



CHARTERED INSTITUTE OF BANKERS (GHANA)
ASSOCIATESHIP EXAMINATION
LEVEL I
PRINCIPLES OF BANKING LAW
APRIL 2014

N.B:

1. Read carefully the instructions on the cover of the answer book.
2. Answer **QUESTION ONE** and any other **FOUR** questions.
3. **CANDIDATES MUST SATISFY THE EXAMINER IN QUESTION ONE BY ACHIEVING A MINIMUM OF 14 MARKS IN ORDER TO PASS THE PAPER.**
4. All questions except **QUESTION (ONE)** carry equal marks.
5. Time allowed: **THREE HOURS.**
6. Candidates must ensure that they answer questions in the appropriate answer book and **NOT on loose sheets** which are used only as supplementary sheets. Such answers will not be marked.
7. **DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
8. **DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

QUESTION 1

- a.
- i. Define a promissory note. 6 marks
 - ii. Indicate the differences between a promissory note and a bill of exchange 12 marks
- b.
- i. Outline any four requirements of a valid endorsement. 4 Marks
 - ii. The endorser of a bill of exchange makes certain promises and admissions to the holder of a bill. Describe briefly these promises and admissions. 6 Marks

QUESTION 2

- a. Briefly trace the origins of Common Law and Equity. 14 Marks
- b. A father on his death left GHS50,000.00 in his will for his two children B and C. B is 10 years older than C. Indicate how the property will be shared between them. 4 Marks

QUESTION 3

- a. Which of the Courts are known as the Lower Courts of Ghana? 8 Marks

b. What constitutes the civil jurisdiction of the Circuit Court?

10 Marks

QUESTION 4

a. Who qualifies as a child under the Intestate Succession Act, 1985 (PNDCL 111)

6 Marks

b. Mrs. A died intestate in 2006. She owned no house but the residue of her estate amounted to GHS60,000. She is survived by her husband, Mr. A, and two children by Mr. A who are all of age. She had two daughters by a previous customary marriage who are all alive. Mrs. A's mother is dead but the father is alive and so are many members of her family. Indicate how the residue of Mrs. A's estate would be distributed.

12 Marks

QUESTION 5

On what grounds will the Court order the winding up of a company.

18 Marks

QUESTION 6

KB borrowed GHS50,000.00 from XYZ Bank Limited (under the Home Mortgage Finance Act, 2008 (Act 770) to enable him

complete his residential property. KB has failed to make an instalment payment on a due date.

a. What steps should the bank take and when will KB be considered to be in default.

8 Marks

b. What remedies are available to XYZ Bank upon KB's default?

10 Marks

QUESTION 7

a. "Consideration must be real or sufficient but need not be adequate". Explain

8 Marks

b. **A** owed **B** the sum of GHS1,000.00. **B** promised to accept the sum of GHS500.00 from **A** in full settlement of the debt. **A** agreed and made payment to **B** accordingly. **B** now demands the payment of the balance of GHS500.00. Explain whether or not **B** can succeed.

10 Marks

QUESTION 8

a. What is Contributory Negligence?

9 Marks

b. State two instances where a bank may commit the tort of conversion.

9 Marks