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# **CERTIFIED PUBLIC ACCOUNTANT FOUNDATION LEVEL 1 EXAMINATION**

## **F1.2: INTRODUCTION TO LAW**

**MONDAY: 1 DECEMBER 2014**

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### **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

- (a) Kakiyonga, a small scale farmer agreed to take a television set and a radio from Rwaka Ltd., a hire purchase firm last year. The hire purchase price for both items was Frw. 90,000. He paid a deposit of Frw. 30,000 and the balance was payable by monthly installments of Frw. 5,000. After paying installments for six months, he defaulted. Rwaka Ltd. promptly repossessed the goods.

Discuss the legal position.

(14 marks)

- (b) Discuss at least three essential features of valid contract.

(6 marks)

(Total 20 Marks)

## QUESTION TWO

- (a) The law of tort makes it clear that if a person has not suffered any damage he/she cannot be indemnified. Discuss the various kinds of damage and its characteristics in written law. (12 marks)
- (b) Paul stoned Peter on the head and Peter got seriously injured and fell down breeding. The ambulance took him quickly to the hospital for treatment. On arrival at the hospital, the nurses neglected to give him necessary treatment and after six hours waiting to be served by the nurses he died. Is Paul responsible for the death of Peter? Explain. (4 Marks)
- (c) Who is responsible of damages caused by a child while playing at school? (4 Marks)

(Total 20 Marks)

## QUESTION THREE

GAKIRE, KABWA and KAGABO were discussing about the recent land reforms in Rwanda. KABWA and KAGABO both living at Kagarama Sector, Kicukiro District in the City of Kigali and Nyamabuye Sector, Muhanga District in Southern Province respectively were State employed personnel who acquired land to build a residential house. GAKIRE was a business owner and investor in the City of Kigali owning a large production chain of food called GAKIRE Ventures Ltd whose company recently acquired under *freehold title* a large plot in Kigali Industrial Park at Masoro. The latter GAKIRE attested that the land his company acquired was its property and it has full ownership. KABWA and KAGABO were trying to contradict him by arguing that the land in Rwanda is owned by the State and any person can only enjoy rights over the land under *emphyteutic lease*. As they failed to agree on the recent land reforms, they have approached you for your legal advice.

- (a) Write a short but concise note for them on the differences between *freehold* and *emphyteutic lease*.

(8 Marks)

- (b) Elaborate on the land allocation, acquisition and lease in Rwanda.

(12 Marks)

(Total 20 Marks)

## QUESTION FOUR

NKA Ltd and MBWA Ltd, two Rwandan wholesale companies residing in Kigali entered into contract of supplying pet foods. NKA had to supply 100 Tons of pet foods to MBWA Ltd for five years. The parties agreed to submit their dispute to Kigali International Arbitration Center (KIAC), under its domestic branch of arbitration in a submission agreement they signed in early June 2010. MBWA Ltd paid all the invoices for supplies in advance. But by the end of June 2014, NKA Ltd failed to supply the pet foods. It had only supplied 70 Tons by the time it failed in its obligation to supply. MBWA Ltd submitted the claim to Kigali International Arbitration Center for the reimbursement of the amount paid and eventual damages. MBWA Ltd won the case and KIAC Arbitral Tribunal awarded the reimbursement of the paid amount and damages that resulted in the failure to supply. NKA Ltd was notified of the award rendered by the KIAC Arbitral tribunal on July 7, 2014 and appealed on July 22, 2014. NKA Ltd appealed against the award in Nyarugenge Commercial Court alleging that one of the Arbitrators on the panel who presided over the proceedings was a shareholder in MBWA Ltd and therefore compromised due to conflict of interest.

- (a) Explain the concept “**award**” and its form in arbitration proceedings. (10 Marks)
  - (b) Has Nyarugenge Commercial Court got jurisdiction to hear the appeal against the award rendered by the KIAC Arbitral Tribunal? Explain. (10 Marks)
- (Total 20 Marks)**

## QUESTION FIVE

- (a) Discuss the principle of juridical or legal personality (2 Marks)
  - (b) With the help of examples discuss the legal effects related to gender and age. (4 Marks)
  - (c) Discuss the legal characteristics of a name. (4 Marks)
  - (d) What is the practical importance of domicile and residence in Rwanda? Discuss the legal characteristics of domicile and its determination. (10marks)
- (Total 20 Marks)**

## QUESTION SIX

Nowadays, intermediation plays a major role in running businesses worldwide. Companies that bring their products to the market can choose to do so through a legal variety of intermediaries. Agents play a major role in Capital Markets businesses. With regards to the concept of agency/intermediation, explain the following:

- (a) Broker; (5 Marks)
  - (b) Commission/commercial agent; (5 Marks)
  - (c) Importance and relevance of Agency for business (10 Marks)
- (Total 20 Marks)**

## QUESTION SEVEN

Mutesi Kayitare, a business lady, sent a telephone message to Fiona Mkundwa a fellow business lady, accusing her of “stealing” her clients. The message contained abusive words to the effect that Fiona Mkundwa was a **“witch”** who uses **“herbs”** and **“witchcraft”** to lure customers to her saloon and boutique. In addition to sending the message to Fiona Mkundwa, Mutesi Kayitare sent the same message to several customers of Fiona Mkundwa .

As a result Fiona Mkundwa lost many of her customers and her business is threatened with closure. All the contents of the message were false. Fiona Mkundwa has come to you for legal advice.

**Required:**

- i) Explain to Fiona Mkundwa the term **“defamation”**. (5 Marks)
  - ii) Advise Fiona Mkundwa on her legal right, if any. (15 Marks)
- (Total 20 Marks)**

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**End of question paper**