

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA & IGEMBE

EXAMINATIONS FOR THE AWARD OF CERTIFICATE IN BUSINESS
MANAGEMENT

CIBM 00141: INTRODUCTION TO BUSINESS LAW

STREAMS: CIBM

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 08/8/2018

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- Answer question ONE and any other TWO questions
- Your answers should be clear and precise
- Do not write 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 mark]

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. Jacklines husband, Mwenda, hears the crash and rushes to the scene of the accident, he is so shocked at seeing Jacklines 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 [3 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) For a contract to be binding on the parties, at least four elements must never lack. Explain elements of a valid contract [8 marks]

QUESTION FOUR

- (a) Differentiate between a natural person and a corporation [4 marks]
- (b) Explain three defenses to tort of defamation [6 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 explain in the nature of the court which found him guilty before the high court also did [4 marks]
- (d) Explain the following terms as used in business law
- (i) Written constitution [2 marks]
 - (ii) Negligence [2 marks]
 - (iii) Criminal law [2 marks]
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