



**INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF RWANDA**  
*Driving Sustainable Performance*



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## **CERTIFIED ACCOUNTING TECHNICIAN**

### **LEVEL 1 EXAMINATION**

#### **L1.2: BUSINESS LAW**

**FRIDAY: 12 JUNE 2015**

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

## QUESTION ONE

BIBI Ltd owns a 20 storey building, *the 20 Towers*, in Down Town Kigali. Recently, Chinese engineers discovered the building had construction defects. However, BIBI Ltd refused to relocate the tenants as it could be expensive to the company. Recently, part of the building collapsed injuring occupants and damaging property.

- a) Explain the type of liability discussed in the fact of the case. **(5 Marks)**
  - b) Can BIBI Ltd be held liable for the damages caused to the tenants? Explain. **(15 Marks)**
- (Total 20 Marks)**

## QUESTION TWO

- a) Explain what is procedural law? **(4 Marks)**
  - b) What are the divisions of procedural law? **(5 Marks)**
  - c) What are the procedural problems involved in the following situation and in which division can we look into to solve the problems?
    - (i) Paul has imported sugar without paying taxes. Paul has been arrested by the Police for more than 250 days without being taken to court. **(4 Marks)**
    - (ii) Kalisa is married to Melisa. There has been pleadings for divorce and Kalisa lost the case and wishes to appeal but isn't sure when to make an appeal. **(4 Marks)**
    - (iii) Rugira wants to be elected as a member of the parliament. **(3 Marks)**
- (Total 20 Marks)**

## QUESTION THREE

- a) Jake owed Frw three (3) million to Joe. On January 3<sup>rd</sup>, 2013 Jake signed a crossed-cheque for Joe mentioning the latter as beneficiary. February 28<sup>th</sup>, Joe endorsed the cheque to his wife, Pennie who presented to the Kigali Bank for payment. The Bank refused to pay the cheque without any justification and Pennie gave back the cheque to Joe who waited until March 30<sup>th</sup>, 2013 to present the cheque to the bank. The bank refused to pay the cheque alleging that the cheque was no longer valid. Joe hires you as an expert in negotiable instruments, advise him on the above two matters. **(15 Marks)**
  - b) State five differences between a bill of exchange and a cheque. **(5 Marks)**
- (Total 20 Marks)**

## QUESTION FOUR

- (a) The relationship of agency is based on a contract. Outline the essentials of the contract of agency. **(5 Marks)**
- (b) Who is a Del Credere agent? **(4 Marks)**
- (c) Explain briefly the various ways through which a contract of agency may arise. **(9 Marks)**
- (d) What do you understand by agency by holding out? **(2 Marks)**

**(Total 20 Marks)**  
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## QUESTION FIVE

- (a) What is international law? Outline any four international conventions related to international trade. (5 Marks)
- (b) Explain briefly the jurisdiction of the supreme court of Rwanda. (5 Marks)
- (c) Explain briefly the organization and the structure of commercial courts. (5 Marks)
- (d) Outline the process of initiating a case in a commercial court (5 Marks)
- (Total 20 Marks)**

## QUESTION SIX

BWIZA is brilliant young lady aged twenty years. She lost her parents when she was five years old and since then she has been living in an orphanage in Kigali City. Her parents left her with a large farm at Kacyiru and a 14 storey building at Nyarugenge. She joined the University of Rwanda in 2013.

In her course, the Law of Contracts, she noted she can easily sell the land at Kacyiru being the sole heiress of her parents. She decided to sell the plot and eventually sold it to NJJI Ltd for ten million Rwandan Francs. She returned to school when she was twenty one years and talked to her Law of contracts lecturer about the sale of her land. The Lecturer however, persuaded her to rescind/annul the contract as the company had cheated her on the price it could have paid and by the time of conclusion of the contract she was still a minor. As she strongly believed in her lecturer, she decided to file the case to the court for cancellation. The judge, who was not an expert in the Law of contracts, hires you to advise him on the following:

- a) Definition of the concept “Minor” in the Law of contracts. (5 Marks)
- b) Whether BWIZA had the required majority to enter into the contract of sale of her land and the justification thereof. (5 Marks)
- c) Effects of the contract of sale of land by BWIZA. (10 Marks)
- (Total 20 Marks)**

## QUESTION SEVEN

The law of insolvency provides for different persons who can intervene in the insolvency proceedings such as the administrator of insolvency. What is the role of the administrator of insolvency in the insolvency proceedings? (Total 20 Marks)

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**End of question paper**

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