CERTIFIED PUBLIC ACCOUNTANT (CPA)

FOUNDATION LEVEL 1 EXAMINATION

F1.2: INTRODUCTION TO LAW

MONDAY: 4 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

Nahimana and Umuhoza are very close business associates for over a decade. In 2016, Umuhoza started getting hides and skins from Renzaho's factory through Nahimana. He would then pass them on to Nahimana who would then pay him (Umuhoza) a commission of Frw 20,000 on each delivery. Nahimana would also pay to Renzaho through Kigali Cooperative Bank.

Recently, Nahimana developed misunderstandings with Umuhoza over a relationship with lady that both of them were interested in. Nahimana has vowed not pay Renzaho for the last three deliveries of hides and skins, claiming that he did not have any contract with Renzaho. Renzaho is now threatening to sue Nahimana.

In another development, Kavaruganda the captain of Kanza airlines was under instructions to deliver pineapples to Gasinzi, within two weeks. However, due to bad weather, two weeks elapsed without delivering. He tried to communicate to Gasinzi by phone but did not succeed. Kavaruganda decided to sell off the pineapples. He handed over all the proceeds to Gasinzi. However, Gasinzi refused to refund expenses worth Frw 100,000 which were incurred on marketing the pineapples. Kavaruganda is seeking for your advice.

REQUIRED:

(a) Raise and resolve the issues arising from the facts. **(12 Marks)**
(b) Explain to Kavaruganda the various ways in which an agent can be liable to third parties.
(8 Marks)
(Total 20 Marks)

QUESTION TWO

Mbonigaba has been living in Ruhengeri for the last five years. He operates a maize milling plant. In most cases the plant operates throughout the night to take advantage of the low electricity tariffs. Gasasira's residential home neighbors the plant. His children are of school going age. Their sleep is always interrupted by Mbonigaba's plant.

Gasasira decided to confront Mbonigaba. He complained about the noise from the milling plant. Mbonigaba angrily told Gasasira to stop being jealous because the plant is a source of livelihood that sustains his family. Mbonigaba further contended that after all, he constructed his house while the plant was already in place and in any case it is on his land. As an entrepreneur, he was benefiting the members of Ruhengeri town. Gasasira is now threatening to sue Mbonigaba.

Meanwhile, Habyara invited his friends for a drinking party at his home. They enjoyed the drinks until Kabali, one of the invitees, went behind the house for a short call and fell in a trap that was meant for wild pigs which had been destroying his crops. Kabali broke his leg which was later amputated. He has instructed his lawyers to sue Habyara.

REQUIRED:

(a) Raise issues from the given facts and resolve them. **(10 Marks)**
(b) Describe to the parties the ingredients of defamation in the law of torts. **(10 Marks)**
(Total 20 Marks)

QUESTION THREE

Nzarama is a businessman dealing in retail sportswear materials. His son, Bwenge, a 3rd year Bachelor of Education student and a Guild representative at the University is in charge of sports. He was charged with procuring sportswear for students. He contacted a manufacturer to bargain a good price. Nzarama came to learn about it before the contract was concluded. He coerced his son to give him the opportunity to supply the sportswear.

Bwenge obeyed his father and bought from him the sportswear worth Frw 2,500,000. It later transpired that the sportswear supplied by Nzarama did not match with the sample. Although Bwenge had checked some of them before loading. As a result, the University administration rejected the sportswear and is demanding for a refund of its money. Bwenge is puzzled, and wonders how the money can be recovered from his father.

In another development, Makoma, a painter was contracted by Basabose. The contract terms were to have Basabose's house painted within two months after signing the contract. Basabose advanced Frw 50,000 as part payment for the work whose total consideration was Frw 500,000. Six weeks after signing the contract and painting of the house was almost completed, Basabose was declared bankrupt as a result of failure to pay accumulated debts. Upon learning about Basabose's situation, Makoma was tipped by a friend that Basabose's contracting rights and obligations had come to an end. Makoma is now demanding for payment of the work done so far.

REQUIRED:

(a)   Raise issues from the facts and resolve them.   **(10 Marks)**
(b)   Explain the rules governing consideration in the law of contract.   **(10 Marks)**
(Total 20 Marks)

QUESTION FOUR

(a)   Explain the recognised basic legal concepts.   **(10 Marks)**
(b)   Write short notes on the following:
         (i)   Substantive law
         (ii)   Procedural law
         (iii)   Public law
         (iv)   Private law
         (v)   Civil law

(10 Marks)
(Total 20 Marks)

QUESTION FIVE

(a)   Explain the different types of negotiable instruments.   **(10 Marks)**
(b)   Outline the characteristics of negotiable instruments.   **(10 Marks)**
(Total 20 Marks)

QUESTION SIX

(a)   Define the following terms within the context of Law No. 31/2009 on the protection of Intellectual Properties:
    (i)   An Author. **(2 Marks)**
    (ii)   Posthumous work. **(2 Marks)**
    (iii)   Broadcasting **(2 Marks)**
    (iv)   Public performance **(2 Marks)**
    (v)   Executive licence **(2 Marks)**
(b)   List the rights of a performer as provided in the Law No. 31/2009 on protection of Intellectual Property**.**

(10 Marks)
(Total 20 Marks)

QUESTION SEVEN

(a)   Explain the contents of Articles of association of a condominium property. **(8 Marks)**
(b)   Outline the obligations of a unit owner in the maintenance and repair of condominium property. **(8 Marks)**
(c)   Outline the purposes of creating a Condominium Associations. **(6 Marks)**
(Total 20 Marks)

END OF QUESTION PAPER