

DIBM 0141

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**FIRST YEAR EXAMINATION FOR THE AWARD OF DIPLOMA IN BUSINESS
MANAGEMENT**

DIBM 0141: BUSINESS LAW

STREAMS: DIBM Y1S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 8/08/2019

11.30 A.M - 1.30 P.M.

INSTRUCTIONS:

- **Answer Question ONE and any other TWO Questions**
- **Do not write anything on the Question paper**

QUESTION ONE

Mr. AB has hired the services of an interior decorator so as to render his hotel restaurant more attractive. Mr. AB has paid in full the interior decorator but the latter has not yet completed his job and has failed to turn up since 15 days.

- (a) Advice Mr. AB on whether a contract has been formed between him and the decorator. [5 Marks]
- (b) Explain the four remedies that Mr. AB has for the breach of contract by the decorator. [4 Marks]
- (c) Explain 6 main classification of Law. [6 Marks]
- (d) Explain 6 rules of making an offer. [6 Marks]
- (e) Discuss any defense available to a defendant newspaper company trading news when faced with a suit for defamation. [6 Marks]
- (f) With special examples, explain three duties of the principle towards the agent. [3 Marks]

QUESTION TWO

- (a) Jasmine parked her Toyota Corolla car in a customer's car park of "The Click Restaurant" at a cost of Kshs.200. At the entrance to the car park there was a notice which read "Car parked at owner's risk". The notice was not visible to Jasmine because two vehicles owned by The

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Click Restaurant were parked right in front of the notice. Two employees of the restaurant were cleaning the upper windows of the restaurant negligently dropped a bucket of water through the windscreen of Jasmine’s car causing extensive facial injury and vehicle damage. Decide, drawing illustrations from the law of tort. [5 Marks]

- (b) There are certain concepts or principles which permeate any law including constitutions of states. [10 Marks]
- (c) A corporation may be defined as a legal person, artificial person or a Juristic person. Explain this statement by giving types of corporations found in Kenya. [5 Marks]

QUESTION THREE

- (a) No one can sell what he doesn’t own (Nemodat quod non habet). Explain the exceptions to this maxim. [6 Marks]
- (b) Explain 4 kinds of agents from the point of view of the nature of work performed by them. [6 Marks]
- (c) Nancy asked Mr. Bad who specializes in selling water pumps, whether a G23 pump would pump water for 5km uphill terrain. Mr. Bad replied saying that the G23 pump would pump water even up Mt. Kenya. Nancy bought the pump but later found that it only pumped water up to 2km up hill. Discuss the legal issue involved. [4 Marks]
- (d) Explain fully what is meant by the following terms;
 - (i) Agency by cohabitation [2 Marks]
 - (ii) Libel [2 Marks]

QUESTION FOUR

- (a) Custom is the oldest source of law. Explain the criteria which must be satisfied before a custom can be applied as a source of law. [6 Marks]
 - (b) Kimsy sees the following advert in a local newspaper: For sale: Rose bushes only Kshs.1690 for five-Hurry-Limited Supplies. Send a cheque to beautiful gardens LTD, P.O Box 111. Kimsy sends a cheque but is told the Rose bushes are sold out. Consider whether a valid contract has been formed. [4 Marks]
 - (c) Describe the composition of the various organs of the government as vested in the constitution of Kenya 2010. [6 Marks]
 - (d) Explain the essentials of a promissory note. [4 Marks]
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