

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DIPLOMA IN BUSINESS MANAGEMENT

DIBM 0141: BUSINESS LAW

STREAMS: DIBM

TIME: 2 HOURS

DAY/DATE: WEDNESDAY06/12/2017

8.30 A.M. – 10.30 P.M.

INSTRUCTIONS:

- **Answer question ONE and any other TWO questions**
- **Your answers should be clear and precise**
- **Do not write anything on the question paper**

QUESTION ONE

1. Fully explain the difference between ‘an offer’ and ‘an invitation to treat’. In contract law, is an advertisement in a newspaper treated as ‘an offer’ or ‘an invitation to treat’? [4 marks]
2. Explain how Acts of Parliament are created. [6 marks]
3. Outline 5 advantages of arbitration as an alternative dispute resolution method.[5 marks]
4. A contract may be discharged in various ways. Describe any 5 ways. [5 marks]
5. Explain what is meant by the following terms as used in business law.
 - (i) Libel [2 marks]
 - (ii) Artificial person [2 marks]
 - (iii) Lawful consideration [2 marks]
 - (iv) Common law [1 marks]
6. Agency law usually involves various parties. Explain three persons involved in agency. [3 marks]

QUESTION TWO

1. Gladys, who recently passed her driving test, decides to drive into town. On turning right at a junction, she negligently fails to see a car being driven by Jackline and crashes into it. Jackline was not wearing a seatbelt at the time of the accident and was badly injured. Jackline's husband, Mwenda, hears the crash and rushes to the scene of the accident; he is so shocked at seeing Jackline's injuries that he shortly afterwards develops a psychiatric illness. Explain the essential ingredients of a negligence action and consider the legal liability of Gladys in the law of Torts. [4 marks]

2. You have been a serious Business Law student at Chuka University. When you joined the class your uncle who runs an NGO called Maendeleo ya Wasiojua Sheria approached you, knowing well that you have studied business law, to give a talk on the various sources of law of Kenya. Prepare notes that you are going to present on the material day. [8 marks]

3. In relation to the law of agency, explain four circumstances under which an agent may be held personally liable to third parties. [4 marks]

4. Abel invited Angela for a goat eating party at his house on a Sunday afternoon. Angela hired a taxi for KShs 5,000 and reached Abel's house at the appointed time. But Angela found that Abel was not in his house hence he failed to perform his promise. Can Angela recover any damages from Abel? Give reasons for your answer. [4 marks]

QUESTION THREE

- (a) Define a cheque and a bill of exchange. Give 3 differences between these two instruments. [7 marks]

- (b) Fundamental rights of an individual should not under any circumstances be taken away from an individual. Explain this statement by giving 5 examples of fundamental rights of an individual. [5 marks]

- (c) Who is a dependant under the law of succession? [4 marks]

- (d) Abuya steals Jessica's car from her premises in town, drives it to Ndagani and sets it on fire. Abuya is caught by the police and persecuted for theft of the car. Abuya wants to sue Jessica for compensation for the damage to her car. Advise Jessica on which FOUR courts he may have to face trial. [4 marks]

QUESTION FOUR

- (a) Differentiate between a natural person and a corporation. [4 marks]
- (b) Explain three differences to tort of defamation. [8 marks]
- (c) Three weeks ago the high court delivered a judgment in a case in which Elias was accused of mutiny in Kenya armed forces. Having been convicted of the offence, he thinks that the judgment was unfair. He has come to you to advise him. Do so by starting with explaining the nature of the court which found him guilty before the high court also did. [4 marks]
- (d) What are civil Disputes? Give three examples of civil disputes. [4 marks]
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