
CERTIFIED ACCOUNTING TECHNICIAN

LEVEL 1 EXAMINATION

L1.2: BUSINESS LAW

TUESDAY: 2 DECEMBER 2014

INSTRUCTIONS:

- 1. Time Allowed: 3 hours 15 minutes (15 minutes reading and 3 hours writing).**
- 2. This examination has seven questions and only five questions are to be attempted.**
- 3. Marks allocated to each question are shown at the end of the question.**

QUESTION ONE

The “*Women Network Working for Rural Development*” (WNRD), a national Non-Governmental Organization without legal personality, lent to Mrs MUKAMANZI Jeanne Four Hundred Million (400,000,000) Rwandan Francs to support her project to cultivate potatoes. She agreed to repay the association ‘WNRD’ after one year. When one year was over, she refused to pay back the sum to the association (WNRD). The association WNRD then filed the case before the court in order to get the payment of the total amount.

Required:

- a) What is the meaning of legal personality? (5 Marks)
- b) Would the fact that WNRD had no legal personality be of any favour to Mrs MUKAMANZI Jeanne before the court? (10 Marks)
- c) What tribunal or court has jurisdiction (*ratione materiae*) over this case? Explain your choice? (5 Marks)

(Total 20 Marks)

QUESTION TWO

- (a) State and explain various rules on making an offer. (12 Marks)
- (b) Rukundo made an offer to sell certain goods to Mupenzi. The offer was to remain open for a month. Rukundo revoked the offer after two weeks. Mupenzi accepted the offer after three weeks. Rukundo informed Mupenzi that the offer has already been revoked.

Required:

Discuss the legal position. (8 Marks)

(Total 20 Marks)

QUESTION THREE

- (a) Define the term “defamation” and indicate the forms which defamation can take. (4 Marks)
- (b) In relation to the Law of Contract,
 - (i) Explain four essentials of a valid contract. (8 Marks)
 - (ii) Kigabo entered into a contract with Jeninah whereby Kigabo was to introduce Jeninah to Ngarambe with a view of Ngarambe marrying Jeninah. Kigabo asked Jeninah to give him Frw 100,000 which she did. Kigabo then introduced Jeninah to Ngarambe and Ngarambe promised to marry Jeninah in case his wife who was by then sick in hospital passed away. However, Ngarambe’s wife Umutesi underwent a successful surgery and fully recovered from the illness. Ngarambe has now refused to marry Jeninah. Jeninah is aggrieved and wishes to sue Kigabo and Ngarambe. Advise her. (8 Marks)

(Total 20 Marks)

QUESTION FOUR

GURUKA Ltd entered into the contract of construction of a commercial complex in Kigali Industrial Park with GUMAHO Ltd. The contract was worthy Frw 2 Billion and building was to be completed by July 2013. GURUKA Ltd agreed to have covered three quarters (3/4) of the Commercial Complex by May 2013 while GUMAHO Ltd agreed to pay three quarters (3/4) of the price of the project. In case of breach, the parties had to choose between the liquidated damages amounting to Frw 1 Billion in case of fundamental breach [breaking a condition or a warranty] or unqualified damages in case of repudiation as remedies. By July 2013, GURUKA Ltd had completed three quarters (3/4) of the Commercial complex while GUMAHO Ltd defaulted in the payment as it had only covered half (1/2) of the priced installment. After waiting the payment for one year (July 2014) in vain while refusing to perform the remaining obligations, GURUKA Ltd decided to sue for the breach of contract before courts of law. GURUKA Ltd wishes to hire you to assist in submitting the claim as its legal team is not conversant with the concepts in contracts.

Required:

- a) Write brief note for the company on the differences between:
 - (i) Liquidated damages and unqualified damages (5 Marks)
 - (ii) Condition and warranty. (5 Marks)
 - b) Explain the grounds on which GURUKA Ltd can sue GUMAHO Ltd for damages and propose the remedy if possible (5 Marks)
 - c) Can GURUKA Ltd unilaterally terminate the aforementioned contract?
Substantiate. (5 Marks)
- (Total 20 Marks)**

QUESTION FIVE

- (a) Explain the principle of Separation of power and discuss the extent to which the constitution of the Republic of Rwanda complies with the principle (12 Marks)
 - (b) Discuss the following terms:
 - (i) Fixed charge in relation to assets pledged as security. (3 Marks)
 - (ii) Floating charge in relation to assets pledged as security. (3 Marks)
 - (iii) Ordinary shares (2 Marks)
- (Total 20 Marks)**

QUESTION SIX

- (a) Explain the term “international law”. (4 Marks)
 - (b) With the help of examples explain the various disciplines of international law. (6 Marks)
 - (c) Explain any two sources of national law in Rwanda. (4 Marks)
 - (d) Discuss any three function of law in Rwanda. (6 Marks)
- (Total 20 Marks)**

QUESTION SEVEN

A cheque is an unconditional order in writing that is addressed by its signatory (Drawer) to the bank requiring to pay on demand a sum certain in money to the Drawee or to a specified person or to the bearer (Law N°32/2009 of 18/11/2009 governing negotiable instruments).

Required:

With regard to this law, discuss the following:

(a) Antedated and post-dated cheque (5 Marks)

(b) Duration of a cheque (5 Marks)

(c) Liability of the drawer or endorser of a cheque in case the bearer or endorsee has not presented it for payment in accordance with the law (5 Marks)

(d) Non-negotiable cheque (5 Marks)

(Total 20 Marks)

End of question paper