

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

**RESIT/SPECIAL EXAMINATION**

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

**DIBM 0141: BUSINESS LAW**

**STREAMS: DIP. Y1S2**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 24/07/2018**

**8.30 A.M. – 10.30 A.M.**

**INSTRUCTIONS:**

- Answer question 1 and any other two.

**QUESTION 1**

- Explain five conditions for ratification of the act of an agent by a principal. (10 marks)
- Discuss five classification of law. (10 marks)
- State and explain the five ways in which a valid contract can be terminated by frustration. (10 marks)

**QUESTION 2**

- Explain five ways by which agency relationship can be created. (10 marks)
- B told Ben, a car dealer that he wanted a care that would be comfortable for touring purposes. Ben recommended to B a “Bugetti” car. When it was delivered, it was found that it was neither comfortable nor suitable for touring purposes. B sued Ben for the return of the purchase money. Can he succeed? (5 marks)
- Explain five essentials of a sales contract. (5 marks)

**QUESTION 3**

- (a) Discuss with examples, the various ways by which the agency can be terminated. (10 marks)
- (b) Discuss how the delegated legislature is a source of law in Kenya. (5 marks)
- (c) John has come to your office complaining that the courts martial has delivered a judgement which is not complying with the law. To which court will you direct him to appeal and why? (5 marks)

**QUESTION 4**

- (a) Explain three differences between a cheque and a promissory note. (6 marks)
  - (b) Natural persons are distinct from the juristic person although they form the juristic person. Discuss three salient features of this principle, citing the case, which promulgated it. (4 marks)
  - (c) Discuss the implied conditions of contract of sale. (10 marks)
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