

CERTIFIED ACCOUNTING TECHNICIAN LEVEL 1 EXAMINATION

L1.2: BUSINESS LAW

FRIDAY: 10 JUNE 2016

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) Using relevant example, explain the concept “Unenforceable Contract”. (10 Marks)
- (b) Certain events may frustrate a contract. Discuss four such events. (10 Marks)

(Total 20 Marks)

QUESTION TWO

- (a) Write short notes on:
- (i) Domicile (2 Marks)
 - (ii) Residence (2 Marks)
 - (iii) Rule of law (2 Marks)
 - (iv) The organs of state (2 Marks)
- (b) Akagera Traders signed a contract of agency with Kigali Traders under which Akagera Traders was to supply wheat flour to Kigali Traders for resale. Akagera traders supplied 100 tones of wheat flour to Kigali Traders. Kigali Traders sold the wheat flour however as the wheat flour market was failing they incurred losses and consequently could not transmit the money to Akagera Traders. This resulted to Akagera Traders suing Kigali Traders for the losses incurred.

Required:

- Explain the validity of the claim by Akagera Traders. (12 Marks)
- (Total 20 Marks)

QUESTION THREE

- (a) State the forms of dismemberment of the right to ownership (4 Marks)
- (b) Explain the circumstances under which an emphyteuta can be deprived of right to property (8 Marks)
- (c) Discuss the importance of land use management law (8 Marks)
- (Total 20 Marks)

QUESTION FOUR

- (a) Briefly describe the term legal personality as per the law of persons (5 Marks)
- (b) ‘The legal personality of a person is terminated by death or by absence’.

Required:

- Discuss the above two basis of termination. (15 Marks)
- (Total 20 Marks)

QUESTION FIVE

MUTONI and KUBWIMANA are legally married and joined resources to operate a fruit business in KAYONZA District. The business is managed on daily business by MUTONI. All was well until last December 2015 when KUBWIMANA cohabited with another woman called SIFA. As a result the profits made is now shared between MUTONI and SIFA this has caused MUTONI to suspend her bachelor’s degree due to lack of school dues. Advice on the following matters;

- (a) MUTONI wishes to restore her rights through an arbitration tribunal but she does not know whether this conflict is arbitral. (5 Marks)
- (b) Discuss the significant features of an arbitration (10 Marks)
- (c) Explain how an award can be legally enforced (5 Marks)
- (Total 20 Marks)

QUESTION SIX

- (a) Explain the difference between an offer and an invitation to treat. (5 Marks)
- (b) Discuss five ways in which an offer can be terminated. (15 Marks)
- (Total 20 Marks)

QUESTION SEVEN

NGABO owns a transportation company which carries goods from *Mombasa* port to Kigali. Gasana is contracted as a driver and an agent of NGABO. He is allowed to transact business directly with other traders on behalf of NGABO, however all transactions are made in the names of NGABO. Gasana made an accident while going to Mombasa through Mombasa *Mwanza* route. He appointed ZENG as a sub agent during his absence.

- (i) Explain the relationship between NGABO and ZENG (5 Marks)
- (ii) State and discuss the essentials of an agency (10 Marks)
- (iii) Distinguish between mercantile and non-mercantile agents (5 Marks)
- (Total 20 Marks)

End of question paper

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