

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE IN BACHELOR OF COMMERCE

BPLM 302: BUSINESS LAW

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 4/12/2017

8.30 A.M – 10.30 A.M

INSTRUCTIONS:

- **Answer question one and any other two**

1. (a) Emurate five methods of creating an agency. [5marks]
(b) Rwanda and Uganda have boundary dispute. Uhuru Kenyatta of Kenya has summoned both Kagame and Museveni in Kenya to try and resolve the conflict. Kenyatta would like to know which law is applicable in this dispute. Fully advice him. [5marks]
(c) List and explain five elements of a valid contract. [10marks]
(d) Antony draws a cheque in favour Charles from whom it is stolen and the thief forged Charle's signature in order to negotiate the cheque to Davie . Antony's Bank paid the amount of the cheque to Davies bank. Anthony wishes to know whether his bank can debit his account with the amount of the cheque. Advice Antony. [5marks]
(e) Kevo an infant borrowed money from equity bank with a forged identity card. The bank has treated to sue the father if the same money is not paid by the end of the month. What is the legal position.
(i) If Kevo borrowed the money to pay his fees?
(ii) When Kevo becomes a major and promises the bank manager to pay and he later breathes the contract? [5marks]

2. (a) What is the statutory application of the African customary law? [10marks]
- (b) Under a contract for sale of sales of goods, it is very important to know who has the “property in goods” at any given time. Briefly explain why this is important. [5marks]
- (c) A (a minor) sold a car to B. B has now sold the said to C. A wants to avoid the contract and eventually claim the car from C. They have come to you, Advise. [5marks]
3. (a) Joe was Peter’s agent and on Peter’s behalf made many contracts with Tom over a period of years. Peter later terminated Joe’s agency but failed to notify Tom. Joe continues to deal with Tom in his own name and on his own behalf, but became bankrupt. Tom as a result suffered losses and now claims to be entitled to damages by way of compensation from Peter. Advise Peter regarding his liability. [5marks]
- (b) Discuss how the constitution of Kenya is a source of law in Kenya. [5marks]
- (c) Explain the ways in which agency relationship may be discharged. [10marks]
4. (a) Nyamisa had carried on a mitumba business as a sole proprietor for some time. He then entered into a partnership with Mwenda. Their partnership agreement provided that the profits should be shared equally. When they fell out, a dispute arose concerning who owned the assets used by the business including the Mkokoteni and the place where they spread their merchandise. Decide. [5marks]
- (b) Ben went for holiday in Mombasa and during his tour ,he identifies a car which he has been looking for. He instructed the seller to deliver the car to Nakuru where he was going to pay him the purchase price. The car was involved in an accident at Nairobi. Ben refused to pay. The seller wants to be paid . Decide giving reasons for your decision. [5marks]
- (c) Distinguish between a promissory note and a cheque. [10marks]
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