
CERTIFIED ACCOUNTING TECHNICIAN

LEVEL 1 EXAMINATION

L1.2: BUSINESS LAW

TUESDAY: 10 JUNE 2014

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

- Define the term “contract of sale of goods”. (2 Marks)
- Explain the essential elements of a contract of sale? (10 Marks)
- Why is it important to differentiate a sale from an agreement for sale? (8 Marks)

(Total 20 Marks)

QUESTION TWO

- Differentiate between “shares” and “debentures”. (8 Marks)
- Make a comparison between “share-holders” and “debenture-holders” (12 Marks)

(Total 20 Marks)

QUESTION THREE

In business, parties voluntarily agree and apply acceptable procedures to resolve disputes such as requesting an arbitrator or a jury of arbitrators to settle a legal, contractual dispute or another related issue.

Required :

- What is arbitration? (2 Marks)
- What are the advantages and disadvantages of arbitration? (16 Marks)
- What matters are excluded from arbitration? (2 Marks)

(Total 20 Marks)

QUESTION FOUR

A negotiable instrument is a document contemplated by a contract, which warrants the payment of money without condition which may be paid on demand or at a future date (promissory notes, bills of exchange, bank notes, credit cards, cheques, travellers’ cheques, and documentary letters of credit).

Required:

- Define “Bill of Exchange” under Rwandan law. (8 Marks)
- Discuss the acceptance of the Bill of Exchange. (8 Marks)
- State the circumstances under which the bill of Exchange can be revoked ? (4 Marks)

(Total 20 Marks)

QUESTION FIVE

- Discuss the various equitable remedies which may be available to an injured party who is suing for breach of contract. (10 Marks)
- Law N°45/2011 of 25/11/2011 governing contracts establishes the concept “*Consideration*”

Required: Discuss the concept “consideration”.

(10 Marks)
(Total 20 Marks)

QUESTION SIX

In relation to the Rwanda court systems discuss roles of the following courts;

- Lower instance courts (4 Marks)
- Higher instance courts (4 Marks)
- High court (4 Marks)
- Supreme Court (4 Marks)
- Tribunals (4 Marks)

(Total 20 Marks)

QUESTION SEVEN

- Explain the concept of “delegated legislation”. (2 Marks)
- Evaluate the advantages and disadvantages of delegated legislation. (8 Marks)
- State how delegated legislation is controlled by both Parliament and courts. (4 Marks)
- In relation to memorandum of association, explain the following:

- The registered office clause; (2 Marks)
- The capital clause; (2 Marks)
- The name clause (2 Marks)

(Total 20 Marks)

End of question paper