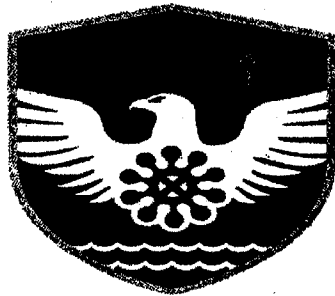


CENTRAL UNIVERSITY



END -OF-SECOND SEMESTER EXAMINATIONS, 2020/2021

**FACULTY OF LAW
BACHELOR OF LAWS (LL.B)
LEVEL 100 & 200
LAW 106: Law of Contract II (3 Credits)**

Wednesday, 5th September, 2021

TIME ALLOWED: TWO AND A HALF HOURS

INSTRUCTIONS

1. There are a total of five (5) questions. Candidates are to answer three (3) questions only.
2. **Question One (1) is compulsory and MUST be ANSWERED by ALL.**
3. Answer Sheets will be provided. Each answer must begin on a fresh page.
4. Any extra answer sheet should be properly fastened to the original answer sheet.
5. Marks will be awarded for good presentation, clarity in legal reasoning and proper use of legal authorities.
6. Please write LEGIBLY.
7. Good Luck.

DO NOT TURN OVER THIS PAGE UNTIL YOU HAVE BEEN TOLD TO DO SO BY THE INVIGILATOR.

EXAMINERS: EUNICE APPIAH-ASARE & ASEYE A. KPORNGOR

QUESTION 1

Egya Bonzie is the owner and managing director of Bonz Air Conditioning Services (BACS). BACS core business is the supply and installation of air conditioners. BACS has entered into a number of contracts to supply and install air conditioners in certain hotels in Tema and Takoradi. BACS usually gets its supply of air conditioners from Zee Manufacturing Plant (ZMP), a manufacturer of air conditioners of all types.

BACS calls ZMP and places an order for 32 (thirty-two) *Ducted Air Conditioners* and 44 (forty-four) *2.5 Horse Power Wall Air Conditioners*. BACS and ZMP have been doing business for the past five years. ZMP is the only manufacturer BACS has been dealing with when it comes to the buying of air conditioners. ZMP is aware any time BACS put in an order for a large quantity of air conditioners, then it means BACS has got a contract to supply and install. The agreement between them was that, the air conditioners were to be delivered to BACS's warehouse at Kpone within two weeks from the date of the agreement.

A day before the two weeks elapsed, ZMP delivered 29 (twenty-nine) *Ducted Air Conditioners* and 31 (thirty-one) *2.5 Horse Power Wall Air Conditioners* without any explanation. Egya Bonzie tried contacting the managing director of ZMP for an explanation to no avail. He even tried contacting other manufacturers and suppliers of air conditioners to ask if they had any supplies he could use. However, these contacts yielded no results.

Due to the insufficiency of delivery from ZMP, BACS was unable to honour the contracts with the hotels in Takoradi. Meanwhile, BACS has already expended money in preparation towards the execution of these contracts. BACS went as far as expanding its warehouse so it could accommodate all the air conditioners, and also bought a new KIA truck to transport the air conditioners to Takoradi.

Egya Bonzie is not pleased with how ZMP handled the agreement between them, and he has come seeking your advice.

- a. With reference to relevant case law, advise Egya Bonzie if the agreement between BACS and ZMP has been breached, and therefore BACS can be entitled to any remedy.

[20 Marks]

- b. If common law remedies are inadequate, can BACS be awarded any equitable remedy?

[10 Marks]

[Total: 30

Marks]

QUESTION 2

The U Nation is a band which has contracted with the owners of the Micky B Hotel at Kwahu, to use their theatre for a concert on Easter Monday. All 8,000 tickets have been sold well in advance by the owners of the Micky B Hotel due to their GH¢6,000 publicity campaign, and the owners have also made an advance payment of GH¢25,000 to the band. The band has spent GH¢10,000 in equipment hire and GH¢20,000 on light and sound engineers and security guards for the concert.

Referring to Ghanaian law and Common law rules, advise the band in the event of EACH of the following happening:

- a. Two days before the concert is due, heavy rain causes the roof of the theatre to collapse. [3 Marks]
- b. A week before the concert, the band's drummer breaks his arm when he falls down drunk after a party. [4 Marks]
- c. The theatre bar loses its licence to sell alcohol due to non-payment of a previous fine. [4 Marks]
- d. A week before the concert is due, an Executive Instrument is passed to ban social gathering due to the COVID 19 Pandemic. [4 Marks]
- [Total: 15 Marks]

Marks]

QUESTION 3

Critically assess and explain the circumstances in which a mistake will invalidate a contract, illustrating your answer with decided cases. [15 Marks]

QUESTION 4

Amin runs a business which is in serious financial difficulty. Amin already owes UT Bank GH¢200,000 and asks the bank to lend him a further GH¢150,000. UT Bank agrees to do so provided Amin's wealthy wife, Amma, gives the bank a written guarantee of all Amin's debts. The bank draws up the contractual documents and Amin tells the bank that he will ask Amma to sign the guarantee. Amin takes the documents home and tells Amma that the guarantee relates to the additional loan of GH¢150,000 and that, unless she signs it, his business is doomed. Amin also tells her that the bank insists that she consults her own lawyer before signing, but she goes ahead and signs immediately saying that she does not trust lawyers. Amin returns the signed guarantee to the bank and fills in a form confirming that his wife has taken her own legal advice. Amin's business has since failed and he is unable to repay the bank. The bank demands that Amma pays the GH¢350,000 owed by Amin.

Advise the parties. [15 Marks]

QUESTION 5

Under what circumstances will an unambiguous false statement of existing fact lead to liability as a misrepresentation in contract? [15 Marks]