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**CERTIFIED ACCOUNTING TECHNICIAN**  
**LEVEL 1 EXAMINATION**  
**L1.2: BUSINESS LAW**  
**FRIDAY: 7 JUNE 2019**

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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

- (a) Ndodo Ltd manufactures liquid soap in Gesenyi. Nkunda, one of the company drivers uses the company vehicle to distribute liquid soap. During one of the deliveries, he almost had a head-on collision with a trailer that was coming from Burundi. Prior to this incident, Nkunda was answering a WhatsApp message on his phone. He survived the accident by swerving and ramming into Shema's home. As a result, the house was destroyed beyond repair. Shema is contemplating court action against Nkunda.

In another scenario, Muhire, a moto rider in Nyagatare, knocked Kabatesi who was standing by the roadside waiting to board a taxi. Kabatesi's leg was broken. At the time of the accident Muhire was riding at a high speed while waving and greeting people. Kabatesi wants to sue Muhire for the injuries she sustained.

### REQUIRED:

- (i) Shema approaches you as an expert in the law of torts. Advise him appropriately **(6 Marks)**
- (ii) Kabatesi wants to sue Muhire but does not know whether she will be successful and seeks an advice from you. Advise her appropriately. **(6 Marks)**
- (b) Explain the general defences for wrongs committed in the law of torts. **(8 Marks)**  
**(Total 20 Marks)**

## QUESTION TWO

- (a) Kamanzi is a car dealer in Rusizi district. In order to increase his sales for the month of March 2019, he decided to sell the cars at a 20% discount for two weeks, effective 1 March, 2019. Kamanzi sent a 20% discount offer to Kunda, one of his prominent customers on 1 March, 2019. Kunda promised to respond before the end of the discount period. However, Kunda never responded until midday on 16 March, 2019 two hours after Kamanzi had sold the car to Mwiza. Kunda claims that Kamanzi unfairly sold the car.

In a related development, Biha who is also Kamanzi big clients received the same discount offer on 1 March, 2019. On the same day, Biha responded by SMS (phone text message) that he was not interested in the offer. On 2 March, 2019 Biha's wife persuaded him to accept the offer. Biha immediately went ahead to purchase the car at the stated discount. It, however, transpired that Kamanzi received Biha's SMS on 4 March, 2019. He now wants Biha to pay the 20% on the car he bought on 2 March, 2019 claiming that Biha had rejected the discount.

### REQUIRED:

- (i) Explain whether Kunda has the right to invoke the discount clause on 16 March 2019. **(6 Marks)**
- (ii) Explain whether Biha bought the car in observance of the laws on contracts. **(6 Marks)**
- (b) Distinguish between the following contracts:
- (i) Bilateral and unilateral. **(2 Marks)**
- (ii) Explicit and implicit. **(2 Marks)**
- (iii) Voidable and void. **(2 Marks)**
- (iv) Enforceable and unenforceable. **(2 Marks)**
- (Total 20 Marks)**

### QUESTION THREE

- (a) Gatanazi sold his sewing machine to Keza and indicated to her that the machine was brand new, with various functions including design making. Keza had not seen the sewing machine at the time of sale. When Keza took possession of the sewing machine, it appeared to be ordinary with no extra functions as described by Gatanazi. Keza returned the machine to Gatanazi and is demanding for a refund.

In another development, Mpore, a businessman from Karongi district ordered for two vehicles from Kabaila, who resides in the Western province. Kabaila instead delivered three vehicles. Mpore rejected them and did not pay. Kabaila is now demanding for payment for the vehicles.

#### REQUIRED:

- (i) Explain whether Keza's rights were violated and whether she was entitled to any rights or remedies under the law. **(6 Marks)**
- (ii) Explain whether Mpore was liable to pay for the three vehicles. **(6 Marks)**
- (b) Outline the conditions implied in a contract for the sale of goods. **(8 Marks)**
- (Total 20 Marks)**

### QUESTION FOUR

- (a) Describe the general characteristics of law. **(12 Marks)**
- (b) Explain the organisation and competences of Courts in Rwanda. **(8 Marks)**
- (Total 20 Marks)**

### QUESTION FIVE

- (a) Explain the obligations of the Association of Co-owners of a condominium. **(10 Marks)**
- (b) A utility model is an innovation that provides a solution to a particular problem in the technical field.

#### REQUIRED:

Describe matters that are excluded from utility model protection provided by the intellectual property protection law in Rwanda. **(10 Marks)**

**(Total 20 Marks)**

### QUESTION SIX

- (a) Describe the requirements for a negotiable instrument. **(10 Marks)**
- (b) Outline conditions that may apply to crossed cheques. **(10 Marks)**
- (Total 20 Marks)**

## QUESTION SEVEN

- (a) Define the following terms as used under law No. 005/2008 Law on Arbitration and Conciliation:
- (i) Arbitration. **(2 Marks)**
  - (ii) Conciliation. **(2 Marks)**
- (b) Explain circumstances under which an arbitral award may be set aside by court. **(8 Marks)**
- (c) Outline grounds under which conciliation proceedings may be terminated. **(8 Marks)**
- (Total 20 Marks)**