

**THE INSTITUTE OF CHARTERED
ACCOUNTANTS (GHANA)**



**MAY 2006 EXAMINATIONS
(PROFESSIONAL)**

PART 1

**BUSINESS LAW
(Paper 1.4)**

Attempt ANY Five (5) Questions

TIME ALLOWED: 3 HOURS

QUESTION 1

- a. Briefly explain the Concept of Alternative Dispute Resolution (ADR).
(6 marks)
- b. Describe the following mechanisms of ADR
- (i) Negotiation (4 marks)
 - (ii) Mediation (5 marks)
 - (iii) Arbitration (5 marks)

(Total: 20 marks)

QUESTION 2

Distinguish between the following terms:

- a. Invitation to treat and offer.
- b. Executory Consideration and Executed Consideration.
- c. Representation and Term.
- d. Damages and Specific Performance. (5 marks each)

(Total: 20 marks)

QUESTION 3

- a. Distinguish between ascertained and unascertained goods. (6 marks)
- b. (i) What is meant by a lien? (2 marks)
- (ii) When may a lien be available? (6 marks)
- (iii) When may the right to exercise a lien be lost? (6 marks)

(Total: 20 marks)

QUESTION 4

Tinponso Company Limited has just been granted a franchise to supply water in the Fanteakwa District. In order to be able to meet its target, it has ordered water-drilling

equipment from China. Under the contract the equipment is to be delivered CIF Tema Harbour.

Explain the respective responsibilities of the buyer and seller of the equipment under the contract.

(Total: 20 marks)

QUESTION 5

- a. What is acceptance under the Bills of Exchange Act, 1961 (Act 55)? (2 marks)
- b. What are the conditions for a valid acceptance? (4 marks)
- c. What is qualified acceptance? (14 marks)

(Total: 20 marks)

QUESTION 6

Under the Labour Act, 2003 (Act 651), the employment of a worker shall not be unfairly terminated by the worker's employer.

- a. Indicate five (5) grounds of unfair termination. (15 marks)
- b. Discuss the remedies for unfair termination. (5 marks)

(Total: 20 marks)

QUESTION 7

Ayesu, an SSS graduate aged 16 years left school and took up employment with A&C Associates, a firm of Accountants as a trainee accounts clerk. His contract of employment provided that if for any reason Ayesu left the firm's employment he would not seek work anywhere in Ghana with any competitor for a period of one year. In April, Ayesu gave notice of intention to leave A&C's employment in order to start work with S, T & Associates a competitor of A&C Associates.

- a. Advise management of A&C Associates on the legal issues involved.
- b. Would your advise be different, if the period of restriction imposed on Ayesu was not one year but a two year duration.

(Total: 20 marks)