

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



**MAY 2009 EXAMINATIONS
(PROFESSIONAL)**

PART 1

**BUSINESS LAW
(Paper 1.4)**

Attempt ANY Five (5) Questions

TIME ALLOWED: 3 HOURS

QUESTION 1

The Constitution is the supreme law of the country. Explain the other sources of law in the country.

20 marks

QUESTION 2

- a) John K lost his alsatian dog some few days ago. He put up an advert in the new papers and over the local FM Radio Stations that he had deposited GH¢100.00 with a bank as a reward for whoever found the dog. Two days later Joe Boy found the dog around the Trade Fair Site and returned it to John. K.

Joe Boy now wants to claim the reward but John K says his advert was a mere bluff and he does not intend to pay any reward. Explain whether Joe Boy can enforce the payment of the reward.

(6 marks)

- b) Last year Araba Lucy, a final year student, was promised by her father, a wealthy business man, that if she made a first class he would buy her a brand new Fiat Palio car. Encouraged by this promise Araba Lucy went all out and made a first class. Her father has reneged on his promise. Explain whether Araba Lucy can enforce the promise against her father.

(6 marks)

- c) Baby Nayoka and Apachie were married some four years ago. Unfortunately due to some misunderstanding they have been living apart for the past six months. Apachie decided to end the marriage and promised to pay Baby Nayoka GH¢5,000 as settlement. Baby Nayoka insisted that the arrangement be put into writing but Apachie refused. Now Baby Nayoka wants to enforce the agreement. Explain whether she can enforce it.

(8 marks)

Total: 20 marks

QUESTION 3

Explain the term caveat emptor and the circumstances under which this rule is made inapplicable under the sale of Goods Act.

20 marks

QUESTION 4

The Labour Act 2003, Act 651, attempts to protect the remuneration of workers by prohibiting deductions from the salary of worker. However under certain circumstances the same Act allows certain deductions with the consent of the worker. Explain any **five (5)** of these circumstances.

20 marks

QUESTION 5

- a) Santo is a driver at Limpo Ltd. He normally distributes goods to customers in and around Accra – Tema area.

On the side of his vehicle is written the inscription “goods only no passengers”. In the cabin there is the inscription “non-employees get on this vehicle at their own risk”. Around Easter last year Yaa Bode boarded the vehicle which Santo was driving to Nkawkaw for the Easter. Unfortunately the vehicle was involved in an accident at the outskirts of Anyinam resulting in Yaa Bode sustaining serious injuries.

Yaa Bode intends to sue Limpo Ltd for damages for injury. Explain whether Yaa Bode will succeed in the action.

(6 marks)

- b) Ogogro is a lathe turner at a factor in Tema. He was on duty on Independence Day at 2 p.m. Around 9 a.m. he joined some friends for celebration. He got to the office around 2.30 p.m. heavily drunk. In that state he went to turn the machine but unfortunately he tripped and his hand got in between the gears. He lost his right palm in the accident. Explain whether his employer would be liable to pay compensation.

(6 marks)

- c) Opanin Kyere had a lot of yield from his cocoa farm at Kasapee the last cocoa season. He decided to invest part of his income in Ajoss Company Ltd.

Before he did that he consulted a brokerage firm for advice on the viability or otherwise of Ajoss Company Ltd.

The firm gave him favourable report and based on that he invested GH¢20,000.00 in shares in the company. Barely three months after this the company was wound up resulting in Opanin Kyere losing his investment. Opanin Kyere is furious and wants to sue the brokerage firm. Explain whether he will succeed.

(8 marks)

Total: 20 marks

QUESTION 6

a) Who is a holder in due course?

(4 marks)

b) What circumstances will render the title of a person who negotiates a bill, defective under the Bills of Exchange Act, 1961 (Act 55)?

(16 marks)

Total: 20 marks

QUESTION 7

a) Who is a 'Workman' under the Workmen's Compensation Law, 1987 (PBDCL 187)?

(4 marks)

b) Under what circumstances will an employer be liable to pay compensation to a workman under the law?

(4 marks)

c) Discuss **three (3)** circumstances under which the employer shall not be liable to pay compensation to the workman even though incapacitated or dead.

(12marks)

Total: 20 marks