
CERTIFIED ACCOUNTING TECHNICIAN

LEVEL 1 EXAMINATION

L1.2: BUSINESS LAW

FRIDAY: 8 JUNE 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.

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QUESTION ONE

- (a) Seromba a very prominent businessman in Nyabihu district. While driving along with his girlfriend, Keza, to Huye district in South province, she played for him a melodious song on her mobile phone. Seromba's concentration shifted to the song and ended up ramming into Kabuga, a pedestrian who was walking along the pavement. Kabuga sustained a fracture and was admitted in Huye hospital. Upon discharge, Kabuga demanded that Seromba pays the hospital bills. Unfortunately, Seromba said he was financially constrained since he was organising his wedding ceremony. Kabuga is now stranded with how to refund the money he borrowed for medical bills.

In another development, Seromba's neighbour, Bamina, has been dumping rubbish on his (Seromba's) vacant plot of land measuring two hectares. When Seromba wanted to sell his land the buyers rejected it on the grounds that it was a dumping site. Seromba confronted Bamina about his actions. Bamina claimed that he lacked space for garbage disposal.

Seromba is seeking advice.

REQUIRED:

- (a) Raise issues and resolve them. **(12 Marks)**
- (b) Explain the general defences in the law of torts. **(8 Marks)**
- (Total 20 Marks)**

QUESTION TWO

- (a) Tara contracted with Bazima Insurance Company for life insurance of his wife and three children. He paid the premiums as and when they fell due, as per the insurance agreement. After 5 years running of the contract, Tara got social and financial challenges. Due to frustration, Tara shot himself and died.

Bazima Insurance Company declined to pay his family. Tara's wife wants to have the contract enforced basing on the terms contained therein.

In another scenario, Ngoga is an international musician. Last year, he hired AKA hall in one of the African countries for five consecutive shows at an interval of 2 months. Ngoga made an advance payment of Frw 400,000 to Mpaka, the hall owner. A day before the performance, the hall caught fire and was destroyed.

Ngoga wants Mpaka to provide an alternative hall or face legal consequences.

REQUIRED:

- (a) Raise and resolve all the issues involved. **(10 Marks)**
- (b) Describe to Ngoga circumstances under which an offer may be terminated other than by acceptance. **(10 Marks)**

(10 Marks)
(Total 20 Marks)

QUESTION THREE

Gasana obtained a bill of Frw 30,000 from Ingabire for goods sold to him, which was to be paid from Rwama bank. Gasana later on endorsed the bill to Kajuga, a prominent businessman in Rwamagana district. Gasana had earlier on bought goods on credit from Kajuga's shop.

At that time, Kajuga owed the same amount of money to Boshoso. Boshoso had already sent a demand note for payment. Since Kajuga had no ready cash, he endorsed the bill to Boshoso.

When Boshoso attended a fundraising event in town, he endorsed the bill to Rwamagana Community Group (RCG), who presented it to Rwama bank for payment. However, the bank refused to pay after it transpired that there was no sufficient funds on Ingabire's account.

When RCG informed Boshoso about the non-payment, he referred them to Kajuga, whom he thought was responsible for the mess. Kajuga on the other hand, told RCG that Ingabire was responsible, but Ingabire insists that Rwama bank is solely responsible. RCG is now confused and wants to sue the bank.

REQUIRED:

- (a) Raise the relevant issues and resolve them. (12 Marks)
- (b) Describe the different types of endorsements for bills of exchange.

(8 Marks)
(Total 20 Marks)

QUESTION FOUR

- (a) Outline corrective measures that a tribunal may order for the owner of the protected copy rights in case of an infringement.
- (b) Explain the powers of an association of co-owners as provided for by the Condominium law of Rwanda.

(10 Marks)
(Total 20 Marks)

QUESTION FIVE

- (a) Write short notes on the following classification of agents:
 - (i) Factor.
 - (ii) Universal.
 - (iii) Auctioneer.
- (b) Explain the duties of an agent.

(2 Marks)
(2 Marks)
(2 Marks)
(14 Marks)
(Total 20 Marks)

QUESTION SIX

- (a) Explain instances where court may set aside an arbitral award decided in arbitration. **(12 Marks)**
- (b) Write short notes on:
- (i) Customs. **(2 Marks)**
 - (ii) Jurisprudence. **(2 Marks)**
 - (iii) General principles of law. **(2 Marks)**
 - (iv) Equity. **(2 marks)**
- (Total 20 Marks)**

QUESTION SEVEN

- (a) Outline the implied conditions in a contract of sale of goods **(8 Marks)**
- (b) Differentiate between the right of stopping in transit and the unpaid seller's lien. **(12 Marks)**
- (Total 20 Marks)**

END OF QUESTION PAPER