

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA AND EMBU CAMPUSES

SECOND YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 202: BUSINESS LAW I

STREAMS: BCOM Y2S2

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 08/04/2020

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- **Answer question 1 and any other two.**

QUESTION 1

- (a) A cow was sent by railway from Nairobi to Kisumu. However, the owner was not present to collect it on time. The station master at Kisumu arranged for its feeding incurring an expense of Ksh. 10,000/=. The station master filed a suit to recover the money and the owner of the cow refused to pay, decide. (3 marks)
- (b) Explain five written sources of the Kenya Law. (10 marks)
- (c) Discuss five essential of a valid offer. (10 marks)
- (d) Abel holds an auction of his furniture at which Evans, Florence and Giddy bid. The highest bid of Ksh. 10,000 is made by Giddy. Abel refused to sell. Advise Giddy. (3 marks)
- (e) Paul invited Angela for a goat eating party at his house on a Sunday afternoon. Angela hired a taxi for Kshs 5,000 and reached Paul's house at the appointed time. But Angela found that Paul was not in his house hence he failed to perform his promise. Can Angela recover any damages from Paul? Give reasons for your answer. (4 marks)

QUESTION 2

- (a) B offered to purchase a house upon certain, terms, possession to be given on or before 25th July. A agreed to the terms, but said he would give possession on the 1st of August. Do we have a contract? (4 marks)
- (b) Michelle in Chuka town wrote to Larry in Meru town offering to sell her BMW for Ksh. 800,000. On receiving Michelle's offer Larry telephoned her in order to accept. Michelle, however, said that since such a large sum of money was involved she wanted a written confirmation of the acceptance from Larry. Larry at once wrote and posted a letter of acceptance at 8 am which Michelle had received a better offer for her car, and wrote to Larry withdrawing her offer to him. The letter was posted at 5 pm on a Monday evening and was received by Larry at 8.30 a.m. on Tuesday. Advice on whether a contract was formed. (6 marks)
- (c) X applied for the post of a head master in a school. At its meeting, the meeting committee passed a resolution appointing him to that post. X did not receive any official intimation of his appointment, but one of the members of the committee privately informed him about it. The resolution was subsequently rescinded. Can X sue the managing committee for breach of contract? (4 marks)
- (d) Kosgei called on last week complaining that Mrs. Kamau had breached a contract they had entered into for sale of a house in Chogoria. What three remedies are open to him? (6 marks)

QUESTION 3

- (a) Kenneth pays Kshs 50,000 to Abel a civil servant employed in the government department, in consideration of Abel's promise that a government contract which is at the disposal of his department will be placed with Kenneth. Before this can be done. Abel is transferred to another department. Kenneth wishes to reclaim from Abel the money paid to him, will he succeed? (5 marks)
- (b) Discuss five factors which may interfere with freedom of consent in a contract and give their effect on a contract entered into when each of the factor (s) is present. (10 marks)
- (c) The case of **Solomon v. Solomon and Company Ltd (1897)** imports an important principle in Business Law. Restate the principle and discuss its basic meaning. (5 marks)

QUESTION 4

- (a) Discuss 3 defenses available to a defendant newspaper company trading in news dissemination when faced with a suit of defamation. (6 marks)
- (b) We have several ways in which a contract of employment can be terminated, explain any two by frustration. (4 marks)

(c) Discuss competency to contract as per the Kenyan law.

(10 marks)
