



**CERTIFIED PUBLIC ACCOUNTANT**

**FOUNDATION LEVEL 1 EXAMINATION**

**F1.2: INTRODUCTION TO LAW**

**WEDNESDAY: 2 DECEMBER 2020**

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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 **should** be attempted.
3. Marks allocated to each question are shown at the end of the question.

### **QUESTION ONE:**

Smart Learners Academy (SLA) is an internationally accredited primary school located at Muvumba in the Southern Province of the country. The school was founded by a traditional religious community called BAKIKA in 2010 and the dogmatic rules governing the faith of the BAKIKA are the integral part of the constitution of the school (SLA). Dogmatic faith rules of BAKIKA are supreme authority in all decision making of SLA as per Section II of SLA constitution.

Section II.3 of BAKIKA Faith rules provides that one of the conditions for an employee to be promoted from one level in the employment structure, he/she must be a faithful member of BAKIKA religion. For the non-members, they can only be employed at entry level but are not subject to any promotion until they are converted. This intends to protect students from being influenced by behaviours prohibited by the dogmatic rules of BAKIKA religion. In addition, adherent members who are employed by SLA receive severe disciplinary punishments compared to other staff.

The Constitution of the Republic of Rwanda recognises the right to religion and freedom from discrimination based on race, religion, nationality, sex and any other criteria. The same provision is enshrined in the Rwandan Labour Law. The Ministerial Order governing primary schools gives power to the management of schools to establish a statute (constitution) governing their schools, treatment of employees and work ethics. The Ministerial Order also allows different treatment of employees basing on their faith.

#### **Required:**

- (a) Discuss the legality of the SLA constitution in consideration of the hierarchy of norms under Rwandan Law. (8 Marks)**
  - (b) How does the law solve the problem of divergences between different legal sources? (4 Marks)**
  - (c) Differentiate primary from secondary sources of the law and how each contributes in solving disputes. (6 Marks)**
  - (d) Can religion be a source of law? Justify your answer. (2 Marks)**
- (Total 20 Marks)**

### **QUESTION TWO:**

Mr. Kamethe is a Kenyan student studying at one of the international universities in Kigali. His father Roland is a renowned businessman with a lot of businesses in Rwanda and across the region. In December 2020 Mr. Kamethe fell in love with Monica, a Rwandan student studying at a secondary school next to his university. They first met in a shopping mall near their schools during an after-class break. Monica is 17 years old and has accepted to marry Kamethe as soon as they finish their studies.

In March 2020 Kamethe's father was on a business trip to China when Covid-19 pandemic outbreak and mitigation measures were taken by Chinese authorities which prevented him from coming back home. On 20<sup>th</sup> March 2020 Monica had gone to visit Kamethe at his father's house in Nyamirambo until midnight. Both were very happy to find their time alone without

Kamethe's father at home but were very vigilant to keep their limits to avoid sexual engagements before marriage. At midnight when Monica went outside to ride a motorbike back home at Kabuga, she learnt that there is a total lockdown imposed by the government in efforts to contain the spread of covid-19. She was therefore not able to find any public transport means to take her home. She resolved to go back to Kamethe's home and stayed with him for 21 days until lockdown measures were eased. During that period, they could not keep their agreed limits and she left Kamethe's home pregnant.

When both parents learnt of the incident, they were all concerned for the reputation of their families. Monica's parents think their daughter, a minor, was a victim of sexual violence and defilement. They however agreed on looking better ways of dispute resolution other than using public prosecution and courts of law.

**Required:**

- (a) Having read from a law journal that there are methods of Alternative Dispute Resolutions (ADR) they want you to advise them of which one would better solve their dispute and the reason for your suggestion. (8 Marks)**
  - (b) What are the advantages of ADR methods compared to court process in solving disputes? (4Marks)**
  - (c) Describe at least two methods of Alternative Dispute Resolution and how they differ from one another. (4 Marks)**
  - (d) What are the issues of legal concern involved in the above scenario? (4 Marks)**
- (Total 20 Marks)**

**QUESTION THREE:**

Dr. Bucumi is a Chief Executive Officer and sole shareholder of a microfinance called "Kiravuba Finance Plc" in Musanze in the Northern part of Rwanda. Prior to joining the banking sector, Dr Bucumi was an IT Engineer. Seeing the opportunity to upgrade the delivered services and adjust with current global technologies, he ordered two (2) robotics designed to administer basic banking services in as far as artificial intelligence can reach. This will reduce the human capital and associated administration as well as enhancing ethical standards which many of his staff keep on failing to maintain. After acquiring them, he named one Murava and another one Bwenge.

In July 2020 when Bwenge was doing its daily routine of temperature screening for Kiravuba customers, there was a malfunction in the system and it pushed the temperature device in a customer's ear causing a severe body injury. Meanwhile, Dr Bucumi was in the process of applying for citizenship of the robots in some Asian countries and had managed to obtain a passport for Bwenge from a country in the Middle East. When approached by the injured customer seeking both material and moral damages as compensation for the harm suffered, Dr Bucumi responded that Bwenge should be held personally liable as she possesses her own passport and should bear her own responsibility. In the light of both tort and family laws applicable in Rwanda, advise on the questions below.

**Required:**

- (a) **According to Rwandan law governing family and persons, do you think BWENGE and MURAVA can be held liable for the damages caused by their own acts? Is there any limitation in relation to the exercise of one's rights and obligations?** (5 Marks)
- (b) **Can the injured customer take civil action against KIRAVUBA Finance Plc for liabilities of damages caused by BWENGE as its employee? On what legal basis, if any, may KIRAVUBA Finance Plc be responsible for damages caused by the robots?** (8 Marks)
- (c) **Differentiate vicarious (indirect) liability from direct liability, with examples.** (7 Marks)
- (Total 20 Marks)**

**QUESTION FOUR:**

John Malungu is a Congolese diplomat residing in Kigali with his wife and three daughters. On the weekends he enjoys to go shopping with his daughters in Sungula Supermarket. On July 04<sup>th</sup>, 2020, he was told that Sungula is offering a special discount of 50% on all sports equipment. He went there as usual to verify so that he could take advantage and buy plenty of them. The jerseys in the cloths' store had price tags of \$15 for kits which would normally cost not less than \$30. He picked 10 sports kits worth \$150 according to the price tags. Reaching at the counter, he was told that price tags are not real and that they were placed there to attract customers. He was therefore requested to pay \$300.

Mindful of the journey he made from home to the supermarket due to the displayed price tags, he insisted that since he has picked the clothes, it is a proof of acceptance of the offer given by Sungula Supermarket by the display of price tags. He therefore argued that there was an offer and acceptance and that these constitute a binding contract between the parties. Sungula Supermarket refused to obey the displayed prices. Now Malungu is thinking of taking action against Sungula for breach of contract.

In another scenario, Mrs Clarisse read in The New Times an announcement by the British Embassy in Kigali that it is searching for a lost security dog which was in charge of searching the vehicles of people visiting the Embassy premises. The Embassy was promising that anyone who would find it will receive a reward of \$100,000 or anyone who would help in giving essential information which can help find the missing dog. After reading the announcement, Mrs Clarisse hired a group of private investigators and paid them \$20,000 to engage in the search for the lost dog. After 14 days of intensive enquiry, the dog was found in Rubavu near the border to Congo. Clarisse's team picked the dog and accompanied him to the Embassy's office in Kigali, expecting to receive \$100,000 reward. After verifying the reported dog, the Embassy confirmed that it was indeed the one that had gone missing. However, Mrs Clarisse was told that after a week without hearing any whereabouts of the dog, the Embassy decided to acquire another one for the same price. They therefore offered to pay her only \$5,000 as a

gracious appreciation for her work. Mrs Clarisse refuted the Embassy's statement, arguing that they must comply with the payment terms announced in the newspaper; otherwise a legal action shall be inevitable.

**Required:**

- (a) **Mindful of the elements of the formation of a contract, do you think the conduct of Sungula Supermarket constitutes a breach of contract with Malungu?** (5 Marks)
- (b) **Can price tags in the supermarket be considered as valid offers? Justify your answer.** (5 Marks)
- (c) **Do you think Mrs Clarisse's action against the Embassy will be successful? Justify your answer in line with offer and acceptance requirements.** (5Marks)
- (d) **Discuss the legal nature of the announcement given by the British Embassy in the newspaper.** (2 Marks)
- (e) **Illustrate how the offer and acceptance happens in the sale at supermarkets.** (3 Marks)

**(Total 20 Marks)**

**QUESTION FIVE:**

EFG Inc. is a wholesale business company trading in electronic equipment and kitchen utensils based in Kigali. In June 2020, EFG Inc. entered into an agreement for sale with Smart Cook Ltd, a retail shop in Huye to sell 100 boxes of kettles. The agreement for sale provided that Smart Cook will pay 50 million Rwandan Francs for all boxes once EFG Inc. receives standardisation certificate from Rwanda Standards Board (RSB) which was expected in a period of 2 weeks from then. Meanwhile the 100 boxes were delivered to the stores of Smart Cook Ltd in Huye on that very day and received the advance payment of 10 million as a commitment to respect the terms of sale. After 7 days, Smart Cook Ltd.'s stores were completely destroyed by unexpected earthquake which led to severe destruction of more than 80 boxes acquired from EFG Inc.

In the morning after the incident, EFG Inc. came with the RSB Certificate and claimed the balance of 40 million to the agreed price. Smart Cook Ltd rather claimed that there was no passing of risk and title in regard to the destroyed boxes. It refused to make the payment and requested reimbursement of the advance payment earlier paid on delivery.

**Required:**

- (a) **Discuss the validity of EFG Inc.'s claim to the full payment of the delivered boxes.** (6 Marks)
- (b) **Discuss the validity of Smart Cook Ltd.'s claim for refund of 10million.** (6 Marks)
- (c) **What difference would it make if there was no condition of waiting for the RSB Certificate being a sales agreement?** (4 Marks)
- (d) **Discuss the difference between a sale and an agreement for sale.** (4Marks)

**(Total 20 Marks)**

**QUESTION SIX:**

- (a) Discuss different types of mercantile agents. (6 Marks)
- (b) Discuss different ways by which agency relationship can be created. (6 Marks)
- (c) With an example, discuss the 'aleatory' character of an insurance policy (contract). (4 Marks)
- (d) With the use of examples, differentiate *condition precedent* from *condition subsequent* of a contract. (4 Marks)

**(Total 20 Marks)**

**QUESTION SEVEN:**

- (a) Discuss different types of negotiable instruments. (6 Marks)
- (b) Differentiate *repudiation* from *breach* of a contract. (4 Marks)
- (c) Discuss the characteristics of the right of ownership. (4Marks)
- (d) Discuss both the types and categories of companies. (6Marks)

**(Total 20 Marks)**



