

# CENTRAL UNIVERSITY



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END OF FIRST SEMESTER EXAMINATIONS 2016/2017

FACULTY OF LAW

**LAW 105: Law of Contract I**

LEVEL 100 & 200

TIME ALLOWED: 2 1/2 HOURS

STUDENT ID No.....

## INSTRUCTIONS

There are a total of five (5) questions. Candidates are to answer three (3) questions only.

**Question One (1) is compulsory and carries 40 marks. Each of the other questions carries 30 marks.**

Answer Sheets will be provided.

Each answer must begin on a fresh page.

Any extra answer sheet should be properly tied to the original answer sheet. Write your index number on any extra sheet you use.

Marks will be awarded for good presentation, clarity in legal reasoning and proper use of legal authorities.

Please write legibly.

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

*Examiners:* Mr. Benjamin Barfo-Bonney, Mrs. Susie Afutu and Mr. William Kofi Owusu Demitia

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### **QUESTION 1 (Compulsory)**

In August 2015, Model Décor Limited was awarded a contract by CMB Bank Limited to provide interior décor and furnishing for the newly built 7- storey office complex for a fee of GH¢200,000. Model Décor agreed with CMB Bank that the task would be completed and the building handed over to CMB by 10<sup>th</sup> December 2015, in time for the grand opening of the building on 12<sup>th</sup> December 2015. CMB Bank paid the fee of GH¢200,000 in advance. Prior to the signing of the contract, there was an oral agreement between the parties that the contract sum could be varied by the parties but this provision was not included in the final contract signed by the parties.

By 30<sup>th</sup> November 2015, Model Décor had realized that the cost estimates used to compute its overall fee were unrealistic and too low. It therefore called for an emergency meeting and informed CMB that the interior décor and furnishing would not be completed by 10<sup>th</sup> December as agreed unless CMB paid an additional 20% of the overall fee. In spite of CMB's protests, Model Décor insisted that if the additional fee was not paid immediately, work would be stopped. Being desperate because it had already advertised the date of the launch, CMB and Model Décor orally agreed that the additional 20% fee would be paid to Model Décor upon completion of the project. Model Décor continued the work and completed and handed over the building to CMB on the 10<sup>th</sup> December as agreed. CMB subsequently refused to pay the 20% additional fee it had promised contending that there was no provision in the contract which permitted a variation of the contract price.

**Carefully advise each of the parties - Model Décor Limited and CMB Bank Limited (40 Marks)**

### **QUESTION 2**

Mr. and Mrs. Yirdong lived in Ghana with their three children, Ama, Adjeiwaa and MaameDufie. Mr. Yirdong was appointed as Ambassador to China which required him to move his entire family to China. Due to the inconvenience the movement to China would cause to the education of the children, Mr. Yirdong promised to pay an allowance of GH¢2,000 per month to his wife so she could stay in Ghana to look after the children.

Mr. Yirdong has failed to pay the GH¢2,000 he promised his wife, even though he provides money for the general upkeep of the home and the education of the children.

**Advise Mrs. Yirdong on whether she can sue to enforce the payment of the GH¢2,000 promised by her husband. (30 Marks)**

### QUESTION 3

With the aid of decided cases, explain the changes that have been made by the Contracts Act, 1960 (Act 25) to the various Common Law Principles on consideration.

**(30 Marks)**

### QUESTION 4

Kwame and Kwesi, both aged 16, have been best friends for as long as they can remember. They are also talented footballers. Mr. Eric Amofa, a talent scout, discovered their amazing talents after a visit to their community football field in Brekuso. Mr. Amofa subsequently formed the Brekuso Amazing All Stars (BAAS). He invited Kwame and Kwesi to dine with him at the Paradise Valley Resort at Peduase, where, after a lot of food and alcoholic beverages, he recruited them to play for BASS.

Under the contract of engagement, Kwame and Kwesi were each required to attend training every Saturday from 8:00 – 10:00am. Moreover, the two boys were to be paid also get paid GH¢200 each for every appearance they made during a tournament and a winning bonus of GH¢2,000 for every tournament won. In addition, anytime they travelled out of their community, they were to be compensated through an inconvenience and travel allowance. Their contract of engagement was to last for two years and was renewable for another year based on performance.

Six months later, Mr. John Wakefield, a talent scout from England came on a tour of Ghana. He heard of the astounding talent of these duo and paid a visit to Brekuso to watch them play. After the match, he approached them and discussed his plans to sign them on a contract of international professional football. Under this contract, Kwame and Kwesi would live in England and be paid £1,000 for every appearance they make in

a tournament for a start. They would also get a winning bonus of £5,000 as well as scholarship for their education up to the university.

Kwame and Kwesi immediately informed Mr. Amofa that they were breaking off their engagement with him. They added "after all we are minors and we were drunk when we signed the contract, there is nothing you can do to us." The duo had done only six months out of their two-year contract.

Mr Amofa is very distraught and intends to sue Kwame and Kwesi; he has come to you see you.

a. Advise Mr. Eric Amofa.

(20 Marks)

b. Would your advice be different if Kwame and Kwesi had not consumed any alcohol prior to executing the contract with Amofa?

(10 Marks)

#### QUESTION 5

Maamle attended a 'Made in Ghana Fair' at the Ghana International Trade Fair Centre in November 2016. She began negotiations for the purchase of 50bags of 5kg maize from a trader, Aunty Mansa. Maamle inquired from Aunty Mansa if sulphur was used in the treatment of the grains. She indicated to Aunty Mansa that if sulphur had been used, she would not proceed with the transaction. Aunty Mansa emphatically replied that sulphur was not used in treating or growing the grains. The negotiations culminated in a contract of sale. It was later discovered that sulphur had been used in the treatment of 10 acres out of 200. Maamle has sued for the price claiming that she is justified in refusing to observe the contract. Aunty Mansa has come to see you for advice. She has informed you that there was no fraud on her part when she asserted that sulphur was not used in treating the grains.

What advice would you give to Aunty Mansa?

(30 Marks)