

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

MBAD 801: BUSINESS LAW

STREAMS: MBAD Y1S1

TIME: 2 HOURS

DAY/DATE: MONDAY 05/07/2021

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- **Answer ALL the questions.**

QUESTION ONE

- (a) Arnold employed Lauryn as a petrol tanker driver. While petrol was being off-loaded from the tanker at a petrol station, David, who was standing nearby, lit a cigarette. Unfortunately, the petrol tanker caught fire and burnt the whole petrol station and injured several people. Lauryn, the owner of the petrol station is angry and seeks your advice on whom she can sue. Advise Lauryn. (10 marks)
- (b) In relation to sale of goods:
- (i) Outline four circumstances when a buyer might reject the goods and repudiate the contract. (4 marks)
- (ii) Explain three circumstances under which the unpaid seller might exercise his right of lien. (6 marks)

QUESTION TWO

- (a) In relation to the law contract, explain three rules that govern the measure of damages for breach of contract. (6 marks)
- (b) Alex agreed to paint Angela's house at an agreed contract price. When Alex had finished the work, Angela discovered that although most of the painting was satisfactory, Alex had forgotten to apply a coat of gloss paint on one of the doors. Alex fell sick and could not

complete the work: Angela has refused to pay Alex the contract price claiming that he has not completed the work. Advise Alex on the legal position. (8 marks)

(c) Explain four differences between an “incorporated association” and an unincorporated associated” (6 marks)

QUESTION THREE

With reference to partnerships:

(i) Explain five ways in which a person shall cease to be a partner. (10 marks)

(ii) Highlight five clauses which might be found in a partnership agreement. (10 marks)

QUESTION FOUR

(a) Explain four features necessary for agency of necessity to exist. (8 marks)

(b) In relation to the law of contract, explain four elements of an enforcement contrast. (8 marks)

(c) Examine the principles relating to contractual capacity of minors. (4 marks)

QUESTION FIVE

(a) In relation to the law of contract, explain six ways in which a contract might be discharged. (12 marks)

(b) Tom Obonyo wrote to Jerry Katana offering to sell his car to him at Sh. 500,000. Jerry Katana accepted Tom Obonyo’s offer subject to the price being reduced to Sh. 450,000. It has become apparent that Tom Obonyo agreeing to buy the car at Sh. 500,000 but Tom Obonyo responds that he has already sold it to a third party. Jerry Katana is upset and comes to you for advice Jerry Katana on the legal position. (8 marks)
