



CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATIONS
F1.2: INTRODUCTION TO LAW
DATE: WEDNESDAY 29, MAY 2024
MARKING GUIDE AND MODEL ANSWERS

QUESTION ONE

Marking guide

(a)

(i) 1 mark each for any 2 explanations	2
(ii) 1 mark each for any 4 legal system identified and explained	4
(b)(i) 1 mark for affirmation and 1 mark each for any 2 elaborated justifications	3
(ii) 1 marks each for any 3 well elaborated positions	3
(iii) 2 marks each for any 4 characteristics well explained	8
Total Marks Awarded	20

Model Answers

(a)

(i) The candidate should demonstrate knowledge and understanding on the application of the major legal systems of the world.

- The two, Jean Pierre and Yusuf Mohammed cannot be allowed to stand trial in Britain and China respectfully because of the legal jurisdictions against which the offences were committed
- Jean Pierre committed the crimes in Rwanda in 1994 when the Rwandan legal system was under the civil jurisdiction and where Jean Pierre is residing is Britain which is a common law jurisdiction
- On the contrary Yusuf Mohammed committed the offence in Saudi Arabia under Muslim legal jurisdiction and he is in China which is governed by the socialist legal jurisdiction

(ii) The candidate should demonstrate knowledge of the major legal families of the world.

Civil Jurisdiction

- Originating from continental Europe, the civil law system has spread to the countries of Latin America, Francophone and Lusophone African countries, the countries of the near East, Japan and Indonesia.
- Colonization and voluntary reception contributed for this wide spread.
- French law stands out as the prototype of the civil law systems of laws.
- This is so because the Napoleonic codes have served as model codes for other countries.

The main features of the civil law system are following.

- Firstly, all civil law jurisdictions adopted the legal technique of condition.
- Secondly, the legal rule seeks to formulate a general rule of conduct as opposed to address the case in hand

Socialist legal system

- Prior to 25th October 1917 (the October Revolution) Russian law could be said to belong to civil law family.
- Since then, law in Russia has taken a different path based on Marxism-Leninism. So that today, it is current to speak of socialist legal theory; a socialist law with its own distinctive structure and system of administering justice.
- The primary function of Soviet law is to organize the nation's economic forces and to transform the behavior and attitude to an infringement on the interests of private persons or an insult to the code of morality.
- This position is bound to change when states previously subject to soviet law have adopted European Union market economic policies (capitalism).

Muslim legal system

- Muslim law is not an independent branch of knowledge or leaning. It is only one of the facts of Islamic religion itself; Islam is first of all a religion, then a state, and finally a culture.
- The Islamic religion includes, firstly, theology which established dogma and states exactly what a Muslim must believe.
- Secondly It includes the 'sharia' ('the way to follow') which lays down rules of behavior for believers.
- Since Muslim law is an integral part of the Islamic religion no authority in the world is qualified to change it.

Common Law Legal Jurisdiction

- The common law family embraces the law of England and Wales.
- Its wide expansion throughout the world came as a result of colonization or expansion.
- Most English-speaking countries in the world are common law jurisdictions.

The essential features of the common law system are the following.

- It is basically judge made law or Precedent-based system.
 - The common law was formed primarily by judges who had to resolve individual disputes.
 - Secondly, the legal rule in the common law system is one which seeks to provide the solution to the case in hand. It does not seek to formulate a general rule of conduct
- (ii) The candidate should demonstrate knowledge and understanding on the contract of sale of goods.**
- The contract of sale was complete and in order.

- Before the buyer bought the cow the risk of the cow was with the seller but after paying the risk sifted to the buyer.
- It therefore implies that there was nothing left for the buyer to take his cow safe for his own convenience

(iii) The candidate should demonstrate knowledge and understanding on the basic concept of the contract of sale of goods.

- Given that the contract of sale of good had been completed and payment made, risk attaches with ownership.
- The payment of 200,000 signifies the change of ownership from the seller to the buyer
- Since there was anything left to be done the buyer nobody would have stopped him from taking his cow the moment, he made the payment
- The question of law, then is that at the time when the cow met the accident the risk was with who?
- The question has already been answered in affirmative that the risk follows ownership and therefore upon the payment of the price the risk transferred.

The candidate should demonstrate knowledge and understanding on the essential characteristics of sale of goods.

A contract

- The word contract means an agreement enforceable at law.
- It presumes free consent on the part of the parties who should be competent to contract.
- A compulsory transfer of goods under any Nationalization Act is not a sale.
- The agreement must be made for a lawful consideration and with a lawful object.
- In other words, all the essential elements of a valid contract must also be present in a contract of sale.

Two parties

- To constitute a contract of sale, there must be a transfer or agreement to transfer the property in the goods by the seller to the buyer.
- It means that there must be two persons one the seller and the other the buyer.
- The buyer and the seller must be two different persons, for a man cannot purchase his own goods.
- The parties must be competent to contract for example a partnership firm was dissolved and the surplus assets including some goods were divided among the partners. The Tax Officer wanted to tax this as a sale.
- The court held that this was not a sale as partners were themselves joint owners of the goods and they could not therefore be both sellers and buyers.
- Moreover, there was no money consideration.

There are certain exceptions to the rule that the same person cannot be a purchaser and a seller. These are:

- Where person's goods are sold in execution of a decree, he may himself buy them.
- A part owner can sell his share to the other part owner so as to make the other part owner the sole owner of the goods.
- Where a Pawnee sells the goods pledged with him on non-payment of bill money, the pawnor may himself buy such goods

Transfer of property

- In a contract of sale there should be a transfer or an agreement to transfer the absolute or general property in the goods sold.
- It contemplates the transfer of ownership in the goods.
- Though passing the title in the goods is an essential ingredient of sale, physical delivery of goods is not essential.
- The sale of goods contemplates the transfer of the general property or title in the goods from the seller to the buyer.

Goods

- The subject matter of the contract of sale of goods must be the goods, the property in which is to be transferred from the seller to the buyer.
- Goods of any kind except immovable goods may be transferred.
- It does not include money and other actionable claims.
- The seller must be the owner of the goods the ownership of which is sought to be transferred.

price

- To constitute a valid contract of sale, consideration for transfer must be money paid or promised.
- Where there is no money consideration the transaction is not a contract of sale as for instance goods given in exchange for goods as remuneration for work or labor.
- However, an existing debt due from the seller to the buyer is sufficient.
- Further there is nothing to prevent the consideration from being partly in money and partly in goods or some other articles of value.
- For example, when an old car is returned to the dealer for a new one and the difference is paid in cash that would also be a sale.
- It may be noted no particular form is necessary to constitute a contract of sale.
- A contract of sale may be made in writing or by words of mouth or may be implied from the conduct of the parties
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QUESTION TWO

Marking guide

(a)

(i)	1 Mark each for any 4 issues well elaborated as identified from the case scenario	4
(ii)	2 Marks each for any for presumptions related to negotiable instruments well elaborated	8
(iii)	2 marks each for any for well explained characteristics of negotiable instruments	8
Total Marks Awarded		20

Model Answers

(a)

(i) **The candidate should demonstrate knowledge and understanding on negotiable instruments specifically on a cheque.**

- A cheque is a negotiable instrument subject to create legal obligation between the parties through negotiation (transfer from one person to the other)
- Every negotiable instrument shall be presumed to have been made or drawn for consideration, and that every such instrument when it has been accepted, endorsed, negotiated or transferred was accepted, endorsed or transferred for consideration.
- In the scenario above Tuyizere Andre receives the cheque not supported not supported by consideration thus complicating the negotiability of the cheque
- Similarly, the grandmother to Grace Uwase also receives the cheque without consideration and therefore using it to settle her obligation complicates the case further.
- Negotiable instruments contain a continued commitment by the issuer to pay the stipulated sum of money if supported with consideration which is not the case in the case scenario.
- A simple statement of an object of a specified monetary value is not enough to render a document a negotiable instrument.
- Negotiable instruments contain a continued commitment by the issuer to pay the stipulated sum of money.
- A simple transfer of credit payable to holder is not enough if the issuer does not guarantee payment.

(ii) **The Candidate should demonstrate knowledge and understanding of the main presumption on negotiable instruments.**

Consideration

- Every negotiable instrument shall be presumed to have been made or drawn for consideration, and that every such instrument when it has been accepted, endorsed, negotiated or transferred was accepted, endorsed or transferred for consideration.
- Where a promissory note had been given, consideration should be presumed and that the burden of proving that no consideration passed was upon the maker of the promissory note.
- This presumption cannot be made in the case scenario

Date

- Every negotiable instrument bearing a date is presumed to have been made or drawn on such date.

Time of acceptance

- Every accepted bill of exchange is presumed to have been accepted within a reasonable time after its date and before its maturity.

Time of transfer

- Every transfer of negotiable instrument is taken to have been made before its maturity.

Order of endorsement

- The endorsements appearing upon a negotiable instrument are presumed to have been made in the order.
- In the case scenario it cannot be presumed that the endorsement is in order in which they appear thereon.

Holder in due course

- It is again presumed that a holder of a negotiable instrument is holder in due course.
- However, where the instrument has been obtained from its lawful owner or from any person in lawful custody thereof, by means of an offence or fraud, or has been obtained from the maker or acceptor thereof by means of an offence or fraud, or for unlawful consideration, the burden of proving that the holder is a holder in due course lies upon him.
- This presumption equally is an issue in the case scenario.

(iii) The candidate should demonstrate knowledge and understanding on the common characteristics of negotiable instruments.

Negotiability

- It refers to the ability to transfer entitlements under the negotiable instrument from one person to another in such a manner to constitute from the transferor a holder of the negotiable instrument.

- Negotiability, therefore, allows for more simplified and easy circulation. It has the advantage of security in the sense that the rights of the holder are not dependent on the transferor once the instrument is negotiated.
- As we examine specific types of negotiable instruments, we will discover that the law distinguishes between various types of negotiability.
- For example, a bill of exchange payable to bearer is negotiated by mere delivery, whereas a bill of exchange payable to order is negotiated by endorsement of the holder of the bill and completed by delivery.

Monetary value

- Negotiable instruments contain a continued commitment by the issuer to pay the stipulated sum of money.
- A simple statement of an object of a specified monetary value is not enough to render a document a negotiable instrument.

Commitment to pay

- Negotiable instruments contain a continued commitment by the issuer to pay the stipulated sum of money.
- A simple transfer of credit payable to holder is not enough if the issuer does not guarantee payment.

Short-term title

- In order to facilitate a simple exchange of title, the credit stipulated in the negotiable instrument must cover an easily obtainable and transferable payment.
- Long-term titles seem to complicate such an easy transfer.
- There are however, no hard and fast rules as to what constitutes a short-term title. The fact that the bank sets dates within which a cheque is to be cashed, is not to be taken as a measurement criterion in this regard.

Usage and collection of title in payment

- One of the consequences of negotiability is that negotiable instruments can be used and explained in a similar to that of ordinary money.
- The title to some or most negotiable instruments includes most of the foregoing requirements.
- The prime example is that of a bill of exchange (lettre de change) which may be defined as “an unconditional order in writing, addressed by one person to another, signed by the person giving it, “requiring the person to whom it is addressed to pay on demand or at fixed or determinable future time a sum certain in money to or to the order of a

QUESTION THREE

Marking guide

(a)

(i) 2 marks each for any two issues identified and well elaborated	4
(ii) 1 mark each for any 4 differences between real rights and personal rights	4
(b) i) 1 mark for identifying the property and 1 mark for elaboration	2
ii) 1 mark each for any 3 well elaborated meaning and 1 mark each for any 3 corresponding examples	6
(c) i) 1 mark for bringing out what will upon the occurrence of the situation	1
ii) 1 mark each for any 3 ways well explained through which contractual obligations do arise	3
Total Marks Awarded	20

Model Answers

(a)

(i) **The candidate should demonstrate knowledge and understanding on the rights of ownership and possession.**

- The issues are about the real rights and the person rights between the parties in the case scenario namely Kabera Steve the landlord, Ndazaro Gerald the tenant and Nzakomeza Passy the tenant too
- It does not change the status irrespective of the years in tenancy for Ndazaro still will remain to be a tenant
- By making Permanent alteration in the house of Kabera Steve Ndazaro violated the rights of the landlord because he is supposed to use the property in the manner it was given
- He had no permission equally of planting anything in the compound and therefore he should remove all his flowers and plant them in his own compound
- For the part of Nzakomeza Passy the landlord is violating his rights because by paying the rent he supposed to take quite possession of the house to use it freely including coming home at any time and cooking everything and anything which can be legally cooked

(ii) **The candidate should demonstrate knowledge and understanding on the real rights and the personal rights.**

- Property rights or real rights are exercised by an individual over a thing, movable or immovable.
- The bearer of a real right exercises it directly over a thing without interference of anybody on the thing on which he has custody.
- E.g: Ownership, usufruct, servitudes, superficies, emphyteusis.
- Legal bond between two persons by which one is bound to the other to perform an act or to abstain from doing an act, or to create a right over something or to transfer its ownership.
- A personal right is thus the right that a person named a creditor has against another person named debtor by which the former (creditor) may compel the latter (debtor) to do, to refrain from doing or to give something.

b)

i) The candidate should demonstrate knowledge and understanding on the meaning of good will as a form of property.

- The property is the good will or name Kigali Mat Supermarket
- Most properly it might have taken many years for Robert Nkusi to build the brand Kigali Mat Supermarket.
- This good is a property because people already know the brand and therefore no need of marketing it.

ii) The candidate should demonstrate knowledge and understanding on the term property in a wider connotation.

- What is Property? How should we identify and describe the ownership of property?
- If someone owns property, what is the range of things he may do with it? Possess it? Use it? Sell it? Destroy it?
- What limits does the law place upon a person's enjoyment of property in order to protect the public interest catered for by civil code Book II.
- How is this right (ownership) compared with other legal rights such as contract rights, civil rights to bring an action in tort-which are covered by Rwandan civil code Book III and others?
- Consider, for example, a type of property important to most of us. Notice a car that Mr. Mugabo drives. If we describe him as the "owner", does that tell us everything we may want to know about his legal rights with respect to that car? Who else may have a claim to that car? Perhaps his parents loaned or gave it to him, or perhaps he bought it from an auto dealer. If a bank loaned Mr. Mugabo some money to finance his purchase of the car, does that bank own an interest in a car?
- If Mr. Mugabo lends his car to his friend for a week while he is on vacation or on a mission outside the country, does his friend have a property right in the car? If Mugabo is married, does his wife have any legal right with respect to the car?

- To what extent may the state, on behalf of Mr. Mugabo’s fellow citizens, regulate Mugabo’s use of the car? Should we take it as an infringement on Mr. Mugabo’s property rights? Such are the questions to be answered by this part of the course - Property law.
- In the popular lay sense, the term “property” usually refers to tangible things.
- A person’s property, we say, consists for example; his car, furniture, clothing, tools, and the like.
- Land ownership and intangible property, such as bank deposits, stocks, and bonds are also often imagined as ownership of things.

The candidate should demonstrate knowledge and understanding on the discharge of contract by frustration.

- There is no contract since the contract has been frustrated by impossibility
- The doctrine of frustration deals with the allocation of risks and losses which occur as result of an unanticipated change in circumstances occurring after parties have entered into a contract.
- Frustration generally arises when a contracting party refuses to perform or has failed to perform its obligations in whole or in part because performance of the contract has become either physically impossible, illegal or is no longer commercially viable.
- The law says that where, after a contract is made, a party’s performance is made impracticable without his fault by the occurrence of an event the non-occurrence of which was a basic assumption, on which the contract was made, his duty to render that performance is discharged, unless the language or the circumstances indicate the contrary

The candidate should demonstrate knowledge and understanding on the formation of the contract by.

Contractual obligations arise through the following ways:

- By negotiation and agreement
- By implication of law
- By Estoppels

QUESTION FOUR

Marking guide

(a) 1 Mark for identifying an amicable settlement process to which the two parties could have initially agreed upon, in order to save their partnership and 1 mark each any for any 3 explanations of the process	4
(b) 1 Mark for affirmation,1 mark for justification,1.5 marks for explaining the starting point in entering into an arbitration agreement and 1.5 marks for explaining the formation of a separate agreement of arbitration in writing	5
(c) 2 Marks each for any 4 well explained advantages of arbitration over ligation	8
(d) 1 Mark for affirmation and 1 Mark for any 2 justifications	3
Total Marks Awarded	20

Model Answers

(a) The student is expected to demonstrate knowledge and understanding on ADR specifically on negotiation

- **Negotiation**

- The law on arbitration provides that the parties are free wherever there is a dispute to resolve it by themselves through negotiation and when it is not possible then they can make use of arbitration
- Negotiation can be defined as any form of dispute resolution through which parties who have conflicting interests, discuss one another, on the form of any action which they might take together to manage and ultimately resolve the dispute between them.
- In a negotiation the disputants may represent themselves or they may be represented by agents and whatever the case, whether they are represented or not represented, they have control over the negotiation process.
- It is basically talking or communicating.
- It is the two parties alone, without a neutral third party.
- There are two extreme styles of negotiating. There is what is called competitive bargaining style and there is the cooperative bargaining style or hard bargaining and soft negotiating respectively

- **Mediation**

- Mediation is a non-binding process in which an impartial third party facilitates the negotiations process between the disputants and it is that impartial third party who is called the mediator.

- The mediator has no decision-making power and the parties maintain the control over the substantive outcome of the mediation.
 - However, the mediator with the assistance of the parties will control the process and he will with the consent of the parties set and enforce the ground rules for the mediation process.
 - The role of the mediator is not to impose his own solutions and not even to suggest solutions but that the solutions should be suggested and agreed upon by the parties themselves.
 - The mediator should not descend to the arena but should let the disputants decide how to conduct the negotiations
 - **Conciliation**
 - Conciliation is an alternative dispute resolution in which parties to a dispute agree to use the services of a professional conciliator, who will meet separately with the parties in an attempt to resolve the dispute
 - In conciliation the parties are face to face very often, and when direct discussions are discouraged, the procedures being performed by the conciliator.
 - Given that the conciliation process is completed successfully, prepare a document containing the agreement of the parties, bearing their signatures.
- (b) **The student is expected to demonstrate knowledge and understanding on arbitration**
- Yes, it is possible
 - The law provides that although the parties might have not entered into an arbitration agreement at the time of signing the contract they can enter into that agreement at a later stage even when a dispute has arose provided they have both agreed to make use of arbitration
 - Principle and starting point of the process is arbitration agreement by the parties provided that it must be in writing
 - The parties can resort to arbitration in a separate agreement
 - It implies that parties who had not entered into an agreement prior to the signing of the contract are free to enter into such a contract even when a dispute has arisen provided that their agreement is in writing.
- (c) **The student is expected to demonstrate knowledge and understanding on the difference between arbitration and litigation.**

There are a number of important differences between arbitration and litigation, namely : Cost and Expeditiousness; Confidentiality; Flexibility; Impartiality.

Cost and Expeditiousness

- It is a common, albeit not always true assumption, that arbitration is cheaper and less time consuming than litigation.
- Can arbitration be faster and less expensive?
- The answer to this question is ‘most certainly.’
- However, this is not always the case. Arbitration just like any other adversarial process may be expensive and time consuming especially if one of the parties is willing and able to spend considerable resources to defend its position and can exploit dilatory tactics to his or her benefit.

- In some aspects, the very characteristics that make arbitration more appealing than litigation are the same aspects that frame its disadvantages.
- For instance, the fact that it is flexible and dependent on the mutual consent of both parties may create time delays and incidental costs.

Confidentiality

- Many people view the private nature of arbitration as a main advantage. Due to the fact that court proceedings are open to the public; many business people prefer arbitration to litigation.
- Unless otherwise agreed, awards in arbitral proceedings are confidential and the proceedings are closed to the public.
- This is considered important especially to parties who wish to protect trade secrets.
- Moreover, in the interest of protecting present or future commercial transactions, many business people deem any publicity of an on-going dispute as detrimental to their reputation.

Flexibility

- The arbitration process is hailed for its inherent procedural flexibility. Unlike court proceedings which are rigid, arbitral proceedings offer greater flexibility in international commercial transactions.
- Parties get to choose their own arbitrators, in addition to having the independence to customize the arbitration proceedings to suit their wishes.
- Although parties may choose an already established arbitral institution with its own set of rules of procedure, the parties have a choice to decide on whether or not they want a totally different procedure that better serves their needs.
- If both parties cooperate and decide that they both want a speedy arbitration, the flexibility of arbitration can be used to their advantage to achieve that goal.
- Moreover, parties may even choose to have ‘fast track’ arbitration – an option that is offered by institutions such as the International Chamber of Commerce and the London Court of International Arbitration.

Impartiality

- One of the main reasons parties opt for arbitration over litigation is the fear the national courts will be biased in favor of their own citizen or the advantage of the home litigant in issues such as knowing the system, procedural rules, etc.
- Therefore, proceeding on the assumption that the arbitral tribunal will be fair and impartial and will not take the nationality of the parties into consideration, parties choose arbitration over litigation.
- If any of the parties’ reasonably suspects that an arbitrator lacks the necessary degree of objectivity or that the arbitrator will not be fair and impartial in performing his duties, then that party can object on those grounds.
- Some have posited this as a disadvantage of arbitration in that a party can use this as a delaying tactic by ‘raising unwarranted objections’ or attempt to disturb what could otherwise be a smooth arbitration proceeding by filing an application midway through the proceedings.

- However, this may not be something to worry about depending on whether the parties' arbitration is under the auspices of an institution with rules safeguarding against such conduct.

(d) The student is expected to demonstrate knowledge and understanding on enforcement of arbitral award

- Yes, it is possible
- Once an arbitral tribunal has made its award, it has fulfilled its function and its existence comes to an end.
- The tribunal's award, however, gives rise to important and lasting legal consequences. Although it is the result of a private arrangement and is made by a private arbitral tribunal, the award constitutes a binding decision on the dispute between the parties.
- If it is not carried out voluntarily, the award may be enforced by legal proceedings both locally (that is to say, in the place in which it was made) and internationally.
- The registration or deposit of award is a sine qua non requirement for an award to be recognized and enforced in Rwanda.
- However, no fee is paid for that registration or deposit for recognition of arbitral awards sought in Rwanda.
- According to the law establishing Commercial, civil, social and administrative procedure, the party seeking recognition shall deposit the duly authenticated original award or duly certified copy thereof; and the original agreement or duly certified copy thereof award at the president of the higher instance court's office and request the executory stamp on the deposited award.
- The same law, states that the President of has 8 days to make a decision concerning that recognition.
- In 2008 Rwanda ratified the New York convention on Recognition and Enforcement of foreign arbitral awards and became the 143rd State party to the convention.

QUESTION FIVE

Marking guide

(a)

(a) i) 1 mark each of any well elaborated definition of contract of insurance, 1 mark each for any 2 well explained elements of the contract of insurance	4
ii) 2 marks each for any 2 well elaborated differences between whole life insurance and term life insurance	4
(b) (i) 2 marks for the definition, 1 mark for identifying the type of agency and 1 mark each for any 3 explanations for the type of agency identified, 2 marks each for any 2 explanations of the scenario	8
ii) 1 Mark for any 2 rights well elaborated and 1 mark for any 2 well elaborated duties of an agent	4
Total Marks Awarded	20

Model Answers

(a)

(i) **The student is expected to demonstrate knowledge and understanding on contract of insurance and its characteristics**

- An insurance contract can be defined as an agreement between two parties, the insurer and the insured, whereby the insurer, which is the insurance company, undertakes, in exchange for a fixed premium, to pay the insured a fixed sum of money upon the occurrence of a certain event.
- Indeed, an insurance contract is a binding agreement between the insurer and the policyholder by which, in the event of the occurrence of an insured event, the insurer undertakes to make a payment or, if expressly agreed, to provide a benefit in kind to the policyholder or a third party, in return for premiums paid in one or more installment (Art. 3 of Law No. 030/2021 of 30/06/2021 governing the organization of insurance activity).

Elements that differentiate from other types of contracts:

- **Aleatory:** one party to a contract might receive considerably more in value than he or she gives up under the terms of the agreement.
- **Adhesion:** a contract made and concluded on a “take it or leave it” basis.

- **Executory:** The insured will always pay premiums while the insurer will perform his obligations after some events take place (losses occur).
- **Unilateral:** the insured performs the act of paying the policy premium, and the insurer promises to reimburse the insured for any covered losses that may occur.
- **Personal contracts:** Insurance contracts are personal agreements between the insurance company and the insured individual, and are not transferable to another person without the insurer's consent

(ii) The student is expected to demonstrate knowledge and understanding on significant differences between the two main types of insurance, namely total life insurance and term life insurance.

- **Term coverage** Whole life insurance extends over the lifetime of the policyholder whereas Term life insurance covers only the numbers of years provided
- **Price (premium to be paid)** Expensive in whole life insurance while the price to be paid in term life insurance is cheap
- **Payout coverage** In Whole life insurance the payout is covered over the lifetime and guaranteed to be paid to the beneficiaries. Whereas in term life insurance Payouts will be lost at the end of this term and if the policy is not renewed
- **Cash value** Whole life insurance guarantees accumulated cash value whereas I term life insurance there is no cash value

(b) (i) The student is expected to demonstrate knowledge and understanding of the contract agency

- **Contract of agency:** a two-party relationship in which one person (agent) acts as a representative of the other (principal) in order to create contractual relations between the principal and the third parties.
- **Type of implied agency:** agency by estoppel.
- A relationship in which a party is prevented from denying or alleging a certain fact owing to another party's conduct or allegation.
- An agency contract is a contract under which one party, the agent, acts in representation of and on behalf of another party, the principal.

- The purpose of this relationship is to create a relationship between third parties and the principal and the actions of the agent will result in the principal being liable to those third parties.
 - The agency may be express, by ratification or by implication. The latter refers to the type of agency where there is no formal authorization (written or oral) from the principal, but the relationship between the principal and the agent is inferred from the conduct of the agent.
 - The type of agency by implication involved in the case is an agency by estoppel.
 - It can be understood as the relationship where the principal is prevented from denying the allegations, or the conduct of a person acting in his name and on his behalf as an agent.
 - In the present case, TAMBA was informed of KAMANZI acting in his name and on his behalf in the renovation of his building.
 - But he neither prevented nor stopped the work, which allowed the engineer to reasonably believe that KAMANZI was acting as his agent.
 - He will therefore be "stopped" from denying that KAMANZI was acting as his agent, and consequently prevented from denying the agency relationship between him and KAMANZI.
- (iii) The student is expected to demonstrate knowledge and understanding on the rights and duties of an agent**

Rights

- Payment: legal right to payment where the agency agreement indicates such an intention
- Indemnity: recover any expenses incurred or losses suffered when carrying on his mission

Duties

- Performance: An agent must carry out the principal's orders within the limits of the agent's authority
- Reasonable skills: Agents must perform their duties with reasonable care and skills expected of such a person from that area or profession.
- Accountability: to avoid any conflict of interest
- Duty not to delegate: an agent must delegate his mission to a third party without the expressed consent of the principal.

QUESTION SIX

Marking guide

(a) 1 mark each for any 2 conditions surrounding the acquisition of a freehold title by Fast & Food company in Rwanda	2
(b) 2 Marks for the process of application for land allocation, 1 Mark for proof of legal personality, 1 Mark for submission to the Minister, 1 Mark for the decision for allocation and 1 Mark for issuance of the certificate of land lease registration	6
(c) 1 Mark each for any 4 well explained rights and 2 Marks each for any 2 well explained duties	8
(d) 2 Marks each for any 2 well explained sanctions arising out of non-use of acquired land	4
Total Marks Awarded	20

Model Answers

(a) The student is expected to demonstrate knowledge and understanding on acquisition of freehold title in Rwanda

- Rwandan shareholders must have at least 51% of the shares in the company
- The allocated plot cannot exceed 5 hectares
- The law provides for an equal right to land ownership (Art 4 law 2013 governing land).
- However, in the case of a commercial company, this right to land is subject to certain conditions.
- For a commercial company to hold a title deed, Rwandan shareholders constituting the members of the company must hold at least 51% of the shares of the company.
- Furthermore, the minister in charge of land, except in special circumstances, cannot grant a freehold title over an area of more than 5 hectares.

(b) The student is expected to demonstrate knowledge and understanding on the procedure for obtaining a leasehold title

- Application for land allocation (identification and photo ID of the applicant, the exact location of the requested land in the district, sector, cell; size of the requested land; intended use of the land and schedule of planned activities; any other land held by him/her, its location and use and the rights of other persons over it)
- Provide proof of legal personality
- Submission to minister in charge of lands with a request for advice of Rwandan Natural Resources
- Decision of allocation of land issued by the ministry in charge of land
- Issuance of a certificate of land lease registration

(c) The student is expected to demonstrate knowledge and understanding on the rights and duties of a leasehold title holder

Rights

- Use
- Enjoy
- Dispose of the property
- Rights to mineral resources

Duties

- Servitude
- Develop the land in a productive way
- The owner of land in Rwanda has the right to occupy it, to use it, and enjoy the fruits of its exploitation or discovery.
- The owner also has the right to dispose of it (to sell it for consideration).
- On the other hand, it is his duty to exploit the land in accordance with the reasons for the request (in the case of Fast & Food, it is agriculture).
- Moreover, he has a duty of servitude. This can be defined as the right that one person has over another one's property in certain circumstances.
- The duty of servitude implies not denying neighbors access to their plots when there is no other way; not blocking water that flows naturally over his land, or denying others access to water from a well on his land, unless he can prove that the well was dug by him.

(d) The student is expected to demonstrate knowledge and understanding on the sanctions imposed for non-use of acquired leasehold land

- Requisition of the land

- Assignment of the requisitioned land to another person
- The owner of land has a duty to use the land productively, in accordance with its nature and intended use.
- Where it appears that this duty is not being fulfilled, the Minister in charge of the land can requisition the land.
- This means having the land handed over to the state by the person who has title to it.
- The land could then be assigned to another person who applies for it and shows the ability to conserve it effectively and exploit it productively (Art 54).
- This happens when the owner does not demonstrate his willingness to exploit the land or does not initiate a procedure for the repossession of the land, which involves a written commitment to use the land efficiently and productively within one year of its repossession (Art 56).

QUESTION SEVEN

Marking guide

(a) (i) 2 Marks for identifying the source and 2 marks each for any 3 sources identified and explained	8
(ii) 1 Mark for affirmation, 1 Mark for justifications and 1 Mark each for any 2 circumstances	3
(b) 1 Mark for identifying the class of contract and 1 Mark each for any 2 obligations	3
(c) (i) 1 mark each for any 3 explanations of the executed contract	3
(ii) 1 Mark for affirmation and 1 Mark each for any 2 explanations on the affirmation	3
Total Marks Awarded	20

Model Answers

(a) (i) The student is expected to demonstrate knowledge and understanding on sources of law in Rwanda

- Constitution of the Republic of Rwanda of 2003 as revised in 2015 (the president is the creature of the law and makes laws)
- Organic law (determines the level under which education is a fundamental right and is passed by $\frac{3}{4}$ of members of parliament seated and voting)
- International treaty ratified by Rwanda
- Ordinary law (law passed in parliament requiring a simple majority (Decree (laws made by the president as provided by the constitution))
- Orders and regulations provided for by a law

(ii) The student is expected to demonstrate knowledge and understanding on unilateral contracts

- A unilateral contract is a one-sided contract agreement in which an offeror promises to pay only after the completion of a task by the offeree.
- In this type of agreement, the offeror is the only party with a contractual obligation.
- This type of contract isn't made by a promise; instead, it requires the offeree—someone who has agreed to act pursuant to the contract—to perform an act that the offeror requests.

- Mujawamariya is expected as part of her obligation to deliver the 100 frames of hard wood timber to the yard of Kubera meeting the standards agreed upon and by doing so there will remain nothing to be done and hence discharged from the contract
- Once the timber has been delivered and they meet the quality and quantity requirement as agreed upon the Kubera shall only be called upon to undertake his obligation which to pay Mujawamariya the amount of money agreed upon and that will mark the end of the obligation on his part and he is discharged from the contract and their contractual obligation is terminated

(b) The student is expected to demonstrate knowledge and understanding on classification of contracts

- It is a contract classified on the basis of performance and it is a unilateral contract
- a unilateral contract results from the exchange of a promise either for performing an act or for refraining from doing an act.
- Mujawamariya is expected as part of her obligation to deliver the 100 frames of hard wood timber to the yard of Kubera meeting the standards agreed upon and by doing so there will remain nothing to be done for she has completed her part of the obligation
- Once the timber has been delivered and they meet the quality and quantity requirement as agreed upon the Kubera shall only be called upon to undertake his obligation which to pay Mujawamariya the amount of money agreed upon and that will mark the end of the obligation on his part.

(c) i) The student is expected to demonstrate knowledge and understanding on executed contract

- This is a contract classified on the basis of performance and it is an executed contract.
- Desire made an offer (radio announcement) which is supposed to be met with acceptance (the goat and its kids).
- Offer and acceptance is the basis of any contractual obligation.
- In the case scenario provided Byiringiro was not aware of the offer and thus bringing the goat cannot amount to acceptance and therefore there is no contract.
- His bringing the goat to Desire is a gesture of a good Samaritan.

ii) The student is expected to demonstrate knowledge and understanding on the requirements of executed contract

- Clementine Nyirwingabo was not right
- This being a contract based on performance, it required the Clementine being one among many people to whom the offer was made to execute fully her obligation (bring the goat with the kids) and then demand the FRW 70,000 on offer.
- The offer made by Desire was general and there any person was likely to have found the goat to find out that Clementine had already taken the money and this will cause a problem

- As the name suggests this contract is dependent of one person who has to fully execute his/her obligation and then claim for the money offered.

END OF MARKING GUIDE AND MODEL ANSWERS