

**CERTIFIED PUBLIC ACCOUNTANT  
FOUNDATION LEVEL 1 EXAMINATIONS**

**F1.2: INTRODUCTION TO LAW**

**TUESDAY: 28 NOVEMBER 2017**

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**INSTRUCTIONS:**

1. **Time Allowed: 3 hours 15 minutes** (15 minutes reading and 3 hours writing).
2. This examination has **seven (7)** questions and only **five (5)** questions are to be attempted.
3. Marks allocated to each question are shown at the end of the question.
4. Any assumption made must be clearly and concisely stated.
5. All iCPAR Examination rules and regulations apply.

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*Attempt any five questions*

**QUESTION ONE**

- (a) Magambo is a Rwanda citizen, but resides in France. Last year while in Rwanda for XMAS Holiday, he promised to pay Mpaka Frw 20,000 for having been assisting his mother in maintaining her house compound. Magambo has failed to pay Mpaka within 3 months of his promise.

In another development, Macumu made a sale agreement with Magambo for a car which Macumu was to deliver. Magambo paid cash of Frw 4 million for the car and was to be delivered to his mother. To date Macumu has not delivered the car and Magambo is now worried.

**REQUIRED:**

**(12 Marks)**

Identify and resolve the issues raised in the above scenarios.

- (b) Explain the essential elements of a valid contract.

**(8 Marks)**

**(Total 20 Marks)**

**QUESTION TWO**

Bagaza, a businessman in Kigali was interested in buying a plot to construct an hotel. He approached Bizimana who informed him that he had a commercial plot in Kigali and was looking for a buyer. Bizimana and Bagaza thereafter made a sale agreement and the full price was paid to Bizimana. Bizimana has since refused to surrender the land title and transfer forms to Bagaza to enable him effect the land transfer. Bagaza is confused and does not know what to do.

In another development, Kengo, a prominent farmer in Burera district was planning to establish a modern farm. He approached Kabuga and informed him that he had sold his local cows and wanted cross-breeds which would produce at least 20 litres of milk. Kabuga took Kengo to his farm and showed him 10 cows for sale and informed him that each cow produces 25 litres of milk per day. Although Kabuga knew that the milk production of his cows was not good, he assured Kengo that the cows were of good breed. Kengo was very impressed and bought 10

cows from Kabuga at a high price. Kengo was later disappointed when the milk production of the cows was merely 4 litres per day each. Kengo is now contemplating suing Kabuga.

**REQUIRED:**

Raise the relevant issues and resolve them.

**(12 Marks)**

(b) (i) Explain the meaning of the term ‘insurance contract’.

**(2 Marks)**

(ii) Write short notes on the following:

1. Uberrimae fidei.

**(2 Mark)**

2. Insurable interest.

**(2 Mark)**

3. Indemnity,

**(2 Mark)**

**(Total 20 Marks)**

**QUESTION THREE**

(a) Tumurere and Mwizerwa are business colleagues in Nyagatare district. Mwizerwa normally supplies goods to Tumurere, who always pays by cheque. One day, Tumurere paid Mwizerwa by an open cheque worth Frw 300,000 to be drawn on JBD Bank in Nyagatare district. The cheque was later stolen by Kamanzi, who was Mwizerwa’s assistant. Kamanzi owed Frw 400,000 to Umutoni, so he decided to make partial payment of his debt by endorsing the stolen cheque to Umutoni.

When Umutoni presented the cheque to JBD Bank for payment, the bank refused to honour it, due to insufficient funds. Umutoni immediately informed both Kamanzi and Tumurere about the dishonoured cheque. She actually demanded payment from Tumurere whom she thought was more likely to pay the Frw 300,000.

Tumurere however told Umutoni that since she did not get the cheque from him, he could not pay her. He was also of the view that Umutoni was likely to be a thief, because Mwizerwa had earlier told him that his cheque had been stolen. Tumurere was, therefore, not going to pay any strangers.

**REQUIRED:**

**(12 Marks)**

Identify the legal issues in the above case and discuss how to resolve them.

- (b) Explain the presumptions which are related to negotiable instruments. **(8 Marks)**  
**(Total 20 Marks)**

**QUESTION FOUR**

- (a) Define the following:
- (i) Condominium. **(2 Marks)**
  - (ii) Servient tenement. **(2 Marks)**
- (b) Explain the powers of association of condominium co-owners. **(16 Marks)**  
**(Total 20 Marks)**

**QUESTION FIVE**

- (a) Explain the duties of an agent to the principal. **(10 Marks)**
- (b) Describe the types of agents in the law of agency. **(10 Marks)**  
**(Total 20 Marks)**

**QUESTION SIX**

- (a) Define the following terms:
- (i) Patent. **(2 Marks)**
  - (ii) Invention. **(2 Marks)**
  - (iii) Innovation. **(2 Marks)**
  - (iv) Mark. **(2 Marks)**
  - (v) Trade name. **(2 Marks)**
- (b) Briefly explain matters which are excluded from patent protection under Law No.31/2009 on the protection of intellectual property. **(10 Marks)**  
**(Total 20 Marks)**

**QUESTION SEVEN**

- Distinguish legal rules from ethical rules. **(Total 20 Marks)**

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**End of question paper**