

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

PRINCIPLES OF LAW I - PAPER 2

MONDAY, 10 DECEMBER 2007

INSTRUCTIONS TO CANDIDATES:

1. Time allowed: **3 hours**
2. Attempt **all** questions in Section **A**, any **two** questions in Section **B** and any **three** questions in Section **C**.
3. Section **A** has **twenty** compulsory multiple-choice questions, each carrying 1½ marks.
4. Section **B** has **three** questions and only **two** are to be attempted. Each question carries 20 marks.
5. Section **C** has **four** questions and only **three** are to be attempted. Each question carries 10 marks.
6. Please read further instructions on the answer booklet.

SECTION A

Question 1

- (i) Criminal law is concerned with:
 - (a) civil matters only.
 - (b) felonies only.
 - (c) all wrongs committed against an individual.
 - (d) all offenders.
- (ii) Which of the following is **NOT** a requirement for enforcing customary law in Uganda?
 - (a) It is not repugnant.
 - (b) It is of immemorial existence.
 - (c) It is compatible with good order.
 - (d) It is applicable to all tribes in a country.
- (iii) Common law principles originated from:
 - (a) India.
 - (b) England.
 - (c) France.
 - (d) The Commonwealth countries.
- (iv) Bail is a right granted by the:
 - (a) constitution.
 - (b) high court.
 - (c) parliament.
 - (d) executive arm of government.
- (v) The can sue or be sued on behalf of the state.
 - (a) Resident State Attorney.
 - (b) Solicitor General.
 - (c) Administrator General
 - (d) Attorney General
- (vi) Which of the following is **NOT** a civil law remedy?
 - (a) Injunction.
 - (b) Damages.
 - (c) Preventive detention.
 - (d) Costs.

- (vii) Which of the following is **NOT** true of the High Court of Uganda?
- (a) It is a court of record.
 - (b) It has both original and appellate powers.
 - (c) It has appellate powers only.
 - (d) It has original jurisdiction.
- (viii) Which of the following is true about a partnership?
- (a) Every partner binds the firm in all his/her actions.
 - (b) Dormant partners are not agents of the firm.
 - (c) Only active partners are agents of the firm.
 - (d) Every partner is an agent of the firm.
- (ix) A partnership is comprised of at least:
- (a) 7 members and is limited to 50.
 - (b) 2 members and unlimited membership.
 - (c) 7 members and infinity membership.
 - (d) 2 members and limited to 20.
- (x) Which of the following is **NOT** an artificial person?
- (a) Uganda Wildlife Authority.
 - (b) Dairy Corporation (Uganda) Limited.
 - (c) Hajji Bulayimu Senyondo.
 - (d) Uganda Law Society.
- (xi) Which of following is **NOT** a duty of an agent?
- (a) Disclosure of material facts to the principal.
 - (b) Delegation of performance of his duties.
 - (c) Non-disclosure of confidential information to third parties.
 - (d) Exercise of care, skill and diligence.
- (xii) Which of the following contracts with a minor is void due to lack of capacity to contract?
- (a) Contract to supply a minor with necessities.
 - (b) Contract to supply training of a minor in sports.
 - (c) Contract to supply a minor with goods in a supermarket.
 - (d) Contract to supply a minor with school fees.

- (xiii) The acts of the agent will **NOT** bind the principal if the:
- (a) acts of the agent are impliedly authorized.
 - (b) principal has full knowledge of all material facts.
 - (c) agent has expressly disclosed his status and that of the principal.
 - (d) acts of the agent are ultra vires.
- (xiv) A promoter of a company is a person who:
- (a) owns a company.
 - (b) winds up a company.
 - (c) undertakes to form a company.
 - (d) is a managing director of a company.
- (xv) The can be liable to pre-incorporation agreements after novation.
- (a) directors
 - (b) shareholders
 - (c) promoters
 - (d) company
- (xvi) The is not necessary for the incorporation of a private company.
- (a) articles of association
 - (b) memorandum of association
 - (c) declaration of share capital
 - (d) prospectus
- (xvii) A is not a type of partner under the partnership law.
- (a) dormant or sleeping partner
 - (b) partner by holding out
 - (c) general or active partner
 - (d) partner by incorporation
- (xviii) Which of the following is an incorporated association?
- (a) Institute of Certified Public Accountants of Uganda.
 - (b) Uganda Taxi Operators and Drivers Association Ltd.
 - (c) Uganda Golf Club.
 - (d) Uganda Aids Commission.
- (xix) A contract is:
- (a) an agreement between two parties only.
 - (b) an agreement between registered companies.
 - (c) a legally binding agreement enforceable in courts of law.
 - (d) an agreement between two or more persons.

- (xx) The was specifically created to handle labour related matters.
- (a) industrial court
 - (b) commercial court
 - (c) criminal court
 - (d) civil court

SECTION B

Question 2

In the famous case of **Salomon vs Salomon & Co. Ltd. [1897]**, Lord Macnaghten held as follows:

"The Company is at law a different person altogether from the subscribers; and though it may be that after incorporation the business is precisely the same as it was before, and the same persons are managers, and the same hands receive the profits, the company is not in law the agent of the subscribers or trustee for them. Nor are the subscribers, as members liable, in any shape or form....."

Required:

In light of the above judgment (holding), discuss the principle of separate legal personality.

(20 marks)

Question 3

John, a boy of 14 years, approached Peter for a job of apprentice in his workshop. Peter agreed to take him on for a period of six months for a fee of Shs 60,000 per month. John agreed on the above terms whereupon he commenced on his training.

After the agreed period, John had acquired good carpentry skills and wanted to leave Peter's workshop whereupon Peter asked him to pay the agreed fees.

Required:

Raise and resolve all the issues involved in this case.

(20 marks)

Question 4

- (a) Define what is meant by a partnership business. (5 marks)
- (b) How may the activities of a partner bind the other partners and the whole firm generally? (15 marks)
- (Total 20 marks)

SECTION C

Question 5

- (a) Outline the duties of the promoters of a company. (5 marks)
- (b) Discuss the remedies for the breach of the duties of promoters of a company. (5 marks)
- (Total 10 marks)

Question 6

- (a) Explain the meaning of privity of contract. (2 marks)
- (b) Explain **four** exceptions to the privity rule. (8 marks)
- (Total 10 marks)

Question 7

- (a) Give the major sources of law in Uganda. (7 marks)
- (b) Outline **three** major duties of a chief magistrate. (3 marks)
- (Total 10 marks)

Question 8

- (a) What does discharge of contract mean? (2 marks)
- (b) Explain the various ways through which a contract can be discharged. (8 marks)
- (10 marks)