
CERTIFIED ACCOUNTING TECHNICIAN
LEVEL 1 EXAMINATION
L1.2: BUSINESS LAW
FRIDAY: 7 DECEMBER 2018

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) Munyaneza ordered 20 bales of clothes from Mulenga. The purchase price was RWF 1,500,000 to be paid on delivery. The goods were to be delivered to Munyaneza's store at Kanombe within two days, as agreed. On delivery, Munyaneza checked and found that two bales of clothes were missing. He threatened to reject the delivery. Mulenga informed him that he will send the remaining two bales later.

In a related development, Bagaza bought a cow from Akayezu and took possession of it after agreeing on the payment terms. He was to pay at the end of the week. Akayezu waited for the money from Bagaza in vain. After three weeks, Akayezu approached Bagaza to demand for payment but Bagaza showed no interest. He asked Akayezu to take back his cow, but Akayezu was more interested in the money. She claimed that she could not take back the cow because it looked malnourished and sickly.

REQUIRED:

Raise relevant issues and resolve them.

(12 Marks)

- (b) Explain the effects of the United Nations Convention on contracts for international sale of goods (CISG).

(8 Marks)

(Total 20 Marks)

QUESTION TWO

- (a) Ngeze is a business man who often travels from Nyamasheke to Nyabihu districts. On one occasion when Ngeze was returning from Nyabihu, the public transport vehicle he was travelling in got a serious mechanical problem and all passengers spent the night on the road. On the same vehicle, there were 10 boxes of ripe tomatoes belonging to his colleague, Mogots. By 10.00 am the next day, some of the tomatoes had started spilling juice. Ngeze made several calls to Mogots who never responded and this prompted Ngeze to look for a nearby market, where he sold the tomatoes. Ngeze incurred some costs to transport the tomatoes to the market.

When he later handed the money to Mogots and claimed for a commission and a refund of costs incurred, Mogots refused to pay, claiming that there was no agreement between the two parties.

In another development, Ngeze had bought goods from Magambo on Toto's behalf and paid part of the purchase price. When Magambo failed to recover the balance due from Ngeze, he later learnt that Ngeze was, in fact, acting for Toto. Magambo thereafter demanded for payment from Toto but this was in vain, as Toto stated that he did not know Magambo and could not pay strangers.

REQUIRED:

Raise the relevant issues and resolve them.

(12 Marks)

- (b) Outline the different ways in which an agency relationship may be terminated.

(8 Marks)

(Total 20 Marks)

QUESTION THREE

- (a) Mutsinzi is a resident of Kibuye in the Southern province of Rwanda. He is a giant, who looks older than his actual age. On 30th April 2018 he celebrated his 14th birthday. In addition to material gifts, he got cash RWF 200,000. Using part of the money, he bought a big television set from Renzaho at RWF 400,000 to enable him watch world cup for 2018. Mutsinzi paid RWF 150,000 cash and promised to pay the balance in two months. To date, he has not paid the said balance, claiming that he was not bound by the contract in the first place.

In another incident, Kamanzi offered his car for sale at RWF 4 million to Mugabo who had known the car's good condition for long. Mugabo took the car to his mechanic for confirmation of the condition before he could enter into the contract. After a week had lapsed without returning the car, Kamanzi wrote a letter to Mugabo stating among others that, "if I do not hear from you within 2 days, I will consider that you have accepted the offer" Mugabo got the letter that very day but still remained silent because he had given out the car for special hire. After 3 weeks, Mugabo returned the car, claiming that he was not interested in accepting the offer. Kamanzi has threatened to sue him.

REQUIRED:

Raise the relevant issues and resolve them.

(12 Marks)

- (b) Describe factors that may invalidate a contract, as provided by the Law governing contracts in Rwanda.

(8 Marks)

(Total 20 Marks)

QUESTION FOUR

Using the appropriate Rwandan Law,

REQUIRED

- (a) Distinguish between arbitration from conciliation.
(b) Explain international arbitration.
(c) Describe branches of the state and their functions.

(4 Marks)

(7 Marks)

(9 Marks)

(Total 20 Marks)

QUESTION FIVE

Using the Law relating to negotiable instruments in Rwanda:

REQUIRED:

- (a) Define a bill of exchange.
(b) Explain the requisite conditions for presentation of a bill of exchange for acceptance.
(c) Outline the circumstances when the notice of dishonor to the drawer of negotiable instruments may be dispensed with.

(2 Marks)

(8 Marks)

(10 Marks)

(Total 20 Marks)

QUESTION SIX

- (a) Explain the exceptions under which a person employing an independent contractor may be liable for his torts. **(10 Marks)**
 - (b) Outline instances that amount to acts of conversion committed in the laws of torts. **(10 Marks)**
- (Total 20 Marks)**

QUESTION SEVEN

- (a) Distinguish the following terms as provided by the Condominium Law in Rwanda:
 - (i) Dominant tenement and servient tenement. **(4 Marks)**
 - (ii) Condominium and co-share of participation. **(4 Marks)**
 - (b) Outline acts or practices in industrial/commercial activities which may constitute unfair competition under the law of intellectual properties. **(12 Marks)**
- (Total 20 Marks)**