

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



**NOVEMBER 2009 EXAMINATIONS  
(PROFESSIONAL)**

**PART 1**

**BUSINESS LAW  
(Paper 1.4)**

**Attempt ANY Five (5) Questions**

**TIME ALLOWED: 3 HOURS**

## QUESTION 1

Explain the main elements in misrepresentation that can give rise to the injured party having remedy at law.

**(20 marks)**

## QUESTION 2

a) When may a contract be said to be discharged?

**(2 marks)**

b) List the ways by which a contract may be discharged.

**(6 marks)**

c) Explain any **two (2)** of the ways listed in (b).

**(12 marks)**

**(Total: 20 marks)**

## QUESTION 3

(a) Under the Sale of Goods Act, a contract of sale of goods can be made either in writing or by word of mouth or partly in writing or partly by word of mouth or may be implied from the conduct of the parties. In the case of auction sales, how is the contract for the sale of goods made?

**(20 marks)**

#### QUESTION 4

“Tom-Beat” is a paint manufacturing company. It employed Kofi Babone as a driver in the marketing department and assigned him the duty of distributing products to customers within Accra. The distribution van had the inscription “no passengers” boldly written on both sides of the vehicle. By the terms of his employment Kofi Babone was not expected to work at the weekends and was expected to park the vehicle at the company’s yard. One weekend, Kofi Babone had to attend a funeral in his village and as he did not have money he decided to take the distribution van on the journey. Early that Saturday morning he came to the yard and informed Kantinka, the security man, that he had to send some goods to Abelenkpe so Kantinka allowed him to take the vehicle, out.

On his way to his village Kofi Babone spotted “Big man” an old time school friend who decided to join Kofi Babone to the funeral.

Unfortunately just at the outskirts of Suhum, Kofi Babone’s vehicle was involved in an accident resulting in the death of “Big man” with Kofi Babone himself sustaining very serious injuries leaving him virtually paralysed.

Both Kofi Babone and the family of “Big man” have instituted action against “Tom Beat” for compensation arising out of the accident.

Explain the chances of success of the legal actions by:

- (a) The family of “Big man” against the company; and
- (b) Kofi Babone against the company.

**(20 marks)**

#### QUESTION 5

- a) Discuss the ways in which a Bill of Exchange is discharged under Act 55.

**(10 marks)**

- b) i. What constitutes material alteration on a bill?
- ii. Explain the effect of alteration of a bill.

**(10 marks)**

## QUESTION 6

Adwongo cultivates vegetables at Dzorwulu, a suburb of Accra. In order to increase his yield all year round instead of depending on the weather he decided to establish a small scale irrigation scheme on his farm. He went to "Big Do" Company and bought a pumping machine and other accessories to help him establish the irrigation system. Under normal circumstances "Big Do" does not sell on credit but due to the ingenuity of Adwongo, the Managing Director of "Big Do" decided to sell the items on hire purchase. All the items totaled GH¢250. Adwongo was expected to pay GH¢100 per month for these items until the whole amount was liquidated. He paid GH¢150 and thereafter defaulted for six months.

The Managing Director intends to send his shopkeepers to recover the items and has come to you for advice.

Explain to him:

(a) Whether or not he can send the shopkeepers to immediately seize the items.

*(8 marks)*

(b) What will be the consequences of seizing the goods

*(12 marks)*

**(Total: 20 marks)**

## QUESTION 7

One of the remedies of a buyer is his right of rejection. Explain the circumstance under which the right could be exercised and the effect of the exercise of that right.

**(20 marks)**