

CHUKA



UNIVERSITY

## UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE**

**BUST 322: BUSINESS LAW**

**STREAMS: BCOM Y3S2**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 17/04/2018**

**8.30 A.M – 4.30 A.M**

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**INSTRUCTION:**

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

1. (a) Chelagat is a young person aged 15 years. According to the Kalenjin customary laws a girl is supposed to undergo female genital mutilation. Last week she was actually forced into the rite and she is to be married off to Kiplangat next week. She comes to you for advice on what can be done. Discuss with her the relationship between customary law and the recently promulgated constitution. [10marks]  
  
(b) Consensus ad idem means thinking of the same thing in the same sense at the same time. Explain when it is said to be missing. [10marks]  
  
(c) A young boy ran away from his father's home and the father issued pamphlets announcing thus; any body who finds trace of the boy and brings him will get ksh 10,000" X saw this boy near a railway station and promptly took him to the railway police station and then sent a telegram to the boy's father that he had found the missing son. Was X to be rewarded? Decide this citing the relevant case law. [5marks]  
  
(d) Three months ago the high court delivered a judgment in a case in which peter was accused of mutiny in the Kenya Armed forces. Having been convicted of the offence, he thinks the judgment was very unfair. He has come to you to advise him, do so by stating with explanatory the nature of the court which found him guilty before the high court also did. [5marks]
2. (a) Not all agreements are contracts but all contracts agreements, elucidate this using the Balfour V Balfour (1919) case. [10marks]

- (b) Ben told Otieno, a car dealer that he wanted a car that would be comfortable for touring purpose. Otieno recommended to Ben a “Bugetti” car. When it was delivered, it was found that it was neither comfortable nor suitable for touring purposes. Ben sued Otieno for the return of the purchase money. Can he succeed? [5marks]
- (c) Explain the formation of agency by estoppel and give an example. [5marks]
3. (a) Discuss with examples, the various ways by which a contract can be terminated. [10marks]
- (b) Distinguish between a bill of exchange and a cheque. [10marks]
4. (a) An agent is appointed to bring the principal into contractual relations with third parties and the acts of the agent are the acts of the principal and the latter (principal) is to be held liable. However, there are exceptions where an agent is presumed to be personally liable. Discuss. [10marks]
- (b) Explain the essential characteristics of a contract of sale of goods. [10marks]
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