



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A MAIN EXAMINATION

JANUARY – APRIL 2019 TRIMESTER

FACULTY OF LAW

REGULAR PROGRAMME

CLS 418: TRUST AND TRUST ACCOUNTS

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Telephone: 891601-6

Date: APRIL 2019

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions

Q1. When **Paul Madoka** died on 22nd April, 2017 the following were established:-

1. Will

The Republic of Kenya

This is the last will of me, Paul Madoka, of P.O. Box 9123, Makueni and of National ID No. 390134.

I appoint my brother Francis Mumo to be my executor and bequeath to him Kshs. 5,000/=. Subject thereto, I leave the whole of my estate to my wife Linda Madoka.

[Duly attested]

[Signed] Paul Madoka
6th December,

2016

2. Assets

- Kshs. 25,000 in the house
- Kshs. 73,000/= in his savings account Equity Bank, Makueni
- shares with Kenol/Mobil worth Kshs. 55,000/=
- A house in Makueni County worth Kshs. 800,000.

3. Liabilities

- Hospital and doctor charges of Kshs. 25,000/=
- Funeral expenses of Kshs.45,000/=

- Loan (at no interest) from Water Diviners Club for the amount of Kshs. 15,000/=

Using the above information, **construct a model** of the following:-

- i) A memorandum **(10 Marks)**
 - ii) A schedule **(10 Marks)**
 - iii) A cash account **(10 Marks)**
- Q2. Discuss trust accounts rules as stipulated by the Law of Succession Act (Cap 160 of the Laws of Kenya). Illustrate your answer with cases. **(20 Marks)**
- Q3. i) Give a definition of a Trust. **(5 Marks)**
- ii) Compare and contrast Commercial Accounts vis-à-vis Trust Accounts. **(15marks)**
- Q4. i) Provide the accounts components of the Estate Book that a Trustee may keep. You may illustrate your answer with examples. **(10 Marks)**
- ii) Give a detailed account of Rules 3 and 4 of the Public Trustee Act that articulates the duties of the Public Trustee. **(10 Marks)**
- Q5. Write short notes on the following from your knowledge of Trusts and Trust Accounts:-
- i) The Advocates (Accounts) Rules **(5 Marks)**
 - ii) The Duties of a Trustee **(5 Marks)**
 - iii) An Estate Book **(5 Marks)**
 - iv) **Re: Dartnall** [1895] 1 Ch. 474 in relation to Beneficiary Rights **(5 Marks)**

END