

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

MBAD 801: BUSINESS LAW

STREAMS: MBAD YISI

TIME: 3 HOURS

DAY/DATE: TUESDAY 03/12/2019

2.30 PM – 5.30 PM

INSTRUCTIONS:

Answer ALL Questions

Question One

- (a) Jane Charo decided to buy a money plant flower for her garden from a tree nursery which specializes in all types of plants. She explained to one of the staff that she wanted a money plant capable of climbing up to three meters. She was shown one plant which she 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 suitability of purpose of any plant at this nursery”. One month later, Jane Charo’s uncle who is a plant expert visited her and after examining the plant, he told her 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 the legal principles in this case. [8 marks]
- (ii) Advice Jane Charo on the remedies available to her in this case. [6 marks]
- (b) In relation to the law of tort, discuss three defences available for the tort of defamation. [6 marks]

Question Two

- (a) Michael, a Finance Manager with Lira Sausage Company recently resigned from his position with an intention of starting his own sausage company. His employment contract with Lira Sausage Company restricted him from venturing into any business that would be directly or indirectly in competition with the company. The company has gone to court seeking a permanent injunction to restrain Michael from venturing into sausage processing. Advice Michael on the legal principles applicable in this case. [10 marks]

- (b) A contract is said to be discharged when the obligations created by the parties cease to bind them. Explain five ways in which the parties can discharge their contractual obligation. [10 marks]

Question Three

- (a) With the use of appropriate examples, highlight five circumstances under which African Customary Law may be applied in court. [10 marks]
- (b) The Judiciary is the arm of Government that is concerned with application of law in adjudicating over legal disputes. Explain five functions of the judiciary. [10 marks]

Question Four

- (a) Discuss the implied authority of a partner in every partnership business. [10 marks]
- (b) Identify and briefly explain five principles of insurance. [10 marks]

Question Five

A group of MBA students have come together to form a small company dealing in processing and export of metal products. You have been appointed as a member of the technical committee to help in registering the company. Explain to the committee the below issues that will guide you in successful registration of the company.

- (i) The legal characteristics of the company as guided by the Company Act. [10 marks]
- (ii) Discuss the procedure of incorporating a company in Kenya. [10 marks]
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