

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

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

**TUESDAY: 1 DECEMBER 2015**

### **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

- Explain the two ways through which agency may be created. (4 Marks)
- Explain the duties of an agent to his principal. (6 Marks)
- Explain the circumstances under which an agent may be held personally liable for contracts made on behalf of his principal. (10 Marks)

(Total 20 Marks)

## QUESTION TWO

- Highlight the essential characteristics of a contract of sale of goods. (4 Marks)
- Rugamba offers to sell his car for Frw 5 Million. Nkomeza offers to buy the car at Frw 4 Million. Rugamba thereafter refuses to sell the car to Nkomeza. Nkomeza seeks your advice regarding this development. Please advise him on the legality this transaction. (8 Marks)
- Mugabo instructed Mutesi, an auctioneer to sell his house by auction. The sell was subject to a reserve price of Frw 8 Million. Mutesi advertised the house stating that it was subject to a reserve price of Frw 8 Million. However she sold the house to her sister Mirembe at Frw 7 million. Mugabo has refused to accept the proceeds and to transfer the house to Mirembe. Mirembe has demanded the transfer of the house from Mugabo to her.

### REQUIRED:

Explain the legal position of Mugabo, Mutesi and Mirembe. (8 Marks)  
(Total 20 Marks)

## QUESTION THREE

- Explain the concept of illegality of contracts and give three types of contracts that are illegal. (8 Marks)
- Frank Rukundo requested John Kagozo to lend him Frw 100,000 to be repaid within a month. John Kagozo enquired what Frank Rukundo wanted to use with the money and Frank Rukundo replied that he needed Frw 40,000 to buy food for his children and the remaining Frw 60,000 was for bribing someone who had promised to secure him a public job. John Kagozo lend Frank Rukundo the money. A month later when John Kagozo asked Frank Rukundo for the repayment of Frw 100,000 but Frank Rukundo refused.

### REQUIRED:

Explain the legal principle applicable in this case and advise John Kagozo. (6 Marks)

- Nzabamwita, a tailor agrees to make hotel uniforms for Serena hotel. Serena Hotel issues an order to Nzabamwita to make 400 pieces of uniform for Serena hotel. Nzabamwita manages to make 350 pieces of uniform before he was involved in an accident and subsequently hospitalized. Following his discharge from the hospital, Nzabamwita submits a claim for payment to Serena hotel. Serena hotel refuses to pay on the grounds that the contract was not fully executed.

### REQUIRED:

Provide a legal advice to Nzabamwita (6 Marks)

(Total 20 Marks)

## QUESTION FOUR

- a) With reference to the principle of separation of powers outline the role of the following institutions:
- i) The Legislature (4 Marks)
  - ii) The Executive (4 Marks)
  - iii) The Judiciary (4 Marks)
- b) In relation to the law of Persons write explanatory notes on the following:
- (i) Citizenship by naturalization (4 Marks)
  - (ii) Citizenship by Birth (4 Marks)
- (Total 20 Marks)

## QUESTION FIVE

- a) Distinguish between Slander and defamation. (4 Marks)
- b) Explain the meaning and the significance of the principle of indemnity in insurance. (4 Marks)
- c) Distinguish between public international law and private international law. (4 Marks)
- d) Distinguish between a tort and a contract. (4 Marks)
- e) Distinguish between “a freehold interest in land” and “a leasehold interest in land”. (4 Marks)
- (Total 20 Marks)

## QUESTION SIX

GOS Ltd owns BWIZA PLAZA, a building in the City of Kigali. Due to its construction defect it developed cracks and was abandoned. GOS Ltd pinned a big red cross mark on the walls indicating danger to the public. The redcross mark was quite visible beyond one hundred meters from the building.

Last Sunday, MWIZA and MUSORE were charting near the building and went inside to take some digital selfie photos ignoring the danger sign. While inside MUSORE accidentally fell on one of the pillars of the building which collapsed killing MUSORE and seriously injuring MWIZA. The family of the two filed a case for damage against GOS Ltd.

### REQUIRED:

Advice the family whether they can receive any remedy for damage caused by the ruins of the building?

(Total 20 Marks)

## QUESTION SEVEN

BB Ltd and CC Ltd entered into commercial contract in 2015. BB Ltd undertook to supply cement to CC Ltd. The latter had secured a contract to build Kigali City Complex. In their contract, they agreed to settle their dispute by arbitration. In this respect they inserted an **arbitration clause** in their agreement referring their dispute to arbitration of Kigali International Arbitration Centre. BB Ltd however, failed to supply Cement to CC Ltd. CC Ltd sued BB Ltd before Nyarugenge Commercial Court in breach of contract. BB Ltd raised an incident on an arbitration clause in the contract and requested the court not to admit the case.

**REQUIRED:**

- (a) Is this case admissible before the Nyarugenge Commercial Court? Explain your answer. **(10 Marks)**
- (b) List commercial courts and explain their composition. **(10 Marks)**

**(Total 20 Marks)**

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**End of question paper**