

<b>INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN</b> <b>CERTIFICATE IN ACCOUNTING AND FINANCE (CAF) EXAMINATIONS</b> <b>EXAMINERS' COMMENTS</b>	
<b>SUBJECT</b>  Business Law	<b>SESSION</b>  Certificate in Accounting and Finance – Autumn 2020

### Passing %

Question-wise											Overall
1	2	3	4	5	6	7	8	9	10	11	
62%	68%	38%	31%	53%	43%	5%	45%	8%	11%	41%	35%

### General comments:

Significant improved performance was observed in this session as 35% examinees were able to secure passing marks compared to 28% and 23% respectively in previous sessions. The main contributory towards improved performance was introduction of MCQ's in which examinees secured good marks. The result could have been improved further as 8% examinees were just short of 5 or less marks that could have easily obtained with bit more efforts. The underperformance may be attributed to selective studies and incorrect implementation of law.

It was observed in majority of the cases that examinees performed well in the questions which involved rote learning whereas they struggled in the questions which required application of knowledge; specially question numbers 7 and 9 that proved to be challenging to the examinees. It is pertinent to mention here that according to new policy, business law paper consists of 30 marks for MCQs, 42 marks assigned for such questions where examinees have to apply theoretical knowledge to scenario-based questions and 28 marks assigned to straight forward theoretical knowledge based questions. Examinees are advised to keep these ratios in perspective while studying for exams.

### Question-wise common mistakes observed

#### Question 1

- Performance in (ii, v, viii, xi, xiii, xvi, xxii, xxv) and (xxvii) was below average.
- Many examinees answered by writing the entire wordings of the correct choice instead of mentioning the correct option number, hence lost precious time.

#### Question 2

- Examinees did not mention that the Ordinance has the same force and effect as an Act of the Parliament.
- Examinees also did not mention the requirement related to money bill and in case of all other bills.

**Question 3(a)**

Good performance was observed in this part of the question.

**Question 3(b)**

Many examinees were not aware of 1) the rights available to KC if the supply of material was not made within the stipulated time; and 2) the requirement to claim compensation if decided not to accept the performance.

**Question 3(c)**

Examinees were not able to identify the possibility of claiming penalty by KC that depends upon ST's awareness of the same at the time of entering in the contract.

**Question 4(a)**

- Some examinees mentioned essentials of a valid contract instead of valid acceptance.
- Some of the examinees instead of writing, "it cannot be in the form of a negative confirmation" just listed down "negative confirmation".

**Question 4(b)**

- Many examinees did not mention that communication of the proposal would be completed when it came to the knowledge of the person to whom it is made.
- Although most of the examinees answered correctly, they did not provide the reason due to which the bodyguard was not entitled to the award i.e. about the absence of a valid communication of the proposal and its acceptance.
- Some of the examinees treated this as a case of finder of lost goods.

**Question 4(c)**

Examinees were not able to answer that a single promisor would not be successful in recovering the money from the co-borrower unless it is made jointly with all the promisees to the contract.

**Question 5(a)**

Good performance was observed in this part of the question.

**Question 5(b)**

Many examinees did not mention that 1) Laila may give a Public Notice instead of giving notice to existing partners of the firm; 2) Laila will become partner if she fails to give notice till expiry of six months and 3) Laila would be personally liable from the date she was admitted to the benefit of partnership i.e. 26 March 2019 instead from "giving notice" or "attaining the age of majority".

**Question 6(a)**

- Majority of the examinees incorrectly mentioned the effects that “it restricts further negotiability” and “further transferability of the instrument”.
- Many examinees did not mention that “not negotiable” means, the title of the transferee of such a cheque cannot be better than that of its transferor.

**Question 6(b)**

Most of the examinees correctly drafted “Promissory note”.

**Question 7**

- Majority of the examinees were not able to identify the deficiencies in the proposed name and reproduced the complete section related to prohibition of certain names that was not required. Examinees should understand that in “application based questions” it is expected that the examinees will give the reply with reference to given situation.
- Many examinees focused only that a ‘not for profit’ organization with due permission from the Commission can get exemption to use the word ‘Limited’ and then reproduced the law relevant to this point only.
- Only few examinees had mentioned that the word “Authority” cannot be used as it implies connection with a government.
- Many examinees incorrectly mentioned that the approval is to be obtained from the “Registrar” instead of “Commission”.

**Question 8(a)**

Good performance was observed in this part of the question.

**Question 8(b)**

Good performance was observed in this part of the question. However, most of the examinees did not cover that multiple offer should be made within prescribed time and subject to prescribed conditions.

**Question 9(a)**

Very few examinees mentioned that DFL, being a public unlisted company, has option to get the shareholders’ approval by passing resolution by circulation.

**Question 9(b)**

- Majority of the examinees were unable to write the steps involved in holding extraordinary general meeting except the requirement of service of 21 days’ notice and that a shorter notice may be served in case of an emergency.
- Since examinees did not discuss the approval by passing resolution by circulation in (a) above, they failed to cover its requirement in this part.

**Question 10**

- Examinees were unaware of the requirement which had to be fulfilled for a person to be appointed as a non-executive director.
- Regarding unforeseen liability, the references to law e.g. acts of omission or commission done with his knowledge, through board process, with his consent, etc. were missing in the answers.

**Question 11(a)**

- Many examinees did not mention that if a company is a wholly owned subsidiary means it has one shareholder, whereas the law requires that a private company must have at least two members; hence it is imperative to hold shares in the name of a nominee.
- Many examinees did not specify that qualification shares could be held jointly in the name of the investor company and its non-executive director or alone in the name of nominee.

**Question 11(b)**

- Some of the examinees also mentioned that hard copies need to be submitted, instead of filing it electronically.
- Examinees did not mention about extension of filing period with the permission of the Commission.

***(THE END)***