

Under the provisions of the Companies Act, 2017 describe the steps to be followed by PL for changing its name and matters to be complied with after the change of name. (05)

March 2019: Q 9

(b) Describe the provisions contained in the Companies Act, 2017 relating to 'principal line of business' of a company. (5)

September 2019: Q 6

(b) The Registrar, after registering the memorandum and articles of association, has issued the certificate of incorporation to Shahbaz Limited, a company with an authorized share capital of Rs. 300 million.

Under the Companies Act, 2017 briefly describe the effects of such registration. (05)

September 2019: Q 9

Under the provisions of the Companies Act, 2017 briefly explain the exception(s) to the following general rules:

(c) Companies can commence the business only after obtaining certificate of commencement of business from the registrar. (02)

March 2020: Q 6

A team of young engineers is planning to incorporate a private limited company which would provide machine maintenance services to large companies. The company would initially be incorporated with a share capital of Rs. 20 million.

- (a) Registration and signing of articles of association.

CAPS

CHAPTER NO. 21

SHARE CAPITAL (TYPES AND VARIATION)

March 2015: Q 7

(b) Samjhota Limited (SL) has an authorised capital of Rs. 100,000,000 divided into 2,000,000 shares of Rs. 50 each. The directors have decided to alter the conditions of the capital clause of SL's memorandum of association. Advise the directors about the provisions of the Companies Act, 2017 applicable to such alteration. (04)

September 2015: Q 8

(a) Paid up capital of Sigma Limited comprises of two classes of ordinary shares, A and B, having different rights. The directors approved a resolution in their meeting granting the same rights to both the classes of shareholders. Later, the members in a general meeting approved the resolution by altering the articles of association to give effect to the variation in the rights of shareholders.

Under the provisions of the Companies Act, 2017:

- i. What do you understand by variation of shareholders' right? (01)
- ii. A small group of members holding class A shares is objecting to the variation in their rights. Discuss how these aggrieved members can challenge the variation of their rights and ask for its cancellation. (05)

September 2017: Q 7

(b) Tafriq Textiles Limited has issued two classes of shares with Class A being entitled to two votes per share and Class B having one vote per share. In a general meeting, a resolution was placed to give the same rights to the shareholders of both the classes, which was passed by the required majority. However, Gul & Sons holding Class 'A' shares are not satisfied with the decision taken by the company.

Under the provisions of the Companies Act, 2017 discuss how Gul & Sons can challenge the above resolution and have it revoked. (05)

September 2018: Q 6

(b) Saga Limited (SL), a listed company, has two classes of ordinary shares i.e. Class A shares i.e. Class C, with no voting rights. Currently SL's memorandum and articles of association do not contain such class of shares. Under the provisions of the Companies Act, 2017 briefly describe the steps which the directors should take prior to issuance of Class C shares. (Procedure for issuance of shares is not required) (06).

CHAPTER NO. 22

SHARE CAPITAL (PROSPECTUS)

September 2014: Q 7

(a) Baykarar Limited (BL), a listed company, wants to increase its production capacity and is in the process of acquiring a new plant for its soda ash project. The company is contemplating to finance the project by issuing ordinary shares to the general public. In order to enhance the credibility of its expansion project, BL's management has decided to include a statement from Mr. Suleman, a mechanical engineer, in its prospectus.

Under the provisions of the Companies Act, 2017 describe the conditions which must be satisfied for the inclusion of statement from Mr. Suleman in BL's prospectus. (05)

March 2017: Q 7

(a) Khush-haal Limited (KL) is engaged in the business of manufacturing garments in Karachi. The directors, in order to expand KL's business, are planning to acquire a garment factory in Multan. In order to finance the acquisition cost, they intend to issue 5 million ordinary shares to the general public. They have appointed Mr. Sehgal as an expert to evaluate the above project and include his statement in KL's prospectus.

Under the provisions of the Securities Act, 2015 advise the directors about the conditions to be fulfilled for including Mr. Sehgal's statement in KL's prospectus for its issuance to the general public. (03)

March 2016: Q 7

(a) The Board of Directors of Tanveer Limited, a listed company, has decided to invite general public for the subscription of its securities and therefore, intends to issue/publish a prospectus.

Under the provisions of the Securities Act, 2015 advise the directors about the time frame within which approval for the issuance of prospectus may be obtained and the time for which the prospectus may remain valid after approval. (02)

September 2016: Q7

(a) Super Star Limited has recently been incorporated as a public limited company in Islamabad. The directors are planning to make a public offer of its securities and are in the process of finalizing the prospectus.

Under the provisions of the Securities Act, 2015 advise the directors with regard to the following:

- i. particulars of the amount of minimum subscription i.e. the minimum amount which must be raised by the issue of shares. (03)
- ii. publication of prospectus. (03)

March 2018: Q 7

(a) On 25 February 2018 Badar Limited (BL), in a move to list its shares on Pakistan Stock Exchange, received approval from the Commission for the publication of prospectus.

Under the provisions of the Securities Act, 2017 advise BL with regard to the publication of the prospectus in the newspaper and its placement on the company's website. (06)

September 2018: Q 7

(b) The Directors of Solar Limited (SL), want to arrange finances for their factory expansion project and have decided to issue 1,000,000 ordinary shares to general public. The directors want the public subscription to commence not later than 7 October 2018. Mobeen, who is the company secretary, has proposed the following schedule for the purpose:

- i. On 12 September 2018, a copy of the prospectus shall be submitted to the Registrar Joint Stock Companies for approval.
- ii. For ease of access, the copies of the prospectus shall be available for members' inspection at SL's main showroom. The prospectus shall remain open for inspection from 28 September 2018 till 4 October 2018 at a fee of Rs. 50.
- iii. The prospectus would be published in a popular fortnightly Urdu magazine on 30 September 2018.
- iv. Public subscription would commence on 5 October 2018.

Suggest appropriate revision in the above proposal to bring it in line with the provisions of the Securities Act, 2015. (05)

March 2019: Q 7

(b) Sepham Limited is in process of raising money through issuance of shares and intends to issue a prospectus.

Advise the management as to who would be liable under the Securities Act, 2015 to compensate the investors in case there is any deficiency in the prospectus and under what circumstances this liability would arise. (04)

Answer

(b) Compensation for false or misleading prospectus

Every issuer, director of an issuer or any person who has signed the prospectus shall be liable to pay compensation to any person who acquires any of the securities, in reliance upon the prospectus, to which the prospectus relates and suffers loss in respect of them as a result of any incorrect, untrue or misleading statement in the prospectus or the omission from it of any matter required to be included under the Securities Act, 2015.

March 2020: Q 7

(a) Under the provisions of the Securities Act, 2015 no person shall make a public offer of securities unless the Commission has approved the prospectus submitted by the issuer or offeror of the securities.

Discuss the exceptions to the above provision of the Securities Act, 2015. (04)

(b) On 4 February 2020, the Commission approved the prospectus of Victory Limited (VL) for public offer of its securities. The directors intend to publish the prospectus on 10 April 2020.

Under the provisions of the Securities Act, 2015 advise the directors with regard to the following:

- (i) The time frame within which the prospectus may be published. (02)
- (ii) The requirements for publication of prospectus. (03)

CHAPTER NO. 24

MEETINGS

March 2015: Q6

September 2018: Q 6

(a) Under the provisions of the Companies Act, 2017 briefly describe the term 'Special resolution'. (04)

March 2015: Q 8

(a) Karamad (Pvt) Limited was incorporated on 1 July 2014. Subsequently it was converted into a public unlisted company on 1 March 2015.

Under the provisions of the Companies Act, 2017:

i. describe whether the company is required to hold its statutory meeting; if yes, identify the time frame within which such a meeting must be convened. (03)

ii. what would have been your decision, had the company been converted into a listed company on 1 July 2015? (01)

iii. identify those contents of the statutory report which are required to be certified by the company's auditor. Also specify the purpose of the auditor's report. (02)

iv. state the requirements of law regarding the certification and filing of statutory report

(b) Under the provisions of the Companies Act, 2017 state who may call an annual general meeting of the company. (02)

(b) Calling of an annual general meeting:

Normally, the annual general meeting of the company is called by the board of directors of the company.

However, if default is made in holding the annual general meeting, the Commission may, either on its own motion or on the application of any director or member of the company, call, or direct the calling of, the said meeting in such manner as the Commission may think fit.

September 2015: Q 6

(b) The 21st annual general meeting (AGM) of Noke Jhoke Limited was held on 20 August 2015. Two of the shareholders, Mateen and Ragib were not satisfied with the conduct of the meeting. One week after the meeting, they submitted a complaint to the chairman of the board of directors, requiring him to invalidate the proceedings of the 21st AGM.

In view of the provisions of the Companies Act, 2017 explain the circumstances in which Mateen and Ragib would succeed in their contention. (06)

September 2016: Q 8

(a) Under the provisions of the Companies Act, 2017 what do you understand by the term 'Extraordinary general meeting'? Who may call such meeting and what should be the quorum of such meeting? (07)

September 2017: Q 10

(a) The annual general meeting (AGM) of Kamyab Limited is due to be held on 12 September 2017 at 10:00 am at company's registered office.

Being the company secretary, comment on the following situations under the provisions of the Companies Act, 2017:

- i. Shafiq lodged a proxy form on 10 September 2017 at 5:00 pm. (01)
 - ii. Anwar appointed Amjad as his proxy by depositing the proxy form on 8 September 2017. On the next day, Anwar came to know that Amjad has gone abroad, so he deposited a proxy form in favour of Waqas. (01)
 - iii. Sajid appointed Javed as his proxy. Javed's name is not in the members' register. (1.5)
 - iv. One of the members, Asaan Limited has inquired about who may attend the AGM on its behalf and what would be the right(s) of such attendee. (2.5)
- (c) Farhan Limited, a listed company, has received a request from a shareholder who holds 9% shares of the company, to inspect the register containing the minutes of proceedings of general meetings. Discuss the rights of the shareholder to inspect the above register. (03)

March 2018: Q 8

(b) Unique Limited is due to hold its first annual general meeting on 20 April 2018. Under the provisions of the Companies Act, 2017 advise the directors with regard to the types of businesses which would be deemed to be special business and also discuss additional formalities which are required to be complied with in respect of notice containing special business. (06)

September 2018: Q 9

(a) Joint Limited (JL) was incorporated as a public company on 1 February 2018 and was authorized by the registrar to commence business from 1 April 2018. The board of directors is divided on the issue of holding first general meeting of its members. Two directors are of the view that the meeting should be held on 30 September 2018 whereas majority of the directors want to hold it on 30 October 2018.

In the light of the provisions of the Companies Act, 2017:

- i. Explain whether you agree with the proposal of the majority of the directors or the other two directors. (03)
- ii. What would be your opinion in (i) above if the directors want to hold first annual general meeting on 25 September 2018? (01)

September 2019: Q 7

(b) Fancy Works Limited (FWL) is in process of finalizing the prerequisites of holding its first Annual General Meeting (AGM) to be held on 31 October 2019.

- (i) Advise FWL about the matters relating to proxies which must be included in the notice of AGM. (02)
- (ii) Arbaz Limited (AL) is a member of FWL. How would AL represent itself in the AGM?

March 2020: Q 9

The annual general meeting of Alpha Limited (AL), a listed company, is scheduled to be held in March 2020 to transact several ordinary and special businesses such as election of directors including independent directors.

Under the provisions of the Companies Act, 2017 list the information which must be included in AL's notice of annual general meeting to be published in the newspapers. Your answer should cover all aspects which must either be included in or be annexed to notice of annual general meeting.

CAPS

CHAPTER NO. 25

MANAGEMENT

September 2014: Q 8

(b) Briefly describe the provisions relating to the restrictions imposed on directors' remuneration with regard to performing extra services, attendance of meeting, etc. as provided in the Companies Act, 2017. (03)

March 2015: Q 6

(a) Under the provisions of the Companies Act, 2017 briefly describe the following:

ii. chief executive in relation to a company (03)

March 2015: Q 10

(b) Munafa Limited (ML) is engaged in the business of leasing vehicles to corporate customers. The Board of Directors of ML is considering to authorise one of its directors, Mr. Farigh, to enter into a contract with Mrs. Laiqa, the Managing Director of Taizraftar Limited, for the purchase of six delivery vans. Mrs. Laiqa is also the wife of Mr. Farigh.

Under the provisions of the Companies Act, 2017 analyse the above situation and advise Mr. Farigh about his responsibilities towards the company with respect to the above transaction. (05)

September 2015: Q 6

(a) Azad Limited (AL) is a listed company engaged in the business of manufacturing and supply of electrical appliances. Mr. Majnou, a director of AL, has applied for an interest free loan from the company to be repayable in five years.

In view of the provisions of the Companies Act, 2017 describe the circumstances under which AL may grant loan to Mr. Majnou. (04)

March 2016: Q 8

(a) Tabdily (Pvt) Limited (TPL) has recently been converted into a public listed company and the directors intend to appoint a new Chief Executive of the company.

Under the provisions of the Companies Act, 2017 briefly explain the requirement(s) for the appointment of a Chief Executive. Also state the restrictions, if any, on the appointment of a Chief Executive. (04)

(b) One of the directors while retaining his directorship in TPL is contemplating to start his own business which is likely to take most of his time for the next few years.

Under the provisions of the Companies Act, 2017 the director is seeking your advice on the matters due to which he may ipso facto cease to hold office of the director of TPL. (06)

September 2016: Q 7

(b) Jamal, who has recently been appointed as a Chief Executive Officer of Alibaba (Pvt.) Limited (APL) has applied for financial assistance of Rs. 1.0 million to the Board of Directors of APL for buying shares in Mujahid Limited, a public company, holding 75% voting rights in APL.

Under the provisions of the Companies Act, 2017 explain whether APL may grant financial assistance to Jamal under the above circumstances. (04)

September 2016: Q 8

(b) Golden Limited (GL), registered with a paid-up capital of Rs. 20,000,000 consisting of ordinary shares of Rs. 50 each, has decided to remove one of its elected directors Saleem due to poor performance. Saleem was elected on the board by securing 1,800,000 votes in a general meeting held on 1 January 2015. The least number of votes casted for electing a director in the meeting was 1,200,000. GL has seven directors on the board.

Under the provisions of the Companies Act, 2017 enumerate: (03)

- i. the number of votes required by Saleem to retain his directorship in GL.
- ii. what would be your answer in (i) above, if Saleem was elected to fill a casual vacancy on the board.

March 2017: Q 6

(b) Saleem and Company, a partnership concern, is engaged in IT consulting business. The partners intend to convert the partnership into a private limited company in the name of Marhaba (Pvt.) Limited.

Under the provisions of the Companies Act, 2017 advise the partners with respect to the appointment of first directors of the company and the term for which they may be appointed. (03)

September 2017: Q 8

(a) Disneyland Limited is considering purchase of a new production house which is currently owned by Marvels (Private) Limited. The Board of Directors of Disneyland Limited is considering to give responsibility of negotiation and finalization of the deal to two of its Directors, Moiz and Kareem. However, Naghma the wife of Moiz and their 15 year old son Riaz jointly hold 15% shares of Marvels (Private) Limited.

In the light of Companies Act, 2017 discuss the duties and responsibilities of Moiz under the above circumstances. (04)

September 2017: Q 10

(b) Sunshine Limited, an unlisted company, had three directors A, B and C. After two and half years of their appointment, A died in a car crash. B and C are of the opinion that since the election of directors are due in six months time, there is no need to fill the casual vacancy.

Discuss the above situation in the light of the Companies Act, 2017. (02)

March 2018: Q 8

(a) Under the provisions of the Companies Act, 2017 comment on each of the following independent situations:

ii. Zafar was recently appointed as a Director of HP Limited, a listed company. In March 2018 the board of directors came to know that Zafar had been declared a defaulter by the High Court. (02)

iii. Kalim is a director of Behaal Limited. On 1 October 2017 Kalim went abroad on a personal trip and returned back on 15 February 2018. He was unable to attend five board meetings which were held during this period. (02)

September 2018: Q 8

(a) The director of a company shall not take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement.

Under the provisions of the Companies Act, 2017 briefly describe the exceptions to the above rule, if any. (03)

September 2018: Q 9

(b) Baalbek Limited is an unlisted public company and has eight directors. Its paid-up capital is Rs. 50,000,000 divided into ordinary shares of Rs. 500 each. The directors have decided to remove Aga Kirmani from the board due to his dismal performance. Aga Kirmani was elected unopposed on the board.

In the light of the provisions of the Companies Act, 2017 briefly describe how Aga Kirmani can be removed from the board. (02)

(c) Faraya Limited (FL), an unlisted public company, is engaged in the business of manufacturing and sale of plastic bottles in Lahore. FL is planning to appoint Gul Maher as the chief executive officer (CEO) of the company. During an interview with Gul Maher, he disclosed to the board that his wife Mona is running a corporate brokerage house in Lahore and that his son Sultan, who is a business graduate, is engaged in the business of selling plastic bottles in Multan. Gul Maher also disclosed to the board that he sometimes provides technical assistance to Sultan without any charge.

Under the provisions of the Companies Act, 2017 explain whether FL can appoint Gul Maher as the CEO of the company. (04)

March 2019: Q 6

(b) Following is the composition of board of directors of Faisal Limited, a listed company:

Independent directors Khalid, Dawood, Rehmat
Non-executive directors Salman, Arif, Ashraf
Executive directors Fasih (CEO), Kashif (Director Finance)

Under the Companies Act, 2017 advise which of the above directors are eligible to be appointed as Chairman of the board. Also state the time frame for his appointment, duration of office and his responsibilities. (06)

September 2019: Q 7

(c) The Board of Directors of Hassam Textiles Limited (HTL) is not satisfied with the performance of its chief executive officer (CEO) and wants to remove him from his office before the expiry of his term on 31 August 2020.

Briefly explain the options available to HTL for removal of CEO under the above situation. (02)

September 2019: Q 8

(b) Faraz Limited (FL) is considering to enter into a contract with Bari Limited (BL) for the construction of its new manufacturing facility. The Board of Directors of FL has authorized Hasan Ali, an executive director, to negotiate the final price with BL. Sara Ali, who is a chief executive in BL, is the spouse of Hasan Ali.

In view of the provisions of the Companies Act, 2017 briefly explain the responsibilities of Hasan Ali towards FL under the above circumstances. (05)

March 2020: Q 6

A team of young engineers is planning to incorporate a private limited company which would provide machine maintenance services to large companies. The company would initially be incorporated with a share capital of Rs. 20 million.

(b) Appointment of the first and subsequent directors and chief executive and terms of their office. (07)

CAPS

CHAPTER NO. 26

INVESTMENTS AND DIVIDENDS

September 2014: Q 9

(b) The Directors of Sigma Limited wish to recommend a final dividend. Under the provisions of the Companies Act, 2017 advise the directors about the restrictions, if any, with regard to the declaration of dividend. (05)

March 2018: Q9

Under the provision of the Companies Act, 2017 briefly describe the following:

(b) the restrictions, if any, with regard to the declaration of final dividend by a company listed on stock exchange. (05)

September 2015: Q 9

On 31 July 2015, the Directors of Clove Engineering Limited (CEL), a listed company, declared an interim dividend of Rs. 5 per share. However, before making payment of the dividend, the company suffered huge losses due to a massive fire in the factory. The CFO has informed the board of directors about CEL's inability to pay the dividend in time.

Under the provisions of the Companies Act, 2017 briefly describe:

(a) When an interim dividend is deemed to have been declared by CEL. (02)

(b) The consequences of non-payment of dividend within the stipulated time. (03)

(c) The circumstances under which CEL may not be responsible to pay dividend to certain shareholders. (05)

March 2017: Q 8

(b) The Directors of Generous Limited (GL), a listed company, have recommended dividend equal to 40% of GL's undistributed profits. However, in the annual general meeting, the shareholders demanded that 60% of the undistributed profits should be distributed as dividend.

Under the provisions of the Companies Act, 2017 explain the following:

i. whether the shareholders are justified in their demand. (02)

ii. whether the directors' recommendation is appropriate if 70% of the undistributed profits comprise of unrealized gain on investment property. (02)

iii. consequences if the directors fail to pay the dividend within the stipulated time. (02)

September 2018: Q 8

(b) On 8 September 2018, the directors of Ashanti Limited (AL), a listed company, declared an interim dividend of Rs. 5 per share and announced book closure from 28 September 2018 to 3 October 2018, both days inclusive.

Under the provisions of the Companies Act, 2017 briefly describe when AL should pay the above dividend. Also state any four circumstances in which AL may not be considered to have committed an offence for non-payment of dividend. (07)

March 2016: Q 9

(b) Companies Act, 2017 requires that all the investments of the company must be made and held in the name of the company itself and not in someone else's name.' State the exception(s) to this general rule. (04)

March 2017: Q8

(a) Two companies may be regarded as associates of each other, 'If a person who is a director of the company or holder of shares carrying voting power of 20% or more in that company is also the director or holder of shares carrying voting power of 20% or more in the other company'.

Under the provisions of the Companies Act, 2017 briefly describe the circumstances under which the above relationship may not qualify the Companies to be regarded as 'Associated Companies'. (04)

September 2017: Q8

(c) Karam Limited (KL), an unlisted public company, owns 30% shares in Jumma (Private) Limited (JPL). In order to finance its working capital requirements, JPL has asked for a loan of Rs. 1,000,000 from KL.

Under the provisions of the Companies Act, 2017 briefly describe the conditions which are required to be met, if KL agrees to grant the loan. (03)

September 2019: Q 8

(a) Kalaam Limited (KL) is considering the following options to invest its excess funds:

(i) Acquire 8% shareholdings in Lighter Oil Limited (LOL) for Rs. 120 million. LOL is a growing company and is expected to fetch higher returns in futures.

(ii) Grant a loan of Rs. 100 million to Monsoon (Private) Limited (MPL) for launching a new product. The loan would carry interest at the rate prevailing in the market. KL currently holds 25% of MPL's paid-up capital.

Under the provisions of the Companies Act, 2017 specify the condition(s) which KL must fulfill before opting for any of the above investment options. (07)

March 2020: Q 8

The Board of Directors of Giant Industries Limited (GIL), a listed company, in their meeting held on 25 February 2020 had approved 30% interim cash dividend for the shareholders. While approving the dividend payment, the board had authorized to adjust dividend payable to one of the shareholders, Kamran Ahmed, against the amount due from him.

Under the provisions of the Companies Act, 2017:

(a) state when an interim dividend is deemed to have been declared and the responsibilities of GIL regarding its payment.

(b) identify the circumstances under which the directors may withhold/adjust the payment of dividend.

(c) list the steps which GIL would be required to take, for adjustment of dividend payable to Kamran Ahmed against the amount due from him.

CHAPTER NO. 27

ACCOUNTS AND AUDIT

September 2014: Q 9

(a) Every company is required to keep, at its registered office, proper books of account. Under the provisions of the Companies Act, 2017 briefly explain the following:

- i. When such books are NOT deemed to be proper. (02)
- ii. When a company is deemed to have kept proper books of account in case of a branch office. (03)

March 2015: Q 10

(a) The company's annual financial statements are in the process of finalisation for presentation at company's AGM.

Being company secretary, you are required to advise the company regarding approval and signing of financial statements under the provisions of the Companies Act, 2017. (05)

September 2016: Q 9

(a) Aabshar Limited, a listed company, was incorporated on 1 April 2015. The directors are in the process of finalizing the annual accounts of the company and have sought your advice with regard to the directors' report to be sent to the members along with the annual accounts.

Under the provisions of the Companies Act, 2017 advise the directors about the particulars to be set out in their report for submission to the members of the company. (07)

September 2017: Q 8

(b) Pluto (Private) Limited (PPL), having paid-up capital of Rs. 7.5 million, has laid its annual financial statements for approval at PPL's annual general meeting.

Under the provisions of the Companies Act, 2017 advise the company secretary about the requirements for filing the financial statements with reports and other documents, if any. (03)

March 2018: Q 9

Under the provision of the Companies Act, 2017 briefly describe the following:

(a) the requirements of a private limited company for presenting its first financial statements in the annual general meeting and whether the financial statements are required to be audited. (05)

March 2019: Q 10

(b) Under the provisions of Companies Act, 2017 it is the responsibility of the board to prepare directors' report for each financial year. The Act has further prescribed the minimum contents of such report.

In the above context, list the matters which are required to be included in the business review section of the directors' report of a listed company.