
CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATION
F1.2: INTRODUCTION TO LAW
DATE: WEDNESDAY 26, FEBRUARY 2025

INSTRUCTIONS:

1. Time Allowed: **3 hours 45 minutes** (15 minutes reading and 3 hours writing).
2. This examination has **two** sections: **A & B**.
3. Section **A** has **one Compulsory Question** while section **B** has **three optional questions** to choose any **two**.
4. In summary attempt **three questions**.
5. Marks allocated to each question are shown at the end of the question.

SECTION A

QUESTION ONE

a) In December 2022, Karera bought a plot of land located in Kimisagara from a business person named Sekamana for a price of FRW 15 million. The parties concluded a sale contract but did not initiate the procedures of changing the legal ownership. In January 2024, Sekamana received a notice assessment and warning from Rwanda Revenue Authority requesting him to pay the tax liabilities amounting to FRW 40 million within 15 days as per the tax procedure law into force. Sekamana did not pay the taxes in question. Therefore, all his immovable properties including the plot sold to Karera were seized by the Tax Administration. After publication of auction, Karera filed a case to court in order to stay the auction, on the ground that his plot was among the properties to be sold. He claimed that in law of contract, the sole consent of parties is enough for a contract to be validly formed, and that according to him the plot in question was no longer the property of Sekamana.

Required:

According to your analysis of the above scenario and your knowledge of land law in place, **do you think the claim of Karera is genuine and legally founded? Explain your position.**

(4 Marks)

b) Samson purchased goods on credit from a supplier and created a promissory note bellow for him:

“I promise to pay a sum of FRW 200,000 if I receive my salary”
Drawer: Justin (Sd/)

Required:

After observing the above document, **comment on this promissory note.** (6 Marks)

c) A law was defined as a set of rules establishing a public authority in order to regulate the behaviours of people in society. Many legal scholars assert that law should be directed to the common good as one of its fundamental characteristics.

Required:

i) **Define the concept of “common good”** (1 Mark)

ii) **Discuss any other two characteristics of law.** (2 Marks)

d) Two law students, Jane and Juliet were discussing different sources of law and the way they are applied. Jane said that judges decide cases based only on formal sources of law such as laws, customs, jurisprudence, etc. For Juliet, judges are supposed to base their rulings not only on formal sources but also on material sources.

Required:

- i) Name the student whose position was right and explain why.** (2 Marks)
- ii) Identify any five material sources of law** (5 Marks)

(Total: 20 Marks)

QUESTION TWO

a) Brown is an investor from England who newly settled his enterprise in Rwanda. He invested his money in agriculture and got an investment certificate. He found a wide vacant land in Rwamagana District. He sent her agents to investigate about that land because he wanted to buy it and effect the change of ownership, in order to exploit it in terms of his agricultural business. After checking the systems of land management authority in Rwanda, Brown's agents found that the land in question belonged to the government and was reserved for public cemeteries.

Required:

- i) Do you think Brown can legally have that land? Explain.** (3 Marks)
- ii) Discuss three means of administration** (3 Marks)

b) Joyce finished her studies in business management at the University of Kigali two years ago. She kept applying for jobs in different institutions but her efforts were in vain since all her applications were rejected for lack of required experience. She decided to start a small one-person company selling office stationeries. However, she was told by one of her friends that her company cannot operate until she obtains the legal personality for it. However, Joyce does not know anything about legal personality and comes to you for advice.

Required:

- i) Explain to Joyce briefly what legal personality is and its importance for the functioning of a legal entity** (3 Marks)
- ii) Discuss the procedures followed for a company to acquire the legal personality** (3 Marks)

c) In December 2018, Edwards entered into contract with a local supplier who agreed to supply him with a certain quantity of plastic bags. On 10/08/2019, before supply of the bags in question was carried out, the Government of Rwanda published a new Law n° 17/2019 of 10/08/2019 relating to the prohibition, manufacturing, importation, use and sale of plastic carry single-use plastic items. In its article 3, the law in question prohibited any use or sale of plastic carry bags and provided for sanctions in case of any violation. Afterwards, Edwards requested the supplier to provide him the plastic bags as it was agreed in the contract, on the ground that the law was released after the contract was already signed, and that it could not affect the contractual obligations of parties.

Required:

i) Basing on the above facts, **say if the claim of Edwards has a basis, and discuss the fate of the contract after this situation happened** (2 Marks)

ii) **Discuss any four events that may frustrate a contract.** (6 Marks)

(Total: 20 Marks)

QUESTION THREE

a) Simon and Peter are students of Business Administration at one of the local universities in Rwanda. Following an assignment, they were given by their lecturer of Introduction to Law, Simon and Peter found themselves in an argument related to the legal capacity of the principals and agents in an agency relationship. According to the opinion of Simon, any person who has the ability to give instructions may be a principal. Peter contested this point of view and said that both the agent and principal must have the legal capacity to contract since an agreement of agency is a contract like any other contract and that it should hence fulfil all the elements required for a contract to be formed.

Required:

i) **Do you agree with the opinion of Simon on this issue? Explain your answer.**

(2 Marks)

ii) **Discuss the rule of “Respondent superior” as applied in agency relationship.**

(2 Marks)

b) Edmond contracted a fire insurance policy with one of the insurance companies in Rwanda. The insurance policy provided that the insurance company would provide compensation if Edmond’s house located in Nyamirambo would suffer damages caused by fire. Some days later, a gas used at Edmond’s home for cooking exploded and the roof of the insured house was severely damaged and Edmond suddenly died due to severe injuries caused by that gas explosion. Edmond did not have any known relatives and he was only living with his girlfriend to whom he was not legitimately married. Now, Edmond’s girlfriend has started the process of claiming the compensation on his behalf arguing that since she lived with Edmond for a long time and being the only person who took care of him, she had the right to receive that compensation.

Required:

i) **Do you think Edmond’s girlfriend has right to insure that house? Explain**

(2 Marks)

ii) **Explain any Four types of insurance**

(2 Marks)

c) Mulefu works for the company X as an accountant. One day at workplace, Mulefu was involved in a quarrel with a client who came to the premises of the company. The origin of that conflict was that the client, two days before in a nightclub, had insulted Mulefu. The quarrel finally resulted into a fight and Mulefu assaulted the client severely. The client filed a case to court against the company claiming damages for the injury he was inflicted by Mulefu. He argued that the employers would be held responsible for the damages caused their worker while on the job.

Required:

- i) **Do you think the client was right to sue the company in this situation? Explain your position.** (2 Marks)
- ii) **Identify any two situations in civil matters in which a person can be held liable for the acts committed by others.** (2 Marks)

d) A person can have either patrimonial rights over a thing or an extra-patrimonial right over a given situation. However, the two notions are different in different aspects.

Required:

Differentiate patrimonial rights from extra-patrimonial rights and use examples to substantiate your answer. (4 Marks)

e) Immaculate and Charles are students in one law school in Rwanda. They are doing their internship in an intermediate court of Gasabo. One day, they attended a hearing session of a criminal case whereby the prosecutor was accusing the suspect of committing assault. The prosecutor presented his charges (accusations) against the suspect, and in the end, he requested the court to inflict him the imprisonment penalty and fines. Charles was confused because he believed that the prosecutor would also request the court to award civil damages to the victim for the injury caused to him.

Required:

- i) **Do you think the prosecutor was supposed to request the court to award damages to the victim? Explain.** (2 Marks)
- ii) **Distinguish criminal sanctions from civil sanctions.** (2 Marks)

(Total: 20 Marks)

QUESTION FOUR

a) Recently, the Government of Rwanda published a law governing Value Added Tax. One of the local advocates found some provisions which he thought were unconstitutional as according to him they violated a constitutional principle of equality of people before the law. He decided to file a petition to the court in order to have those articles removed from the rest of the law. However, he is confused about the court where he may lodge his case.

Required:

After analysing the above scenario, **mention the court which you think has jurisdiction to hear this petition, and discuss the procedures required for filing it.** (10 Marks)

b) Brown is a citizen of the country X where the majority age for marriage is 16 years. Brown has been in Rwanda for 10 years, and he fell in love with a Rwandan girl who is 24 years old,

and he plans to marry her before the end of this year 2024. In Rwanda, the required age for a person to be legally married is 21 years, and Brown is only 17.

Required:

i) **Do you think the State of Rwanda can allow Brown and his Rwandan girlfriend to get married in Rwanda? Justify your answer** (4 Marks)

ii) **Name and explain any three (3) characteristics of a name.** (6 Marks)

(Total: 20 Marks)

QUESTION FIVE

a) Semwaga was arrested on 13th February 2024 for having committed an offence at that moment punishable with imprisonment term of 6 years. The prosecutor in charge of the case, after gathering relevant evidences, he filed a case to court against Semwaga, and the latter afterward was provisionally detained. On 7th June, before the case in question was decided, a new law was published by the Government of Rwanda, by which the above penalty was reduced to an imprisonment term of 3 years. On 15th June 2024, the court ruled on the case; convicted Semwaga, and sentenced him to 6 years of imprisonment in accordance with the former law, on the ground that the new law could not be applied on the events that happened before it comes into force.

Required:

Based on the above facts, **explain your position vis-à-vis the court decision and substantiate it with the general principles of the law.** (5 Marks)

b) Bizaba worked for one of the government institutions in Rwanda since 2014 and was hired as an accountant. In March 2024, Bizaba was dismissed for committing gross misconduct as he was caught drinking beer in the office. After being dismissed, Bizaba immediately filed a case to court claiming that the legal procedures of dismissal were not observed and that before dismissing him the government institution in question would first seek approval of a competent court to confirm that the reasons of dismissal were legally founded. He therefore requested the court to order the decision which dismissed him to be removed, for non-observance of mandatory procedural rules.

Required:

Based on the principles of administrative law that you know, **say if the claim of Bizaba is legally based and justify your answer.** (5 Marks)

c) MFD Ltd signed a business contract with one of its suppliers who agreed to supply the company with different kinds of merchandise. It was provided that the contract in question would be governed by Rwandan laws. Concerning the matter of dispute resolution, the contract stipulated that the parties should attempt in good faith to negotiate a settlement to any dispute between them arising out of the agreement, and that, if the parties could not settle the dispute

amicably, the matter should be referred to a competent court. Some days later, the supplier was given a purchase order and was requested to supply a certain quantity of goods within a period of one month. However, the supplier delayed to deliver the solicited products, and the management of MFD Ltd was not happy and vowed to terminate the contract.

Upon the request of the supplier, the parties unsuccessfully initiated the procedure of amicable settlement of the matter. Some days after, MFD Ltd decided to submit the matter to arbitrators. Suppose that the managers of MFD Ltd come to you for advice.

Required:

Assess the above scenario and advise MFD Ltd management as to their decision of submitting their case to arbitration, and name two advantages of arbitration as a dispute resolution mechanism. (5 Marks)

d) Mwizerwa bought a watch from the supermarket at a higher price after being told that it was a golden watch, by the merchant who believed so. Some days after the sale was completed, Mwizerwa consulted a friend who had advanced knowledge about watches and discovered that the watch he bought was not made of gold. Since that moment, Mwizerwa was very furious towards the merchant and didn't know what to do. He decided to sue the merchant in court for using fraudulent means in order to make him buy the watch. He also wanted the court to order the merchant to pay him damages for the harm he had caused.

Required:

i) Assess the above scenario and identify the rights of Mwizerwa in this situation (2 Marks)

ii) Discuss any two vitiating factors that may affect the free consent of a party during the formation of a contract of sale (3 Marks)

(Total: 20 Marks)

QUESTION SIX

a) The Tax Administration conducted a transfer pricing audit on MIT & SONS Plc a subsidiary of MIT & SONS HOLDING Plc registered in Mauritius. The audit showed that MIT & SONS Plc was to pay Corporate Income tax and Withholding tax amounting to FRW 6 billion. The company appealed before the Commissioner General and its appeal was rejected on all issues. After receiving the decision of the Commissioner General on appeal, MIT & SONS Plc lodged a case to a competent court of law. The court suggested to the concerned parties to find a court mediator who could assist them in solving their tax issues. However, the lawyers of both parties chose to go for negotiation instead of mediation.

Required:

i) Identify five stages of negotiation the parties to this case will go through in order to solve their tax dispute. (5 Marks)

ii) Distinguish negotiation from mediation as alternative dispute resolution mechanisms. (5 Marks)

b) Buregeya who is a resident of Kigali entered into a sale contract with a drug dealer who sold to him a certain quantity of marijuana. After paying the agreed price and receiving the sold products, Buregeya returned the products to the drug dealer saying that they did not meet the standards he expected, but the latter refused to receive them on the ground that the marijuana supplied was of a good quality. Now, Buregeya wants to file a case to court so as to be reimbursed his money.

Required:

i) Advise Buregeya on this issue (1 Mark)

ii) Discuss any four essential requirements for a contract to be deemed legally valid. (4 Marks)

c) Majyambere concluded an agreement with a merchant who agreed to sell him a certain number of flasks. The parties agreed that the delivery of sold flasks and payment would take place three months later. A few days later, after the agreement, the shop of the merchant was robbed by unknown people and a lot of items were stolen, including the flasks the merchants agreed to sell to Majyambere. The merchant called Majyambere to inform him of the bad news. Majyambere could not believe the merchant and threatened to sue him in court.

Required:

i) Do you think Majyambere might have a genuine reason to sue the merchant? Explain your position (2 Marks)

ii) Distinguish a sale and an agreement to sell with regard to the transfer of property, risk of loss, and consequences of breach. (3 Marks)

(Total: 20 Marks)

QUESTION SEVEN

a) For a society to be organized, some laws must be established to guide and shape the conduct of members of such society. The reason why, it is impossible to conceive a society without law.

Required:

Define a law and identify any four elements of its purpose to the society. (3 Marks)

b) A judge in a civil law system country, is mandated to handle a case in relation to family matters. The matter is regulated by the law, but similar issues were previously handled by other lower courts of the country. The judge is not convinced with the way other judges ruled on those legal questions, and according to him, the law provisions regulating the matter should be

given a different interpretation. However, he decided to follow the way other judges decided on this issue for the reason of consistency and uniformity in court decisions.

Required:

Assess the above case scenario and explain if the judge was right to take that position.

(3 Marks)

c) On 4th January 2024 in the early morning, a school bus which transported the students to school collided with a motorcyclist, and the latter was severely injured. The accident was caused by the school bus driver who lost focus when he was talking on the phone while driving. The motorcyclist lodged a case in court in order to claim damages. During the hearing, the driver presented his defence, arguing that the call he received was so urgent such that he could not refuse to pick it up as it was related to his sick wife who was in a very bad condition at the hospital.

Required:

Analyse the above case and state if the defence of the driver in this case is legally founded or not. Explain your answer.

(4 Marks)

d) A businessman purchased goods from a supplier called Vincent on credit. He issued a bill of exchange below to one of his debtors and ordered him to cash it in favour of Vincent:

<i>“On demand, please pay to the order of Vincent or order a sum of FRW 150,000”</i>
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Required:

Do you think the above legal document is a valid bill of exchange? Explain your answer.

(5 Marks)

e) Emmanuel, a Rwandan citizen who lives in Canada, decided to buy a plot in Kigali. He wanted a plot of 400 square meters, and the price would not exceed FRW 25 million. He concluded an agency contract with one of his friends named Jean Paul who resides in Kigali, and the latter agreed to represent him in buying that plot. They agreed that Jean Paul would search for a plot, conclude a sale contract with the owner, and pay the agreed price with his own money. Jean Paul also was mandated to do all the required processes for the transfer of ownership to be affected. In his turn, Emmanuel promised to refund Jean Paul all the costs that would be incurred by him in relation to this transaction and also pay him the remuneration FRW 2 million. Jean Paul bought the plot which meets the agreed standard for twenty-five million Rwandan francs, and completed the procedures required for change of ownership as per the contract.

Also, Jean Paul found another plot in the neighbouring area which he imagined Emmanuel would also love to buy, and he decided to buy it for him for a price of FRW 15 million. However, Emmanuel refused to reimburse him the money for the second plot arguing that it was not provided in the contract. Jean Paul is furious about that and wants to lodge a court case in order to be refunded the money paid for the second plot. According to him, he was right to

claim the price paid for that other plot because it was bought for the benefit of Emmanuel, and that the paid price was cheaper compared to its real value and location. He added that the agency relationship required the principal to compensate the agent for the expenses incurred in performing duties on their behalf.

Required:

- i) Assess the above facts and explain if Jean Paul was right to claim the reimbursement of the price paid for the second plot. (2 Marks)**
 - ii) Name and explain any three ways by which agency relationship is created. (3 Marks)**
- (Total: 20 Marks)**

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