

THE INSTITUTE OF CHARTERED ACCOUNTANTS (GHANA)
BUSINESS LAW QUESTION PAPER
NOVEMBER 2014

SECTION A: BUSINESS LAW

ANSWER TWO (2) QUESTIONS FROM THIS SECTION

QUESTION 1

{a} Briefly outline the hierarchy of the courts and tribunals in Ghana in order of superiority.

(10 marks)

{b} In January, Asonto was travelling to Kumasi from Accra on a Yutong bus. Unfortunately, immediately after Anyinam the bus broke down. Asonto was desperate to get to Kumasi at all cost since he was attending an interview for appointment the next morning. Around 10 p.m. a cargo truck belonging to Samo Ltd. pulled by and Asonto begged the driver to give him a lift to Kumasi. The driver was reluctant and pointed out an inscription in the cab of the truck “Goods only. No passengers allowed” After some persistence the driver allowed Asonto on the truck. Unfortunately, just after Juaso the truck was involved in an accident and Asonto broke his leg. He has brought action against the company for compensation for the injury he sustained.

What defence if any is the company going to put up?

(10 marks)

QUESTION 2

Under common law it is only a party to a contract who has provided consideration who can enforce the contract. Explain the extent to which the contracts Act 1960 (Act 25) has amended the rules of privity and consideration.

(20 marks)

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QUESTION 3

- {a} Explain the term holder in due course. **(6 marks)**
- {b} Explain the maxim 'Nemo dat quod non habet' and the exceptions to it. **(14 marks)**
- (Total: 20 marks)**

SECTION B: COMPANY LAW

ANSWER TWO (2) QUESTIONS FROM THIS SECTION

QUESTION 4

- {a} A company is prohibited from making certain transactions in respect of shares. Briefly outline these prohibited transactions. **(8 marks)**
- {b} Explain any **three (3)** transactions that may not be regarded as prohibited. **(12 marks)**
- (Total: 20 marks)**

QUESTION 5

Each company is expected to appoint an auditor. Who may qualify to be appointed an auditor of either a private or public company? **(20 marks)**

QUESTION 6

Zombie has been appointed a liquidator of Brass Company. Outline his general duties. **(20 marks)**

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SECTION C: PARTNERSHIP LAW

ANSWER ONE (1) QUESTION FROM THIS SECTION

QUESTION 7

{a} Members of a partnership are expected to observe utmost good faith among themselves. Explain the rationale behind the observance of utmost good faith and what it implies in the relationship among the partners.

(10 marks)

{b} Explain any **five (5)** rights of partners among themselves.

(10 marks)

QUESTION 8

Explain the circumstances under which a partnership may be dissolved by the partners themselves.

(20 marks)