

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
CHUKA/EMBU**

EXAMINATION FOR THE AWARD OF DIPLOMA IN BUSINESS MANAGEMENT

DIBM 0141: BUSINESS LAW

STREAMS:

TIME: 2 HOURS

DAY/DATE: FRIDAY 10/08/2018

11.30 A.M – 1.30 P.M

INSTRUCTION:

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

1. (a) Explain the importance of law to a business firm. [8marks]
(b) Explain the functions of the judiciary as one of the arms of government in Kenya. [8marks]
(c) Explain the ways in which an offer with an intention to create a contract can be revoked. [8marks]
(d) Nancy invited David to see a picture with her at the French cultural centre. David accepted the offer. Nancy purchased a ticket for David and waited for him at the cinema hall. David failed to turn up. Does Nancy have a case of action against David? Give reasons for your answer. [6marks]
2. (a) Explain the benefits of alternative dispute resolution (ADR) mechanism as a form of settling disputes. [10marks]
(b) Discuss the rules which govern the acceptance of an offer. [10marks]
3. (a) Explain the reasons as to why Kenyan courts are guided by judicial precedent in making judgments. [8marks]
(b) Discuss the various ways in which a contract can be discharged. [6marks]

- (c) Outline the characteristics of a negotiable instrument. [6marks]
4. (a) Explain how the contract of agency is formed. 6marks]
- (b) Discuss the duties of an agent towards his principal. [6marks]
- (c) Explain the common defences to a tort. [8marks]
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