INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF RWANDA

Driving Sustainable Performance

Associate of IFAC

CERTIFIED ACCOUNTING TECHNICIAN

LEVEL 1 EXAMINATION

L1.2: BUSINESS LAW

FRIDAY: 02 DECEMBER 2016

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.
4. All iCPAR Examination rules and regulations apply

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QUESTION ONE

a) Gato, the proprietor of Giti House, placed a sign reading; ***"Caution slippery floor"*** on the entrance of the house. Mariko who was rushing to attend classes did not see the sign and accidentally slipped down and fractured his hand. He now seeks compensation from Gato. Discuss the legal position, defenses and remedies available to both parties. **(10 Marks)**

b) Explain the various kinds of damages according to the law of tort. **(4 Marks)**

c) State and explain the characteristics of the reparable damages. **(6 Marks)**

(Total 20 Marks)

QUESTION TWO

a) John paid a deposit of Frw.50, 000 as part payment for hire of a hall that was to be used for his wedding reception. On the eve of the wedding day, the hall was destroyed by fire. John seeks your advice as to whether he can sue for remedies for breach of the contract or frustration and as to what other circumstances may or may not cause frustration of a contract. Advise John. **(10 Marks)**

b) Discuss the various equitable remedies which may be available to an injured party who is suing for breach of contract. **(10 Marks)**

(Total 20 Marks)

QUESTION THREE

a) Explain five distinguishing features between a sale and an agreement to sell. **(10 Marks)**

b) Explain five remedies available to a buyer for breach of the contract of sale of goods? **(4 Marks)**

c) Explain the differences between a cheque and a bill of exchange. **(6 Marks)**

(Total 20 Marks)

QUESTION FOUR

a) In relation to the law of property, explain five differences between ownership and possession. **(5 Marks)**

b) One of the principal duties of an agent is expressed by the maxim ***"delegate's non potest delegare."*** Explain the circumstances under which an agent may delegate his authority. **(5 Marks)**

c) Describe the advantages of carrying on business as a partnership as opposed to a limited liability company. **(10 Marks)**

(Total 20 Marks)

QUESTION FIVE

The I&M Bank Ltd issued two cheques; one cheque to Gafaranga with two parallel lines on its face and the other to Gakwavu with two parallel lines with words in-between the lines ***"Bank of Kigali"*.**

REQUIRED:

Discuss the technical naming of the cheques issued to Gafaranga and Gakwavu under Rwandan Law on negotiable instruments clearly explaining the importance of crossing a cheque in financial law.

(Total 20 Marks)

QUESTION SIX

a) Define the term law and explain the purpose of law **(5 Marks)**

b) Differentiate the following terms;

i) Law and ethics **(3 Marks)**

ii) Law and morality **(3 Marks)**

iii) Substantive and procedural law **(3 Marks)**

iv) Criminal and civil law **(3 Marks)**

v) National and international law **(3 Marks)**

(Total 20 Marks)

QUESTION SEVEN

a) In the law of agency state and explain four ways in which agency is created **(12 Marks)**

b) Explain the following types of agents;

i) Factors **(2 Marks)**

ii) Auctioneer **(2 Marks)**

iii) Brokers **(2 Marks)**

iv) Del credere agent **(2 Marks)**

(Total 20 Marks)

End of question paper