

SEMESTER - 2

COMMERCIAL LAWS AND PROFESSIONAL ETHICS [BLE-203]

INTRODUCTION

This course is designed to focus on the important topics of Business Laws, governing the operational aspects of business. A thorough study of this course will develop students' knowledge about the legal system of Pakistan as well as role of professional ethics in business.

OBJECTIVE

To equip the students with the knowledge of business laws and professional ethics enabling them to:

- Understand the legal system of Pakistan
- Understand application of commercial laws in industry
- Advise the management on the financial and non-financial implications of business laws, for the effective operations of the business.
- understand the importance of code of ethics for professional accountants

OUTCOMES

On completion of this course, students should be able to:

- identify and describe the sources of business laws,
- understand the interpretation of statutes
- identify and explain various aspects of contracts such as communication, acceptance and revocation of

proposals, essentials of valid contract performance, discharge, breach of contract and damages for breach of contract, contract of bailment, contract of indemnity and guarantee,

- understand the contract of agency and right and liabilities of agents and principal,
- explain the various laws and provisions contained in the sale of goods Act, 1930, partnership Act, 1932 & Negotiable Instrument Act, 1881,
- identify and explain the provisions enunciated in Industrial Relations Act, 2012, Workmen's Compensation Act, 1923 and West Pakistan Industrial and Commercial Employment (Standing Order) Ordinance, 1968,
- get acquainted with Social Security Ordinance 1965, EOBI Act, 1976 and PPRA Rules,
- understand the importance of personal and professional ethics in business environment,
- explain the need for ICMAP members to adopt the highest standard of professional ethics,
- adapt and apply code of ethics issued by IFAC and SAFA
- identify the situations where ethical conflict arise and explain how these conflicts are resolved.

INDICATIVE GRID

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
A	COMMERCIAL LAWS: 1. Introduction to Legal System of Pakistan	10%
	2. The Contract Act, 1872 3. Sale of Goods Act, 1930 4. Partnership Act, 1932 5. Negotiable Instrument Act, 1881	45%
	6. Industrial Relations Act, 2012 7. West Pakistan Industrial and Commercial Employment (Standing Order) Ordinance, 1968 8. Factories Act, 1934/Workman's Compensation Act, 1923 9. Social Security Ordinance, 1965	15%
	10. EOBI Act, 1976 (Employees old age benefit) 11. PPRA Rules (Public Procurement Regulatory Authority)	10%
	PROFESSIONAL ETHICS: 12. Importance of Ethics 13. Personal Ethics 14. Professional Ethics 15. ICMAP's Ethical Guidelines 16. Ethical Conflict	20%
TOTAL		100%

Note: The weightage shown against each section indicates, study time required for the topics in that section. This weightage does not necessarily specify the number of marks to be allocated to that section in the examination.

CONTENTS

PART – A

COMMERCIAL LAWS

1. Introduction to Legal System of Pakistan

- Need of Study of Law
- Sources of Law
- System of Court
- Doctrine of precedent
- Pakistan's law Making Authority
- Interpretation of Statutes

2. The Contract Act, 1872

- Contract and its kinds
- Offer and Acceptance

- Consideration and object
- Capacity of Parties
- Free Consent
- Void Agreements
- Contingent and Quasi Contracts
- Performance of Contract
- Discharge of Contract
- Remedies for Breach of Contract
- Indemnity and Guarantee
- Bailment and Pledge
- Contract of Agency

3. Sale of Goods Act, 1930

- Contract of Sale of Goods
- Conditions and Warranties

- Transfer of Property
- Performance of Contract of Sale
- Rights of Unpaid Seller

4. Partnership Act, 1932

- Definition and Essential Features
- Merits and Demerits
- Kinds of Partners Including Clauses Related to Minor Partner
- Difference between partnership and co-ownership
- Formation of partnership
- Types of partnership
- Registration of firms and effect of non-registration
- Rights, duties and liabilities of partner
- Implied authority and non-implied authority of partner
- Re-constitution of a firm (incoming & outgoing partners)
- Modes of dissolution of a firm;

5. Negotiable Instrument Act, 1881

- Definition and important features of Negotiable Instruments
- Types of Negotiable Instruments
- Parties to and Signatories of negotiable instrument and their liabilities
- Presentment of Negotiable instrument
- Holders in due course
- Distinction between assignment and Negotiation
- Manners of Negotiation
- Endorsement
- Dishonour & Discharge of Negotiable Instruments
- Special Provision related cheques

6. Industrial Relations Act, 2012

- Trade unions
- Workers' Participation in Management
- Settlement of Dispute
- National Industrial Relations Commission
- Penalties & Procedure

7. West Pakistan Industrial and Commercial Employment (Standing Order) Ordinance, 1968

- Classification of Workmen
- Ticket
- Terms and Conditions of service to be given in writing
- Publication of working Time and Wages
- Shift Working
- Leave
- Payment of Wages
- Termination of Employments
- Liability of Employer

8. Factories Act, 1934/Workman's Compensation Act, 1923

Factories Act, 1934

- Provisions regarding health and safety,
- Working hours including rest intervals,
- Working holidays and overtime,
- Employment of women and children etc.

Workman's Compensation Act, 1923

- Definitions,
- Employers' liability for compensation,
- Amount of Compensation,
- Methods of Calculating Wages, Review, Commutation and Distribution of Compensation
- Report of Fatal accidents and medical examination etc.

9. Social Security Ordinance, 1965

- Provincial Social Security Ordinance 1965
- Definitions,
- Amount and payment of contributions

10. EOBI Act 1976 (Employees old age benefit)

- Definitions
- Rules to Claim Benefit from EOBI
- Benefits Available to an Insured Person

11. PPRA Rules (Public Procurement Regulatory Authority)

- Procedure set out by PPRA Rules
- Record and Returns
- Benefits Including Sickness and Maternity, Death Grants, Disablement Pension, etc

PART – B

PROFESSIONAL ETHICS

12. Importance of Ethics

- What is Ethics
- Why Ethics are Important
- Role of Law in Ethics
- Meaning of Code of Ethics

13. Personal Ethics

- An overview of ethical theory. Greek and Modern
- Descriptive Ethics and Normative ethics
- Theory of Amoral and Theory of moral utility
- Difference between Immoral, Amoral and Moral
- Differences between Symmetrical ethics and asymmetrical ethics
- Approaches to Ethics Conventional, Principles and Law
- Major resource of ethical values (Religion, Philosophy, Culture and Law)
- Moral Reasoning (Moral Right Views, Individualism View, Utilitarian View and Justice View)
- Ethical Universalism, Ethical Relativism, Cultural Relativism and Moral Absolutism
- Values, Types of values, Terminal Values, Instrumental Values

14. Professional Ethics

General Application of the Code of Ethics issued by IFAC and SAFA Part - A

- Role of ethical codes and importance to the professional accountant
- Difference between rule based and principle based ethical codes
- Fundamental principles of IFAC code of ethics
- Conceptual framework Approach
- Relationship and circumstance that may create threat to the fundamental ethical principles
- Categories of threat to fundamental principles of ethics
- Measures (safeguards) taken to eliminate threat
- Importance of integrity and objectivity
- Communicating with those charged with government
- Situations that may cause risk to integrity and objectivity
- Importance of confidentiality and the risk of disclosure of information
- Situations when confidential information may be disclosed

15. ICMAP's Ethical Guidelines

- Fundamental Principles
- Ethical Guidelines by ICMAP Pakistan

16. Ethical Conflict

- Ethical Conflicts and Approaches for Controlling Ethical Behavior

- Ethical Conflict of a professional accountant
- Causes of ethical conflicts
- Measures to be taken to resolve ethical conflicts

TEACHING METHODOLOGY: The faculty is advised to teach the topics in the mode of case studies based on knowledge and application with practical approach.

RECOMMENDED BOOKS

CORE READINGS		
TITLE	AUTHOR	PUBLISHER
Bare Acts	Govt. of Pakistan	Publications Division, Govt. of Pakistan.
Business Law	Khalid Mehmood Cheema	Syed Mobin Mahmud & Co.
Mercantile Law	Luqman Baig	Ghanzanfar Academy Pakistan, 30, Urdu Bazar Karachi
PPRA Rules	Government of Pakistan	Government of Pakistan / www.ppra.org.pk
Handbook of the Code of ethics	IFAC/SAFA	IFAC/SAFA
Labour Code	M. Shafi / P. Shafi	PLD: Bureau of Labour Publications.
Business Ethics	O.C Ferrell, John Fraedrich, Linda Ferrell	Cengage Learning
ADDITIONAL READING		
The Moral Life: An Introductory Reader in Ethics and Literature	Louis P. Pojman and Lewis Vaughn	Oxford University Press