

CA PAKISTAN



The Institute of
Chartered Accountants
of Pakistan

CAF SYLLABUS

Spring 2021



CERTIFICATE IN ACCOUNTING AND FINANCE BUSINESS LAW

Objective

To give students an understanding of the legal system and laws relating to Contract Act, Partnership Act, Negotiable Instruments Act, Companies Act and Securities Act.

Learning Outcome

The candidate will be able to demonstrate:

1	basic knowledge of the legal environment
2	comprehension of laws governing contracts, partnership and negotiable instruments
3	knowledge of the legal terminologies of company law and the basics of company incorporation
4	familiarity with the provisions governing the prospectus and shares
5	knowledge of the management of companies
6	familiarity with provisions relating to investment by companies, accounts and dividend

Grid	Weightage
Introduction to legal system	4-6
Mercantile law	
Contract Act, 1872	20-30
Partnership Act, 1932	10-15
Negotiable Instruments Act, 1881	5-10
	50
Companies Act, 2017 and Securities Act, 2015	
Preliminary and incorporation	5-10
Prospectus and share capital etc.	5-10
Management, administration and disclosure of interest	15-25
Investments, accounts and dividend etc.	10-20
Total	50

Note: * Syllabus has been revised in 324th meeting of the Council held on February 29, 2020

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
A		Introduction to the Legal System			
	1	Introduction to the law and its types (Civil and Criminal law)	1	1	LO1.1.1: List various laws applicable in Pakistan LO1.1.2: Describe and differentiate between Civil and Criminal Law LO1.1.3: Describe the basic structure of the constitution of the Islamic Republic of Pakistan
	2	Introduction to the Process of legislation in Pakistan	1	1	LO1.2.1: Define legislation LO1.2.2: Briefly describe the process of legislation as per the Constitution
B		Mercantile law			
	a	Contract Act, 1872			
	1	Introduction to the Law of Contract	2	1	LO 2.1.1: Define “contract”, “agreement” and “promise” LO 2.1.2: Identify essential elements of a valid contract LO 2.1.3: Be aware of factors which might affect the validity of a contract and their consequences LO 2.1.4: Identify different types of a contract.
	2	Offer and acceptance	2	1	LO 2.2.1: Define offer and acceptance LO 2.2.2: Identify different types of offers LO 2.2.3: Explain how offer is different from invitation of an offer LO 2.2.4: Identify essential elements of offer and acceptance LO 2.2.5: Understand the timing of revocation and its communication LO 2.2.6: Identify circumstances when an offer lapses.
	3	Capacity of Parties	2	1	LO 2.3.1: Identify circumstances when a person is not competent to contract LO 2.3.2: Be aware of consequences or enforceability of contracts with persons not competent to contract.

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
	4	Consideration	2	1	LO 2.4.1: Define consideration and identify essentials of consideration LO 2.4.2: Understand rules relating to consideration LO 2.4.3: Identify agreements which are valid without consideration.
	5	Free consent	2	1	LO 2.5.1: Define free consent LO 2.5.2: Know the effect of absence of free consent LO 2.5.3: Be aware of factors which may affect the consent LO 2.5.4: Identify and explain coercion, undue influence, fraud, misrepresentation and mistake.
	6	Legality of object and consideration and agreements opposed to public policy	2	1	LO 2.6.1: Identify circumstances where object or consideration is unlawful LO 2.6.2: Identify agreements opposed to public policy.
	7	Void agreement	2	1	LO 2.7.1: Be aware of circumstances or conditions when an agreement is considered as voidable / void LO 2.7.2: Identify different types of voidable / void agreements.
	8	Contingent contract	2	1	LO 2.8.1: Define contingent contract LO 2.8.2: Identify characteristics of contingent contract LO 2.8.3: Understand the difference between contingent contract and wagering agreement.
	9	Quasi contract	2	1	LO 2.9.1: Know meaning of quasi contract LO 2.9.2: Understand and apply rules regarding quasi contract LO 2.9.3: Be aware of different kinds of quasi contract.

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
	10	Performance of a contract	2	1	<p>LO 2.10.1: Explain performance and its types i.e. actual and attempted</p> <p>LO 2.10.2: Understand rules relating to joint and reciprocal contracts and appropriation of payment</p> <p>LO 2.10.3: Identify essentials of a valid tender</p> <p>LO 2.10.4: Define tender and explain its types and effects. Describe the essentials of a valid tender</p> <p>LO 2.10.5: Identify factors which may affect the performance of a contract</p> <p>LO 2.10.6: Understand and apply rules relating to joint and reciprocal promises</p> <p>LO 2.10.7: Understand the meaning of appropriation of payment and rules regarding appropriation of payment</p> <p>LO 2.10.8: Explain the assignment of contracts.</p>
	11	Discharge of a contract	2	1	<p>LO 2.11.1: Understand the meaning of discharge of contract</p> <p>LO 2.11.2: Identify modes of discharge of a contract: discharge by performance, by consent, operation of law, impossibility of performance, lapse of time and breach (actual and anticipatory)</p> <p>LO 2.11.3: Understand rules relating to discharge of a contract.</p>
	12	Remedies for breach of contract	2	1	<p>LO 2.12.1: Explain the remedy</p> <p>LO 2.12.2: Describe the various remedies available in case of breach of a contract</p> <p>LO 2.12.3: Understand rules relating to amount of damages</p> <p>LO 2.12.4: Identify and explain different kinds of damages</p> <p>LO 2.12.5: Understand the remoteness of damages.</p>

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
	13	Indemnity and guarantee	2	1	<p>LO 2.13.1: Define contract of indemnity and contract of guarantee. Differentiate between contract of guarantee and indemnity</p> <p>LO 2.13.2: Identify parties in a contract of indemnity and contract of guarantee</p> <p>LO 2.13.3: Differentiate between contract of guarantee and indemnity</p> <p>LO 2.13.4: Describe the rights of indemnity holder</p> <p>LO 2.13.5: Identify the essentials of the contract of guarantee</p> <p>LO 2.13.6: Understand the kinds of guarantees i.e. specific and continuing, and revocation of continuing guarantee</p> <p>LO 2.13.7: Describe rights and responsibilities of surety</p> <p>LO 2.13.8: Explain how surety is discharged</p> <p>LO 2.13.9: Understand rules relating to indemnity, guarantee and surety.</p>
	14	Pledge	2	1	<p>LO 2.14.1 Define bailment and briefly explain types of bailment</p> <p>LO 2.14.2: Explain pledge (pawn), pledgor (pawnor) and pledgee (pawnee)</p> <p>LO 2.14.3: Explain rights of pledgor and pledgee</p> <p>LO 2.14.4: Understand the rules of pledge by non-owners</p>
	15	Agency	2	1	<p>LO 2.15.1: Define agency, agent and principal and explain types of agents</p> <p>LO 2.15.2: Identify rights and duties of the agent and principal</p> <p>LO 2.15.3: Understand rules relating to agency</p> <p>LO 2.15.4: Differentiate between sub agent and co-agent</p>

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					LO 2.15.5: Explain how an agency can be created LO 2.15.6: Understand the circumstances when an agent is personally liable LO 2.15.7: Explain how an agency can be terminated
	b	Partnership Act, 1932			
	1	Chapter I – Preliminary	2	1	LO3.1.1: Define the terms.
	2	Chapter II - The nature of partnership	2	1	LO3.2.1: Understand and describe the partnership relationship, its creation and identify and explain the types of partnership and the mode of determining existence of a partnership.
	3	Chapter III - Relations of partners to one another	2	1	LO3.3.1: Determine and explain the rights and duties of partners of the firm under various circumstances LO3.3.2: Explain the provisions of the law relating to conduct of the business, property of the firm and personal profits earned by partners.
	4	Chapter IV - Relations of partners to third parties	2	1	LO3.4.1: Describe the relationship of partners with third parties LO3.4.2: Identify and explain the concepts of implied authority of the partner in relation to third parties, partner's authority in an emergency, mode of doing act to bind the firm, effect of admissions by a partner, effect of notice to acting partner, liability of a partner for acts of the firm and liability of the firm for wrongful acts of a partner or misapplication by partners, principle of holding out in given situations

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
					<p>LO3.4.3: Identify and explain the rights and restrictions of transferee of a partner's interest</p> <p>LO3.4.4: Identify and explain the rights and liabilities of a minor admitted to the benefits of partnership.</p>
	c	Negotiable Instruments Act, 1881			
	1	Notes, bills and cheques (Section 4 to 15)	1	1	<p>LO4.1.1: Define and explain terms</p> <p>LO4.1.2: Explain provisions relating to types of negotiable instruments</p>
	2	Provisions relating to cheques (Section 122A to 131C)	2	1	<p>LO4.2.1: Describe provisions relating to crossing of cheques</p> <p>LO4.2.2: Briefly describe and differentiate between a cheque crossed generally and a cheque crossed specially and their payment modes.</p>
C		Companies Act, 2017 and Securities Act, 2015			
	a	Preliminary and incorporation			
	1	Definitions (Section 2 and 118 of Companies Act, 2017)	1	1	LO5.1.1: Define/describe the terms which are relevant to the areas covered in the syllabus.
	2	Powers and functions of the Commission (Section 7 of Companies Act, 2017)	1	1	LO5.2.1: Demonstrate familiarity with the powers and functions of the Commission.
	3	Provisions with respect to names of companies/its change (Section 10 to 13 of Companies Act, 2017)	2	1	<p>LO5.3.1: Describe with examples the provision/procedure / prohibitions with regard to the selection of the name of a company /change of name/ registration of change of name and effect thereof/Rectification of name</p> <p>LO5.3.2: Identify/explain the actions and procedures needed to be taken by company and registrar, if a company is registered by a prohibited name.</p>

Syllabus Ref	Contents	Proficiency Level	Testing Level	Learning Outcome
4	Registration of memorandum and articles of association (Section 16 to 18 and 36 to 39 of Companies Act, 2017)	2	1	LO5.4.1: Define the articles of association and state its purpose LO5.4.2: State the information which should be contained in the articles of various companies. LO5.4.3: Describe the procedure for alteration of articles LO5.4.4: Describe the procedure of registration of the memorandum and articles of association LO5.4.5: Describe the effects of registration of the memorandum and articles of association. LO5.4.6: State the provisions relating to printing, signing and date of article of association
5	Business and objects of a company (section 26 of Companies Act, 2017)	1	1	LO5.5.1: Describe the business and objects of a company
6	Memorandum of association (Section 27 to 35, 40 and 41 of Companies Act, 2017)	2	1	LO5.6.1: Describe the memorandum of association and state its purpose LO5.6.2: List/explain the clauses of memorandums of association of various types of companies and the form of memorandum of association LO5.6.3: Describe the purpose and procedure of alteration to different clauses of a memorandum of association LO5.6.4: Describe the effect of alteration/noting of alteration of memorandum of association LO5.6.5: State the provisions relating to printing, signing and date of memorandum of association
7	Association not for profit (Section 42 and 43 of Companies Act, 2017)	1	1	LO5.7.1: Comprehend the nature of association not for profit/provisions relating to licensing/revocation of licenses granted under section 42

Syllabus Ref	Contents	Proficiency Level	Testing Level	Learning Outcome
b	Prospectus and share capital			
1	Prospectus (Section 87(2),(4),(5),(6),(7), 88(1-8), 90 to 93 of the Securities Act, 2015) (Section 57 of Companies Acts, 2017)	1	1	LO6.1.1: Define a prospectus and explain its purpose LO6.1.2: Understand the requirements relating to a prospectus as laid down in Securities Act, 2015 LO6.1.3: Understand/explain the provisions regarding statement by an expert and consent of an expert LO6.1.4 Understand the provisions relating to criminal liabilities for false or misleading prospectus
2	Share capital (Section 58 to 62 and 85 of Companies Act, 2017)	1	1	LO6.2.1: Provision relating to nature / number of shares and other securities LO6.2.2: Describe the classes and kinds of shares LO6.2.3: Describe with simple example the condition of fully paid shares LO6.2.4: State the provision relating to alteration of share capital / kinds of alterations that can be made to the share capital LO6.2.5: Understand the meaning of variation of shareholders' rights LO6.2.6: Demonstrate familiarity with the provisions relating to variation of shareholders' rights.
c	Management, administration and disclosure of interest			
1	Commencement of business by a public company (Section 19 and 20 of Companies Act, 2017)	1	1	LO7.1.1: define minimum subscription and state the conditions to be fulfilled before commencement of business by a company LO7.1.2: State the applicability and non-applicability of the conditions on different kinds of company.

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					LO7.1.3: State the consequences of non-compliance of the provision applicable to commencement of business
	2	Registered office, publication of names etc. (Section 21, 22, 24, 25 of Companies Act, 2017)	2	1	LO7.2.1: Discuss with simple examples the provisions with regard to having a registered office, publication of name, Penalties for non-publication of names and publication of authorized and paid-up capital.
	3	Meeting and proceedings (Section 131 to 147 and 149 to 152 of Companies Act, 2017)	1	1	LO7.3.1: State the timing, matters and reports relating to statutory meeting LO7.3.2: State who can call statutory meeting LO7.3.3: State the timing, matters and reports relating to an annual general meeting using simple examples LO7.3.4: State who can call an annual general meeting LO7.3.5: State the timing and matters relating to an extraordinary general meeting LO7.3.6: State who can call an extraordinary general meeting and at whose request it may be called and matters related thereto LO7.3.7: State the provisions relating to quorum for a general meeting LO7.3.8: State the provisions with respect to appointment of proxy and conditions applicable thereon LO7.3.9: Describe the provisions relating to notice/ agenda/ resolution /voting/polling/ minutes of meetings. LO 7.3.10: State the circumstances in which proceedings of the general meeting may be declared invalid.

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	4	Appointment and Removal of Directors and Disqualification by the Commission (Section 153 to 165, 167,168, 170 to 171 ,174 and 176 to 185 of Companies Act, 2017)	1	1	<p>LO 7.4.1: Explain and apply in given scenarios, the legal provision with respect to directors’:</p> <ul style="list-style-type: none"> • Ineligibility • Minimum number and number of directorships • Appointment / retirement of first and subsequent directors • Nominee director • Term/tenure of office of directors/consent to act as director • Elections • Removal/vacation of office • Filling of casual vacancies • Remuneration • Powers, liabilities and limitations • Protection to independent and non-executive directors • Assignment of office and alternate directors • Proceedings/ validity of acts of directors • Compliance with Code of Corporate Governance • Passing of resolution <p>LO7.4.2: State the legal provisions relating to loans to directors</p> <p>LO7.4.3: Describe the prohibition regarding political contributions/ distribution of gifts</p>
	5	Chief executive (Section 186 to 191 of Companies Act, 2017)	1	1	<p>LO7.5.1: Explain the provisions relating to the appointment of first and subsequent chief executives using simple examples</p> <p>LO7.5.2: Describe the restriction on appointment of chief executive</p> <p>LO7.5.3: State the provisions/ conditions applicable on removal of a chief executive and his engagement in any business</p>

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
	6	Chairman (Section 192 of Companies Act, 2017)	1	1	LO.7.6.1: State the provisions relating to appointment of Chairman by listed company and his responsibilities
	7	Secretary (Section 194 of Companies Act, 2017)	1	1	LO.7.7.1: State the provisions relating to appointment of secretary by a public company
	8	Share registrar (Section 195 of Companies Act, 2017)	1	1	LO.7.8.1: State the provisions relating to appointment of share registrar by listed company
	9	Appointment of sole purchase / sale agents (Section 196 of Companies Act, 2017)	1	1	LO.7.9.1: State the provisions relating to bar on appointment of sole purchase / sale agents
	10	Disclosure of interest by directors; interest of other officers etc. and interested director not to participate or vote in proceedings of directors (Section 205 to 207 of Companies Act, 2017)	1	1	LO7.10.1: Explain the provisions /requirements of disclosure of interest by director in contract / arrangement entered into by or on behalf of the company. LO7.10.2: Explain the provisions / requirements of disclosure of interest by officers in contract / arrangement entered into by or on behalf of the company. LO7.10.3: Explain the provisions / requirements of disclosure of interest by officers in contract / arrangement entered into by or on behalf of the company.
	d	Investments, accounts and dividends, etc.			
	1	Investment in associated companies and undertakings (Section 199 of Companies Acts, 2017)	2	1	LO8.1.1: Describe the conditions applicable to a company for making investment in associated companies and undertakings.
	2	Investment of companies to be held in its own name (Section 200 of Companies Acts, 2017)	1	1	LO8.2.1: Discuss with simple examples as to how a company can hold its investment in names other than its own name.
	3	Accounts of companies and directors' report (Section 220, 223, 226, 227, 232 and 233 of Companies Act, 2017)	1	1	LO8.3.1: Describe the provisions relating to the books of accounts to be kept by company.

Syllabus Ref		Contents	Proficiency Level	Testing Level	Learning Outcome
					<p>LO8.3.2: Explain the provisions / requirements with respect to the Financial statements</p> <p>LO8.3.3: Describe contents of directors' report and statement of compliance / duty to prepare directors' report and statement of compliance</p> <p>LO8.3.4: Describe the provisions relating to approval and authentication of financial statements</p> <p>LO8.3.5: Discuss requirements of filing of financial statements with the registrar.</p>
	4	Quarterly financial statements of listed companies (Section 237 of Companies Act, 2017)	1	1	<p>LO8.4.1: Explain the provisions / requirements relating to the preparation of quarterly financial statements</p>
	5	Dividends and manner and time of payment thereof (Section 240 to 243 of Companies Act, 2017)	1	1	<p>LO8.5.1: Explain the provisions / requirements relating to declaration of dividend and identify / explain certain restrictions on declaration of dividend</p> <p>LO8.5.2: Describe the provisions applicable to payment / withholding of dividend.</p>