

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA  
ACCOUNTING TECHNICIAN SCHEME, WEST AFRICA  
PART I EXAMINATIONS - MARCH 2022**

**BUSINESS LAW  
(GHANA VERSION)**

**Time Allowed: 3 Hours**

**SECTION A: PART 1 MULTIPLE-CHOICE QUESTIONS (30 MARKS)**

**ATTEMPT ALL QUESTIONS**

**Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements**

1. The official record of parliamentary debates is known as
  - A. Law Report
  - B. Case Law
  - C. Legislature
  - D. Hansard
  - E. Parliamentary Document
2. A bill goes through the following stages before it becomes law
  - A. First Reading/ Committee Stage/ Second Reading.
  - B. First Reading/Second Reading/ Consideration Stage / Third Reading
  - C. First Reading/ Committee Stage/Second Reading/ Third Reading/ Presidential Assent
  - D. First Reading/ Committee Stage/Second Reading/ Consideration Stage /Third Reading/ Presidential Assent
  - E. First Reading/Consideration Stage/Third Reading/Presidential Assent
3. The High Court/Regional Tribunal is bound by
  - A. Its own decisions only
  - B. Decision of the Court of Appeal only
  - C. Decisions of the Supreme Court and/Court of Appeal
  - D. Decisions of the Superior Court of Judicature
  - E. Decisions of the Courts

4. The executive organ of the state
  - A. Makes laws
  - B. Enforce the law
  - C. Initiates public bill/originates and implements policies
  - D. Settles disputes
  - E. Acts on issues
5. The parties to a criminal action are the
  - A. Republic/State Versus The Accused Person
  - B. Victim versus the Accused Person
  - C. Plaintiff Versus the Defendant
  - D. Plaintiff/Witness Versus the Defendant
  - E. Accused Versus The Republic/State
6. Which of the following reflects the true proceedings in civil actions?
  - A. The Plaintiff Versus The Accused
  - B. The Plaintiff Versus The Defendant
  - C. The Plaintiff Versus The Defendant / Witness
  - D. The Plaintiff/ Witness versus The Defendant
  - E. The Plaintiff Versus Appellant/Plaintiff
7. The Supreme Court of Ghana has exclusive original jurisdiction in which of the following? All matters relating to
  - A. Enforcements or actions of the Constitution of the Republic of Ghana, 1992
  - B. Creation or interpretation of the Constitution of the Republic of Ghana, 1992
  - C. Enforcement or interpretation of the Constitution of the Republic of Ghana, 1992
  - D. Enforcement or need of the Constitution of the Republic of Ghana, 1992
  - E. Enforcement and pertinent issues of the Constitution of the Republic of Ghana, 1992
8. Which of the following is **TRUE**?
  - A. The existence of duress makes a contract still binding
  - B. Undue influence renders a contract valid
  - C. The presence of undue influence make a contract void
  - D. The presence of duress makes a contract voidable when rescinded
  - E. The presence of duress makes a contract null and void when

rescinded

9. Which of the following statements is Correct on the general rule on the doctrine of privity of contract? A contract
- A. Confers rights on parties including third parties
  - B. Cannot confer rights on third parties
  - C. Confers rights on helpful persons
  - D. Confers exclusive rights on third parties
  - E. Should confer right on third parties
10. In which type of agreement is the intention to create legal relation presumed to be present?
- A. Agreement between friends or family
  - B. All written agreements
  - C. The intention to create legal relations is not presumed in an agreement
  - D. Commercial or business agreements
  - E. In oral agreements only
11. Which of the following is **NOT** true of general offers?
- A. An offer made to the public
  - B. An offer made to a group of persons
  - C. An offer made to a particular person
  - D. An offer made through out
  - E. An offer made to a particular person, group and public
12. Contracts to use one's **official position or public** office to secure a private reward are unenforceable on the grounds of
- A. Public watch
  - B. Public policy
  - C. Social agreement
  - D. Special prosecutor
  - E. Public appeal
13. Exemption clauses in a contract attempt to either limit or exclude a party's liability
- A. To the other
  - B. To make an offer
  - C. And revoke the contract
  - D. And accept an offer

- E. And provide consideration
14. A lessor in finance lease is the
- A. Person who owns the asset and gives it on lease
  - B. Person in possession of the asset
  - C. Person who takes the asset lease
  - D. User of the asset
  - E. Person who determines what should be leased
15. Which of the following is true about a finance lease?
- A. In finance lease the risk and return get transferred to the lessee
  - B. In finance lease the risk departs
  - C. In finance lease the risk and the return stay with the lessor
  - D. Finance lease is a short term concept
  - E. The ownership in finance lease is non-transferable
16. In a contract for the sale of goods by description whether or not the sale is by sample as well as by description, there is implied condition that the goods shall
- A. Correspond exactly with the description
  - B. Be specific goods with the description
  - C. Likely correspond exactly with the descriptions
  - D. Be specific
  - E. Not be in existence
17. Which of the following is a **TRUE** statement?
- A. In a sale of specific goods, the fundamental obligation of the seller is to deliver those goods to the buyer
  - B. In a sale of unascertained goods, the fundamental obligation of the seller is to deliver to the buyer goods not substantially corresponding to the description or sample by which they were sold
  - C. In a contract of sale for the sale of goods by sample whether or not the sale is by sample, there is an implied condition that the goods shall bear resemblance with the sample
  - D. In a contract of sale of specific goods and unascertained goods at the same time, the fundamental obligations of the seller is to sell the goods when one of them is specific goods

- E. In a contract of sale of ascertained goods the seller and the buyer have shared rights
18. In a hire-purchase agreement, the hirer's duty to terminate the agreement is by
- A. Giving written notice
  - B. Possessing the goods
  - C. Refusal to pay further installment
  - D. Oral notice
  - E. By conduct
19. Which of the following statement is **TRUE** of a hirer who gives notice to terminate a hire-purchase agreement but is in possession of the goods? The hirer has the duty to
- A. Take reasonable care of the goods
  - B. Is liable to compensate the owner for loss of the goods
  - C. Liable to compensate the owner for the damage caused by his failure
  - D. Possess the goods
  - E. Liable to do what should be done
20. Which of the following is the right of a worker?
- A. Enhance productivity
  - B. Form a trade union
  - C. Exercises the due care in the execution of assigned work
  - D. Protect the interest of all others
  - E. Make demand where he wishes
21. Which of the following is **TRUE** of an independent contractor?
- A. His social security are deducted at source
  - B. His income tax are deducted from source
  - C. He pays his own VAT (Valued Added Tax)
  - D. He enjoys his employer's protection
  - E. He has equal benefit
22. Actual authority in the agency relationship is
- A. Ratification
  - B. Ostensible authority
  - C. Apparent authority
  - D. Express authority

E. Necessity

23. The effect of ratification is that
- A. The agent is relieved of any liability to the principal for acting beyond authority.
  - B. The agent is relieved of liability to third party for breach.
  - C. It operates retrospectively.
  - D. It binds the agent.
  - E. It is still relevant.
24. The rights of the agent is to
- A. Perform his duties
  - B. Claim remuneration for the services rendered
  - C. Claim indemnity against the principal for all expenses reasonably incurred in carrying out his duties
  - D. Exercise a lien over the principal's property
  - E. Compete
25. Which of the following is **NOT TRUE** for a substitute director?
- A. He is entitled to vote in presence of a person he is a substitute
  - B. He is not entitled to vote in the presence of a person he is a substitute
  - C. His vote is shared with that person of whom he a substitute
  - D. His vote is counted but subdued in the presence of the named director
  - E. He is entitled to everything as it is
26. Which of the following is **NOT TRUE** for the disqualification from holding the office of a director?
- A. An infant/ a person adjudged to be of unsound mind
  - B. A body corporate
  - C. An undischarged bankrupt
  - D. A person convicted of an offence
  - E. Person of sound mind
27. Which of the following is **correct** for the qualification of a secretary of a company before appointment?
- A. Has a professional qualification.

- B. Has held office as a company secretary.
  - C. He is in good standing of the Institute of Chartered Secretaries and Administrators.
  - D. Have been enrolled to practice, and is in good standing as a barrister or solicitor in Ghana.
  - E. Has no formal experience
28. Which of the following has the legal title to a **Trust property**?
- A. Trustee.
  - B. Settlor.
  - C. Beneficiary.
  - D. The legal owner.
  - E. The selected one as the beneficiary/beneficiaries prefer.
29. Crossed cheques are crossed
- A. Generally or crossed specially
  - B. Specially and absolutely
  - C. Generally and actually
  - D. Preferentially and changeably
  - E. Generally and carefully
30. Which of the following explains Insurance?
- A. Putting money in your pocket
  - B. A way to manage risk
  - C. A way to manage occasional earnings
  - D. A way to manage finances
  - E. A way to harvest monetary fortunes

**SECTION A: PART II      SHORT-ANSWER QUESTIONS      (20 MARKS)**

**ATTEMPT ALL QUESTIONS**

**Write the correct answer that best completes each of the following questions/statements**

1. ....defeats equity.
2. .... is the practice where a lower court follows the decision of a higher court.
3. A ..... is a person who serves a writ of summons.
4. The current constitution of the Republic of Ghana became law in the year.....
5. A contract/offer is described as .....because only the offeror makes a promise.
6. A display of goods in a shop with prices marked is not an .....binding the shopkeeper to sell at those prices.
7. In a contract/offer in which the parties misunderstand each other and are at cross-purposes is known as.....
8. The general rule is that in domestic and social arrangements, parties .....to create legal relations.
9. A buyer is entitled to .....the goods and refuse to pay for good in a contract for sale of goods where the seller is guilty of a breach of a fundamental obligation.
10. Where the agent acts within his authority but fails to disclose neither the existence nor the identity of the principal, this is .....Agency/principal.
11. In a hire-purchase agreement, it is an .....term that the hirer shall have and enjoy quiet possession of the goods.
12. Proven misconduct of the worker/employee is .....ground for termination of employment.



13. An amount paid periodically to the insurer by the insured in a contract of insurance is.....
14. A person who retires from a firm shall not be liable for the .....of the firm incurred before his/her retirement.
15. An/a .....company is a company which does not have a limit on the liability of its members.
16. A promoter of a company stands in..... relationship to the company.
17. Afua conveys a certain sum of money to Akosua to hold it in Trust for Awurabena. The status of Afua is that of .....
18. A negotiable bill may be payable to .....
19. An agency relationship which is made retrospectively is known as agency by.....
20. ....business is accepting deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, orders or other means.

**SECTION B:     ATTEMPT ANY FOUR QUESTIONS                      (50 MARKS)**

**QUESTION 1**

- a. Separation of powers refers to organs of government.

**Required:**

Explain separation of powers (3 Marks)

- b. Parties to a contract may insert a clause in their contract document that stipulates that certain amount of money should be paid by a party at breach.

**Required:**

Explain liquidated/ascertained damages (2½ Marks)

- c. Osa was a member of the ancient smokers association. He has been put on the top list for violating the rules of the association. He arranged with Cascala, a member of the association to order some goods (of which its use is known to be illegal) as the same as that used by the association, in his (Osa's) name. The order was given in Cascala's name even though it was actually intended for Osa. Cascala refused to deliver the goods to Osa even though he (Cascala) had been paid for the order of the goods. Osa is furious and wants to sue Cascala for recovery of his money.

**Required:**

Advise Osa.

(4 Marks)

- d. Finance lease and operating lease form part of business method.

**Required:**

Explain finance lease

(3 Marks)

**(Total 12½ Marks)**

## **QUESTION 2**

- a. Some students appears to misunderstand the least number of persons required to form an incorporated company, partnership and directors of companies.

**Required:**

Explain the position of the law.

(3 Marks)

- b. Watara, a seller of maize/corn products agrees to supply 500 bags of corn to Fintu a buyer on 1st February at the total price of GH¢10,000. On the said date, Watara supplied only 370 bags of corn but gave no explanation. Fintu the buyer, was initially unwilling to accept the corn supplied which when calculated was GH¢6,500. He however thought he might lose his numerous customers. He was of the view that he would pay a lesser price which is GH¢3,000 for the total cost of the corn supplied.

**Required:**

Advise Fintu the buyer.

(3 Marks)

- c. i. Makai lost his silver knife. He offered a reward of GH¢1,000 to anyone who found the knife and returned it at the given address. Two boys were playing on the school field when at the same time they found the silver knife. One of the boys recalled hearing of the announcement and the reward on the radio. The other said he had never heard of that. The two boys however agreed to return the knife together to the address given. Makai received the knife from the boys but would give the reward to the boy who was aware of the reward. The other boy disagreed with Makai on the choice of who should get the reward.

**Required:**

Advise the boys.

(3 Marks)

- ii. Oposa Company Limited is in the business of block making. He wants to insure their block factory against the risk of fire damage.

**Required:**

Do Oposa Company Limited have insurable interest? (3½ Marks)

**(Total 12½ Marks)**

**QUESTION 3**

- a. Define bill of exchange. (2½ Marks)
- b. Pre-incorporation contracts are transactions purporting to be entered into before the formation of a company.

**Required:**

What is the effect of ratification of a pre-incorporation contract?

(4 Marks)

- c. Hire-purchase is part of the special contracts in business transaction.

**Required:**

What terms are implied where goods under hire-purchase agreement are sold by reference to a sample? (3 Marks)

- d. Menp and **THREE** of his friends (Intended Trustees) were eager to form an unincorporated association for a charitable purpose. They had in conformity with the Trustees Incorporation Act, 1962, Act 106 applied to the appropriate Minister for a certificate of registration for the association to be a body corporate. The certificate had been granted.

**Required:**

What is the position of the Association/Trustees on the grant of the certificate? (3 Marks)

**(Total 12½ Marks)**

**QUESTION 4**

- a. Common law and equity are not the same.

**Required:**

State **THREE** examples of equitable Maxims. (3 Marks)

- b. The judiciary is an organ of the state.

**Required:**

What is the difference between the Supreme Court and the High Court? (3 Marks)

- c. A contract concluded between parties take two forms

**Required:**

What is the difference between unilateral and bilateral contract? (2½ Marks)

- d. Oriwa established a business on his return to his home country. He intends to register the business with the registration authority.

**Required:**

State **FOUR** statements a person must furnish in writing to the Registrar of Companies under the Registration of Business Names Act, 1962 Act 151 but **NOT** in his capacity as **an individual**. (4 Marks)

**(Total 12½ Marks)**

## QUESTION 5

- a. i. Unfair termination of the appointment of a worker leads to seeking a remedy

**Required:**

State the remedies that will be available to a worker where the Labour Commission of Ghana finds the termination of the employment of a worker unfair (4 Marks)

- ii. In the employment setting there are rights and duties of the parties of employment.

**Required:**

State **THREE** rights of a worker provided under the Labour Act, 2003 Act 651 (3 Marks)

- b. ATC Associates is a professional firm having its registered office in the Republic of Ghana. The registered name of the firm was from the beginning beautifully displayed on a metal plate and fixed on the wall of the office that could easily be seen by the public. As the years went by, the inscriptions of the registered name faded and the metal plate for many months dangled about. You are seeing this for the first time.

**Required:**

Advise ATC Associates (3 Marks)

- c. A customer of a bank presented a cheque written in his name. The amount intended to be drawn on the bank was GH¢1,200. The cheque written in words were "One Thousand Two Hundred Ghana Cedis only". The amount in figures were "GH¢200. The bank without further questions, gave out cash amounting to GH¢200 to the customer. An argument ensued between the customer and the bank.

**Required:**

Advise the customer. (2½ Marks)

**(Total 12½ Marks)**

## QUESTION 6

- a. i. Kato a seller, offered for sale to Toku boxes of packed shoe on 30 January 2021. The offer was to remain open till 6 February 2021. At the close of 6 February 2021, Kato received no information in respect of acceptance. On 9 February 2021, Kato sold the goods to Mula. In the afternoon of 9 February 2021, Toku appeared to accept the offer.

**Required:**

Advise Toku

(3 Marks)

- ii. Explain the rule that “Consideration need not be adequate”.

(2½ Marks)

- b. Trust is classified into private or public.

**Required:**

Briefly draw the distinction between private and public trust.

(2 Marks)

- c. A holder of a bill of exchange has certain rights and powers.

**Required:**

What are the rights and powers of a holder of bill of exchange under the Bill of Exchange Act, 1961 Act 55?

(3 Marks)

- d. Insurance is categorised based on risk, type and hazards.

**Required:**

State **TWO** classifications of insurance business.

(2 Marks)

**(Total 12½ Marks)**

## **SOLUTION TO QUESTIONS**

### **SECTION A PART I      (30 MARKS)**

1. D
2. D
3. C
4. C
5. A
6. B
7. C
8. E
9. B
- 10.D
- 11.E
- 12.B
- 13.A
- 14.A
- 15.A
- 16.A
- 17.A
- 18.A
- 19.C
- 20.B
- 21.C
- 22.D
- 23.A
- 24.A
- 25.B
- 26.E
- 27.E
- 28.A
- 29.A
- 30.B

## **SECTION A PART II (20 MARKS)**

1. Delay
2. Stare decisis/ Judicial Precedent
3. Bailiff
4. 1992
5. Unilateral
6. Offer
7. Mutual Purpose
8. Do not intend
9. Reject
10. Undisclosed
11. Implied
12. Fair
13. Premium
14. Debts / Obligation
15. Unlimited
16. Fiduciary
17. Grantor / settler
18. Order of bearer
19. Ratification
20. Banking



## SECTION B

(50 MARKS)

### QUESTION 1

- a) Separation of powers refers to the division of government responsibilities into the distinct branches to limit any one branch from exercising the core functions of another. The intent is to prevent the concentration of power and provide for checks and balances. Under separation of powers the political authority of the state is divided into legislative, executive and judicial powers. The originator of the theory, Montesquieu, asserted that to most effectively promote liberty, these powers must be separate and acting independently. The various arms of government performs their functions thus:

Legislative branch is responsible for enacting laws of the state.

Executive branch is responsible for implementing and administering the public policy enacted and funded by the legislative branch.

Judicial branch is responsible for interpreting the constitution and laws and applying their interpretations to controversies brought before it. **3 Marks**

- b) Liquidated/ascertained damages are damages whose amount the parties fix during the formation of a contract for the injured party to collect as compensation upon a specific breach. **2.5 Marks**

- c) It is clear that a contract which has as its object the deliberate commission of a criminal offence is illegal and unenforceable as being contrary to public policy. The rule has been applied to contracts designed to obtain goods by false pretences among others. In such a case the object is to commit crime etc and the courts have held them to be illegal. The act being illegal, the court will not aid Osa to recover his money under such contract. **4 Marks**

- d) Finance lease means a method of providing finance where the leasing company buys the asset for the user and rents it to him for an agreed period. The leasing company is known as the lessor and the user is known as the lessee. A finance lease, also called capital lease, substantially transfers all the risks and rewards of

ownership of the risks to the lessee before the lease agreement expires. The lease said to be finance lease if it satisfies the following requirements:

Once the lease is expired, the lessee can purchase the asset at a bargain price.

The lessee gets the ownership of the asset after the lease expires.

The lease term is at least 75% of the estimated economic life of the asset.

The present value of lease payment is at least 90% of the asset's value.

**3 Marks**

**(TOTAL: 12.5 MARKS)**

## **QUESTION 2**

- a) In respect of incorporated company section 6 of the Companies Act, 2019 Act 992 provides that “One or more persons may form an incorporated company under”.

With reference to partnership, Section 1 (1) of the Incorporated Private Partnerships Act, 1962 Act 152 provides that “Partnership means the association of two or more individuals carrying on jointly for the purpose of making profits”.

As regards directors Section 171 (1) of the Companies Act, 2019 Act 992 provides that “A company incorporated...shall have at least two directors...”

**3 Marks**

- b) Section 14 (1) of the Sale of Goods Act, 1962 Act 137 provides that “Where the seller delivers to the buyer a quantity of goods less than he contracted to sell the buyer may reject them but if he accepts the goods so delivered he must pay for them at the contract rate”. On the strength of the rule as provided for under the Sale of Goods Act, Fintu must pay for the equivalent rate of GH¢6,500 of corn supplied but not as he wished of GH¢3,000.

**3.5 Marks**

- c) i) The rule is that where the act was done with the knowledge of the offer of reward, acceptance by performing the act becomes related to the offer. In the current case one of the boys had the radio information and therefore, had knowledge of the offer and reward. The boy with the knowledge succeeds in getting the reward.

**3 Marks**

ii) A person (company) who intend to be insured must have an insurable interest in the subject matter of the insurance. Where insurance of property is concerned, this is obvious if the insured owns the property. In the present scenario, Oposa Company Limited will have insurable interest as the owner of the block factory.

**3 Marks**

**(TOTAL: 12 .5 MARKS)**

### **QUESTION 3**

a) A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum of money to or to the order of a specified person or to bearer.

**2.5 Marks**

b) The effect of ratification is that the company shall become bound by, and entitled to the benefit of that contract or that transaction as if the company has been in existence at the date of that contract or other transaction and is entitled to the benefit of the contract or other transaction. Section 11(2) of the Companies Act, 2019 Act 992.

**4 Marks**

c) Section 15 (1) of the Hire purchase Act, 1974 N.R.C. D.292 provides that “Where goods under a hire purchase agreement or conditional sale agreement are let or sold by reference to sample, there is an implied term in the agreement:

- i. That the bulk will correspond exactly with the sample, and
- ii. That the hirer or buyer will have a reasonable opportunity of comparing the bulk with the sample.

**3 Marks**

d) Section 1(1) (4) provides that on the grant of the certificate, the trustees;

- i. Shall become a body corporate by the described in the certificate, and
- ii. Shall have perpetual succession and an official seal, and
- iii. Shall have power to sue and be used in the corporate name, and subject to the condition and directions contained in the certificate, to hold and acquire land.

**3 Marks**

**(TOTAL: 12.5 MARKS)**

#### QUESTION 4

a) The maxims of equity includes the following:

- Delay defeats equity
- He who comes to equity must come with clean hands
- Equity comes with the aid of the vigilant not the indolent
- Equity will not suffer a wrong to be without a remedy
- Equity looks to the intent rather than to the form
- Equity acts in personam

**3 Marks**

b) The Supreme Court and the High Court have been established by the Constitution of the Republic, 1992. The two are appellate courts. However, the Supreme Court is the apex court of Ghana. The Supreme Court shall consist of the Chief Justice and not less than nine other Justices of the Supreme Court. Whereas the High Court shall consist of the Chief Justice, not less than twenty Justices of the High Court and such other justices of the of the superior court of judicature as the Chief Justice in writing signed by him, request to sit as High Court for any period. The Supreme Court has exclusive original jurisdiction in:

- i) all matters relating to the enforcement or interpretation of the Constitution of the Republic of Ghana 1992;
- ii) all matters arising as to whether an enactment was made in excess of powers conferred on Parliament or any other authority or person by law or under the Constitution.

The High Court has jurisdiction over the enforcement of Fundamental Human Rights and Freedoms.

**3 Marks**

c) Contracts can be unilateral or bilateral. Unilateral contract allow only one person, a promisor to make a promise in exchange for the actual performance of an act by the promise. In bilateral contract consists of two promises which depend on each other. Bilateral contracts require at least two, while unilateral contract only need an action from one person. In unilateral contract, the one offering the contract promises to pay when an act is performed. In bilateral contract there is prior exchange.

**2.5 Marks**

d) Section 2 of the Registration of Business Act, 1962 Act 152 provides for the registration of business as follows:

- The business name,
- The general nature of the business,
- The principal place of the business,
- Any other place at which the business is carried on.

**4 Marks**

**(TOTAL: 12.5 MARKS)**

## **QUESTION 5**

a) i)

The Labour Act, 2003 Act 651 provides under section 64(2) that if on investigation of the complaint by the Labour Commission it is found out that the termination of the employment of a worker/employee is unfair, the Commission may

- order the employer to re-instate the worker/employee from the date of the termination of the employment;
- order the employer to re-employ the worker/employee in the work for which the worker was employed before the termination or in any other reasonably suitable work on the same terms and conditions enjoyed by the worker before the termination; or
- order the employer to pay compensation to the worker.

**4 Marks**

ii) Section 10 of the Labour Act, 2013 Act 651 provides as follows for the rights of a worker to include to include:

- work under satisfactory, safe and healthy condition,
- receive equal pay for equal work without distinction of any kind,
- have rest, leisure and reasonable limitation of working hours and a period of holiday with pay as well as remuneration for public holidays,
- form or join a trade union,
- be trained and retrained for the development of skills; and
- receive information relevant to the work of the worker.

**3 Marks**

- b) Section 11 of the Incorporated Private Partnerships Act, 1962 Act 152 provides that, a firm shall;

Carry on business only under the registered firm name, and shall paint or affix and keep painted or affixed, the registered firm name on the outside of the office or place in which its business is carried on, in a conspicuous position in letters easily legible.

Where there is a default in complying, the firm is liable to a fine.

On the strength of the law ATC Associates must remedy their current situation to prevent any criminal outcome.

**3 Marks**

- c) Section 7(2) of the Bill of Exchange Act 1961 Act 55 provides that where the sum of money payable is expressed in words and also in figures and there is discrepancy between the two, the sum denoted by the words is the amount payable. The bank was therefore, right to pay the amount in words.

**2.5 Marks**

**(TOTAL: 12.5 MARKS)**

## **QUESTION 6**

- a) i) The rule is that where there is a time limit for the duration of the offer and there is no acceptance within the specified period, the offer lapses.

In the present case the offer was made on 30<sup>th</sup> January. At the close of that day the offer had lapsed. Kato was therefore at liberty to sell the goods to another party.

**3 Marks**

- ii) The rule has been settled that the courts will not inquire into the “adequacy of consideration”. By this is meant that the courts will not seek to measure the comparative value of what a promise as against the act or promise given by the promisor in exchange for it, nor will they denounce an agreement merely because it seems to be unfair. The promise must indeed have been procured by the offer of some return, capable of expression in terms of value. **2.5 Marks**

- b) The distinction between private trust and a public trust lies on the basis of the nature of beneficiaries. When the beneficiaries are particularly identified persons then it is, private trust. When the trust is for the benefit of public at large, it is called public trust. A public trust is managed by a board of trustee. Generally, a public trust is of a more permanent nature than a private trust. Public trust undertakes charitable activity in a way of relief of the poor, education, medical relief and any other services of general public utility. Public trust must satisfy three requirements, namely a trust whose purpose is charitable; it must be wholly and exclusively charitable; and its purpose must tend to promote a public benefit.

**2 Marks**

- c) The rights and powers of the holder of a bill under section 36 of the Bill of Exchange Act, 1961, Act 55 are;
- i) that the holder may sue on the bill in the holder's name.
  - ii) that where the holder is a holder in due course, the holder holds the bill free from a defect of title of prior parties as well as from mere personal defences available to prior parties among themselves, and may enforce payment against the parties liable on the bill; and
  - iii) that where the title of the holder is defective
    - and the holder negotiates the bill to a holder in due course, that holder in due course obtains a good and complete title to the bill, and
    - if the holder obtains payment of the bill, the person who pays the holder gets a valid discharge for the bill.

**3 Marks**

- d) Life Insurance or Personal Insurance  
Insurance  
Marine Insurance  
Liability Insurance  
Social Insurance  
Guarantee Insurance  
Fire Insurance

**2 Marks**

**(TOTAL 12.5 MARKS)**