



**CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATION**

F1.2: INTRODUCTION TO LAW

DATE: WEDNESDAY 29, MAY 2024

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.
4. The question paper should not be taken out of the examination room.

QUESTION ONE:

(a) Jean Pierre a citizen of Rwanda was involved in the Genocide against the Tutsi in 1994 after which he escaped from the country. In the year 2005 he was spotted in Britain. The government of Rwanda demanded Britain to repatriate Jean Pierre to Rwanda to stand trial for the criminal acts of genocide. On his side the lawyer of Jean Pierre argued that his client should be allowed to stand in court in Britain because law is law whether be in Rwanda or Britain. Similarly, Yusuf Mohammed, a citizen of Saudi Arabia escaped from Saudi Arabia to China with the legally married wife of Hussain Assan. Hussain Assan through the government of Saudi Arabia want Yusuf Mohammed to be repatriated from China to Saudi Arabia to stand trial. Yusuf Mohammed on the contrary is arguing that he can equally stand trial in China.

Required:

- (i) As a student of business law and indeed with some knowledge of law, **Assess the two case scenarios and explain to both Jean Pierre and Yusuf Mohammed if they can be allowed legally to stand trial in Britain and China respectfully (Justify your answer).** (2 Marks)
- (ii) **Explain to Jean Pierre and Yusuf Mohammed any two major legal systems represented in the scenarios above.** (4 Marks)

(b) Evariste Kagame a resident of Nyamagabe District bought a cow from his friend Byiringiro Andrew and paid him two hundred thousand Rwandan Francs (FRW 200,000). Since Evariste had an urgent meeting in his office he requested Byiringiro to retain the cow and he will return to take the cow in the evening when he would have been done with the meeting. In the afternoon when Evariste was taking the cows to drink water, this very cow which had been bought ran towards the highway and was hit by a truck causing its instant death. Evariste Kagame was very surprised by the turn of events. He did not know what he will tell Byiringiro since the money he was paid for the cow he had already committed it to pay the loan he owed the bank.

Required:

- (i) **From your own assessment of the case scenario above do you think this contract of sale of goods was complete. (Justify your answer.)** (3 Marks)
 - (ii) **Assuming the contract is complete explain who among the buyer (Evariste Kagame) and the seller (Byiringiro Andrew) will bear the loss and why.** (3 Marks)
 - (iii) **Explain any four essential characteristics of a contract of sale of Goods.** (8 Marks)
- (Total :20 Marks)**

QUESTION TWO

(a) Tuyizere Andre was given a cheque of five hundred thousand Rwandan francs (FRW 500,000) from his uncle Munyampenda Peter in appreciation for passing his final year exam at the university of Rwanda with a distinction. Tuyizere Andre having borrowed the same amount of money from Grace Uwase endorsed the cheque to her. Grace Uwase had equally promised her grandmother a gift of five Hundred thousand Rwanda francs and further endorsed the cheque to her. Finally, the grandmother endorsed the cheque to Ndoli Supermarket for the goods supplied to her for the past month. When Ndoli Supermarket went to the bank they found out there was no sufficient deposit in the account of Munyampenda Peter.

Required:

- (i) **Assess the above case scenario and bring out all issues arising out of it.** (4 Marks)
 - (ii) **Explain any four presumptions related to negotiable instruments and point out the presumptions which apply in the above case scenario.** (8 Marks)
 - (iii) **Explain any four characteristics to be considered as necessary to constitute a negotiable instrument.** (8 Marks)
- (Total:20 Marks)**

QUESTION THREE

(a) Kabera Steve is the owner of Finston Flats, three-bedroom rental houses situated at Kimihirura and Ndazaro Gerald and Nzakomeza Passy are the tenants of Kabera Steve. Given that Ndazaro Gerald has been a tenant for the past eight years he decided to make some permanent adjustment in the sitting room and the kitchen. These permanent changes were never communicated to Kabera Steve nor was there any agreement to the contrary. Meanwhile Nzakomeza Passy is a new tenant who has just entered one of the houses. As he entered, he was instructed to be in his rented house not beyond 10 P.M and that he is not allowed to cook any type of meat and despite having his own water meter, he has been restricted as to the amount of water to use per week Additionally Ndazaro planted six expensive flowers worthy six million Rwandan francs in the compound and he is demanding reimbursement of the said money from Kabera Steve

Required:

- (i) From the above case scenario and guided by the law of property, **Raise the issues at conflict and advice the three parties each on their rights.** (4 Marks)
- (ii) Using the above case study, **Distinguish real rights from the personal rights.** (4 Marks)

(b) Robert Nkusi was the owner of once upon a time renowned supermarket by the name Kigali Mat Supermarket which had been reduced to rubbles by fire some three decades ago. Robert Nkusi had even sold the land where the supermarket used to stand to Ebron Kalimos who in turn sold it again to Rumiya Gatera. Rumiya Gatera constructed a bigger supermarket than the one which used to be there and gave it the name Kigali Mat Supermarket and it attracted a lot of customers and word spread that the famous supermarket has been opened and when Robert Nkusi heard of this

information, he went to Kigali commercial court and asked the court to order the supermarket to be closed on the basis that Rumiya Gatera was taking advantage of his property without his permission.

Required:

- i) From the above case scenario, which is this property which Rumiya Gatera is taking advantage of without the permission or agreement with Robert Nkusi. (2 Marks)**
- ii) With the help of relevant examples explain the meaning of the term property as used in law (6 Marks)**

(c) Kerry Marie is a business woman who runs all butchery business at Kabuga market. Last week she entered into an agreement with Munyana James for the sale of two big bulls. The agreement stipulated that she will pick the two bulls on the market day (Wednesday) upon which she will make a payment of six hundred thousand Rwandan francs for the two bulls. Since Kerry Marie did not have all the prize money, on the previous day (Tuesday) she took a loan of three hundred thousand Rwandan francs from equity bank to top up to the three hundred thousand Rwandan francs which she had in cash. Unknown to them both, these bulls were stolen by thieves very earlier in the morning on Wednesday and when Kerry Marie came to pick them the bulls were not there and they had been stolen.

Required:

- (i) As a candidate of Introduction to law explain to Kerry Marie and Munyana James what becomes of the contract entered against the situation they have found themselves in. (1 Mark)**
 - (ii) Explain to them briefly three ways through which contractual obligations can arise (3 Marks)**
- (Total:20 Marks)**

QUESTION FOUR

(a) Mr. Moruto is a Zambian who wants to establish a business selling potato-based cosmetics in Rwanda. He met Cyuzuzo, a farmer from Muhanga with whom he concluded a contract to supply potatoes in large quantities. A few months after the contract was signed, a dispute arose between the two parties. Neither party wished to resort to the courts. An arbitral tribunal composed of three arbitrators was then set up in Kenya. At the end of the arbitration proceedings, CUYZUZO was ordered to pay 65 million FRW in damages. Back in Rwanda, CUYZUZO decided not to comply with the award. Mr. Moruto comes to you for clarification about this situation.

Required:

- i. Advise him on an amicable settlement process to which the two parties could have initially agreed upon, between themselves, in order to save their partnership. (4 Marks)**
 - ii. Analyze whether it is possible to resort to arbitration when the parties had not provided for it in the initial contract. (5 Marks)**
 - iii. Explain any five advantages of arbitration over litigation. (8 Marks)**
 - iv. Explain whether it is possible to enforce a foreign arbitral award in Rwanda. (3 Marks)**
- (Total 20 Marks)**

QUESTION FIVE

(a) UMUTONI owns a house that she had built at Nyamata. She has insured the house with Radiant Ltd to cover all risks related to the partial or total destruction of the house. She also took out a full life insurance policy with her daughter UWERA as beneficiary. On the night of 24th January 2021, a short circuit in the ceiling of the house caused a fire. By the time the fire brigade arrived, the fire had spread throughout the house. Only a few important documents and family jewelry were saved.

Required:

- (i) Define an insurance contract and explain any TWO elements that differentiate it from other types of contracts. (4 Marks)
- (i) Explain the difference between whole life insurance and term life insurance. (4 Marks)

(b) TAMBA is a Rwandan businessman who has invested in several sectors of activity such as real estate, gas, and agribusiness. He owns several buildings, including one in the center of Kigali which is in an advanced state of disrepair. KAMANZI is a person working for TAMBA in the search for partners in agribusiness. He, therefore, has no power to undertake anything regarding the real estate owned by TAMBA. However, he did decide to hire SHUTI as an engineer to work on renovating the downtown building owned by TAMBA and on his behalf. The latter, being informed by his agent of the initiative, stopped neither KAMANZI nor the engineer and let the work continue. At the end of the work, SHUTI drew up an invoice amounting to 65 million FRW. TAMBA refused to pay the sum. As a reason, he argued that KAMANZI the agent did not have the authority to hire NSHUTI to work on the buildings he owned. Therefore, he owes him nothing. NSHUTI decided to file a case in court.

Required:

- i) Define what is a contract of agency, and analyze what type of implied agency is involved in this case. (8 Marks)
- ii) Identify and explain the rights and duties of an agent in an agency contract. (4 Marks)

(Total 20 Marks)

QUESTION SIX

UHURU is an agricultural engineer of Ugandan nationality who would like to operate a fast-food business in Rwanda. With Rwandan and Tanzanian partners, he created a company called Fast & Good Ltd registered at RDB in 2016. This company wants to be autonomous in terms of construction materials for its premises and would like to sell chicken and Chips grown on their land and according to their own techniques. To do so, the company needs large plots of land in Rwanda that will belong to it, in order to achieve this objective. Mr. UHURU, who has no knowledge of Rwandan law, comes to you for clarification on the following questions.

Required:

- (i) **Advise on the conditions surrounding the acquisition of a freehold title by Fast & Food company in Rwanda.** (2 Marks)
 - (ii) **The shareholders of Fast & Good may choose to lease the land to carry out this farming activity. Describe the process of acquiring a leasehold title in Rwanda.** (6 Marks)
 - (iii) **Finally, the members of the company applied for the freehold title. Analyze the rights and obligations of Fast & Food Ltd being the owner of a land in Rwanda.** (8 Marks)
 - (iv) **After receiving the title deed, the company was facing various problems. They were related to loans from creditors that were slow to come by. As a result, from 2017 to 2020, the land was still not exploited. In addition, one of the members of the company was informed of a report from the district administration to the Minister regarding that case. Advise UHURU on the possible sanctions that may arise in case of non-use of the acquired land.** (4 Marks)
- (Total 20 Marks)**

QUESTION SEVEN

(a) Umutesi Joy and Uwitonze Claire are CPA candidates with ICPAR and they are preparing for an exam of Introduction to Law. In the group discussion, Umutesi asserted that the President of the Republic of Rwanda is a creature of law but that he also makes law. Uwitonze did not get that point clear and she wanted more light to be shed concerning the assertion.

Umutesi explained that the Office of the President is created by law and the President also makes laws. Uwitonze differed with Umutesi on the issue of the President making laws by explaining that the role of the Legislature is to make the laws, the Judiciary is to interpret the law, while the Executive implements the law.

Uwitonze then wonders how then the President can make the law as an executive arm of the government. Uwitonze suggested that even the laws that are made by the United Nations are also applicable in Rwanda and this suggestion was contested by Umutesi who argued that only laws made in Rwanda are applicable in Rwanda.

Uwitonze insisted that laws made by UN or the international treaties are also laws which are applicable in Rwanda. Finally, Umutesi was wondering that for example, the law says that education is a fundamental right of every citizen but that very same law does not say up to which level is education fundamental. Which law then sets the level to which education, for instance is considered to be fundamental.

Required:

- (i) As a student of Introduction to Law who has been taken through the sources of law, identify and explain any four sources of law from the scenario above. (8 Marks)**
- (ii) Do you agree that the President of the Republic makes law? If so under which circumstances can the president make laws. (3 Marks)**

(b) Kubera Imana runs a business of selling hard wood timber at Gakinjira in Nyabugogo area of Kigali. On Friday last week, Mujawamariya Marie went to the timber yard of Kubera Imana and informed him that he has one hundred frames of hard timber which costs fifty thousand francs each (FRW 50,000). After a brief negotiation, they entered into a contract to supply the one hundred frames of timber at the cost of forty five thousand francs (FRW 45,000) each.

Required:

- (i) As a student of Introduction to Law, identify this class of contract and explain how the two parties will undertake their obligations. (3 Marks)**

(c) Cedric Desire is a farmer at Eastern Province. He keeps cows, goats and sheep in his farm. On Monday evening he realized that one of his female goats with three kids was missing. After a whole night search, he did not manage to trace the goats.

He went to a nearby radio station and made an offer that “whosoever finds the aforementioned goat with the three kids shall be given a reward of seventy thousand francs (FRW 70,000)”.

Clementine Nyirwingabo heard about this offer from the radio and came directly to the home of Desire and demanded that she be given the cash so that she can go to look for the goats but Desire declined. Faustin Byiringiro who is the immediate neighbor to Desire unaware of the offer in the radio found the goats wondering on the road and since he knew that the goats belong to his neighbor, he brought them and informed Desire that he found the goats on the road wondering and he brought them home.

Desire thanked the neighbor and they shared a cup of tea before he retired to his house. While crossing to his home, he saw two of his neighbors canvassing and when they saw him, they called and informed him about the offer in the radio which he has fulfilled.

Required:

(i) As a candidate of Introduction to Law, explain to Byiringiro whether he entered into a contract to which he should claim the FRW 70,000 on offer. (3 Marks)

(ii) In your opinion, was Clementine Nyiriwingabo right in demanding for the money offered so she can go to look for the goats? Justify your answer. (3 Marks)

(Total :20 Marks)

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