

*The Institute of Chartered Accountants [Ghana*



**MAY 2005  
EXAMINATIONS**

**Part 1**

**BUSINESS LAW  
(Paper 1.4)**

**Attempt All Questions**

**Time Allowed: 3 Hrs.**

## RUBRIC INSTRUCTIONS

Read the following instructions carefully before attempting the questions.

1. Answer any five(5) questions. All questions carry 20 marks each.
2. Marks to be awarded depend more on the reasoning displayed and the points selected for discussion than upon the particular conclusions reached. You should not spend time writing an introduction or a formal précis of the details given in a question nor a discussing matters irrelevant to the issues.
3. All references to legislation are to Ghanaian Law.

### QUESTION 1

- a. Briefly explain judicial precedent . (10 marks)
- b. Identify the Lower Courts of Ghana and briefly describe each of them. (10 marks)

### QUESTION 2

The acceptance of a bill of exchange may either be general or qualified. Explain what is meant by general and qualified acceptance under the Bill of Exchange Act 1961 (Act 55).

(20 marks)

### QUESTION 3

An employee is not to have his appointment unfairly terminated by his employer. Briefly outline any six circumstances under which an employment could be described as having been unfairly terminated.

(20 marks)

### QUESTION 4

- a. Exemption clauses are a common feature of standard form contracts. Discuss their nature. (12 marks)
- b. 'CARRYALL' is a limited liability company which operates as carriers. Kojo Cash presented a parcel containing 20 American Express travelers cheques valued at US\$5,000 to the company to be delivered to his bankers in London. After Kojo Cash had paid the postage he was issued with an airbill which he read and signed. The airbill contained a disclaimer clause limiting the liability of 'CARRYALL' in the event of any special, incidental or consequential damages arising out of the carriage to US\$100. Kojo Cash was subsequently informed by his bankers that they had received only 15 travellers cheques valued at US\$3,000. Kojo Cash demanded from "CARRYALL" the payment of the

difference which the company refused. Kojo Cash has gone to court. Discuss his chances of success.

(8 marks)

### QUESTION 5

Apachie bought a second hand C180 Mercedes Benz saloon car from Nsroma Motors Ltd., a car leasing company based at Domeabra on hire purchase.

According to the agreement Apachie made a deposit of €20 million and the balance of the total hire-purchase was spread over a twelve month period. Apachie was expected to pay €10 million as a monthly installment inclusive of interest. After paying four installments Apachie defaulted on the payment schedule. He later sold the car to Joe Loss for €180 million payable on a monthly installment of €9 million.

A few days after the transaction and before Joe Loss even paid the first installment, Nsroma Motors Ltd. who had learnt of the resale of the car, gave notice of its intention to repossess the car to Joe Loss.

Explain what right, if any, Joe Loss has against the motor company.

(20 marks)

### QUESTION 6

a. Under what circumstances may an unpaid seller recover possession of the goods from the buyer after they have been delivered to him?

(8 marks)

b. When may an unpaid seller who is in possession of the goods be entitled as against the buyer to resell them?

(12 marks)

**(Total: 20 marks)**

### QUESTION 7

Explain how mistake can affect the validity of a contract. Illustrate your answer with decided cases.

(20 marks)