



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

JANUARY – APRIL 2014 TRIMESTER

FACULTY OF LAW

REGULAR PROGRAMME

CLS 418: TRUST ACCOUNTS

Date: APRIL 2014

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions

Q1. When Samuel Peter Anyona died on 15th March, 2012 the following were established:

1. Will

The Republic of Kenya

This is the last Will of me, Samuel Peter Anyona of P. O. Box 421 Kisii and of the National ID No. 24156631.

I appoint my brother – in – law, James Momanyi to be my executor and bequeath to him Kshs. 15,000/= . Subject thereto, I leave the whole of my estate to my wife Mary Jane Anyona.

[Duly attested]

[Signed] Samuel Peter Anyona
6th August, 2010.

2. Assets

- Kshs. 80,000/= in the house.
- Kshs. 60,000/= in a savings account at Equity, Kisii
- Shares with CMC worth Kshs. 100,000/=

- A house in Kisii worth Kshs. 300,000/=

3. Liabilities

- Hospital and doctor expenses of Kshs. 50,000/=
- Funeral expenses of Kshs. 40,000/=
- An interest free loan from Joseph Orina for Kshs. 20,000/=

Using the above – mentioned information, construct a model of the following:

- | | | |
|-----|---|-------------------|
| | a) A memorandum | (10 marks) |
| | b) A schedule | (10 marks) |
| | c) A cash account | (10 marks) |
| Q2. | a) Define a trust and discuss at least FOUR elements that are essential for a trust to be effectively constituted. | (10 marks) |
| | b) Trace the origin of the trust. | (10 marks) |
| Q3. | Critically discuss the duties and discretions of a trustee. | (20 marks) |
| Q4. | Discuss in detail the effect of lack of any of the certainties as laid down in the case of Knight v Knight (1840) 3 Beav. 148 and any exceptions to the general rule. | (20 marks) |
| Q5. | Briefly distinguish between a trust and: | |
| | a) Debt | (4 marks) |
| | b) Bailment | (4 marks) |
| | c) Contract | (4 marks) |
| | d) Estate of a deceased person | (4 marks) |
| | e) Agency | (4 marks) |

END