

CHUKA



UNIVERSITY

RESIT/ SPECIAL EXAMINATIONS

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

CIBM 0141: BUSINESS LAW

STREAMS: DIBM

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 25/07/2018

8.30AM – 10.30 AM

INSTRUCTIONS:

Answer Question One and any other Two Questions

QUESTION ONE

- (a) “Parliamentary legislation is a better source of the Kenya Law than subsidiary legislation.” Discuss this statement with a view to highlighting only the positive aspects of it. [5 marks]
- (b) Natural persons are distinct from the juristic person although they form the juristic person. Discuss with the aid of examples. [4 marks]
- (c) For a contract to be binding on the parties atleast five elements must never be lacking. Discuss any of these elements. [10 marks]
- (d) In relation to the law of agency, explain FOUR circumstances under which an agent may be held personally liable to third parties. [4 marks]
- (e) Nelson has come to your office complaining that the Kadhi Court in Meru law courts has delivered a judgment which is not complying with the law. To which court will you direct him to appeal and why? [4 marks]
- (f) Explain three defenses to tort of defamation [3 marks]

QUESTION TWO

- (a) Explain how Acts of Parliament are created. [6 marks]

- (b) Outline 4 advantages of arbitration as an alternative dispute resolution method. [8 marks]
- (c) Mwenda invited Mukiri for a goat eating party at his house on a Sunday afternoon. Mukiri hired a taxi for Kshs 5,000 and reached Mwenda's house at the appointed time. But Mukiri found that Mwenda was not in his house hence he failed to perform his promise. Can Mukiri recover any damages from Mwenda? Give reasons for your answer. [4 marks]
- (d) What are Civil Disputes? Give three examples of civil disputes. [2 marks]

QUESTION THREE

- (a) Explain the essentials of a valid contract. [8 marks]
- (b) 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 prosecuted for theft of the car. Jessica wants to sue Abuya for compensation for the damage to her car. Advise Abuya on which four Courts she may have to face trial. [8 marks]
- (c) A person from your home area has died. It is being said that he died intestate. Explain to your family what that means. [4 marks]

QUESTION FOUR

- (a) Define a cheque and a bill of exchange. Give 2 differences between these two instruments. [6 marks]
- (b) Give 6 examples of fundamental rights of an individual. [6 marks]
- (c) Richard, a minor by representing himself to be the age of 19 years obtained a loan from National Bank of Ksh. 50,000 stating that the money was badly needed by him to complete his education. National Bank, without making any further inquiry, lent the amount to Richard. Can National Bank recover the amount from Richard? Give reasons for your answer. [4 marks]
- (d) The constitution of Kenya is regarded as the main source of law. Explain [4 marks]
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