

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FIRST YEAR EXAMINATION FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION

MBAD 801: BUSINESS LAW

STREAMS: MBAD (Y1S1)

TIME: 3 HOURS

DAY/DATE: TUESDAY 06/03/2021

8.30 A.M. – 11.30A.M.

INSTRUCTIONS: Answer ALL the questions

QUESTION ONE

- (a) Outline the differences between criminal law and civil law [6 marks]
- (b) Explain three rules that the court may apply in interpretation of a statute [6 marks]
- (c) With the use of appropriate examples, highlight four circumstances under which African Customary Law may be applied in court. [8 marks]

QUESTION TWO

- (a) Arnold Karani decided to buy a money plant flower for his garden from a tree nursery which specializes in all types of plants. He explained to one of the staff that he wanted a money plant capable of climbing up to three metres. He was shown one plant which he accepted to buy. At the counter where all purchases are paid for, there was a sign that read “No warranty is given as to the quality or sustainability of purpose of any plant at this nursery”. One month later, Arnold Karani’s uncle who is a plant expert visited him and after examining the plant, he told him that the plant was not capable of climbing up to three metres high and was in fact not a money plant
- (i) In relation to the Sale of Goods Act, explain three legal principles in this case [6 marks]
 - (ii) Advise Arnold on two remedies available for him in this case. [4 marks]

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- (b) Explain five circumstances under which an agent may be held personally liable on contracts he has entered into on behalf of the principal. [10 marks]

QUESTION THREE

- (a) Unique Shuttle Ltd employed Ken as a driver to transport passengers from Chuka to Nairobi. While on the way, Ken drove the matatu at high speed while negotiating a sharp bend. As a result, he lost control of the vehicle and caused an accident. A total of 8 passengers were injured while two passengers died on the spot. Mary, who sustained a head injury and was hospitalized for a long time, has sued for compensation but Unique Shuttle Ltd has denied liability.

In reference to vicarious liability in the law of Tort, discuss five legal principles that Mary may rely on in her suit against Unique Shuttle Ltd. [10 marks]

- (b) In relation to the Law of Tort, discuss the following concepts:
- (i) Defence of Volenti non fit Injura [4 marks]
 - (ii) Three defences available for the tort of nuisance [6 marks]

QUESTION FOUR

- (a) In relation to the law governing insurance, explain five basic principles of insurance. [10 marks]
- (b) Explain the following as contained in the law of persons:
- (i) Corporation sole [2 marks]
 - (ii) Corporation aggregate [2 marks]
- (c) Explain three characteristics of a public company [6 marks]

QUESTION FIVE

- (a) Explain the meaning of Judicial precedent, and explain the extent to which it is a source of law in Kenya. [10 marks]
- (b) Describe the implied authority of a partner in every partnership business [10 marks]