

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

RESIT/SPECIAL EXAMINATION

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE**

BCOM 202: BUSINESS LAW 1

STREAMS: BCOM/BED/BTHM

TIME: 2 HOURS

DAY/DATE: TUESDAY 10/08/2021

11.30 A.M – 1.30 P.M.

INSTRUCTIONS

- Answer question 1 and any other two.

QUESTION 1

(a) Ryan and Kate, students of Chuka University were very enterprising. They set up a company trading in jewelry from Congo region and were appointed as directors of the same. They have carried out the business for the last five years. They had lent the company a sum of ksh 500,000/ on secured and priority basis. Recently bonke lent their company a sum of kshs 700,000. Whilst from the bank where the company withdrew the money from, the accountant was robbed off all the money. The company was wound up and its assets amounted to kshs 1200,000, which sum has been duly paid to the secured creditors as settlement of part debt. Bonke has sued Ryan and Kate for refund of his money because “these crooks cannot take my money and still purport to take the little realized from their damn company”. Discuss the issues involved herein and state the relevant case law.

(4 marks)

(b) Kenya, as a nation, has many sources of law. Some are home grown while others are foreign. Briefly discuss three such sources which are received.

(6 marks)

(c) Explain any six rules of making an offer.

(12 marks)

d) Explain four ways by which a contract can be terminated by frustration.

(8 marks)

QUESTION 2

(a) Three weeks ago the High court delivered a judgment in a case in which Peter was accused of mutiny in the Kenya Armed Forces. Having been convicted of the offence, he

thinks the judgment was very unfair. He has come to you to advise him, do so, by stating with explanatory the nature of the court which found him guilty before the High court also did.

(4 marks)

(b) Bett called on last week complaining that Mrs. Mwangi had breached a contract they had entered into for sale of a house in Chogoria. What three remedies are open to him?

(6 marks)

(c) Explain five essentials of a valid contract.

(10 marks)

QUESTION 3

(a) Peter 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 Peter. Before this can be done. Abel is transferred to another department. Peter wishes to reclaim from Abel the money paid to him, will he succeed?

(5 marks)

(b) Muthoni is a young person aged 15years. According to the kikuyu customary laws a girl is supposed to undergo female genital mutilation. Last week she was actually forced into the rite and she is to be married off to kiplangat next week. She comes to you for advice on what can be done. Discuss the application of African customary law as a source of law. (10 marks)

(c) F handed H a written offer. The next day F posted a withdrawal of the offer. This was posted between 12noon and 1 pm and it did not reach until after 5pm. In the meantime H at 3.50pm posted an acceptance, discuss

(5 marks)

QUESTION 4

(a) Discuss any defense available to a defendant newspaper company trading in news dissemination when faced with a suit of defamation.

(6 marks)

(b) Kariuki entered Jatomy supermarket, picked up one of shopping baskets provided and filled it with groceries from the shelves. As he was approaching the cashier he realized that his purse had been stolen and decided to replace the goods on the shelves. The manager of the supermarket who had been observing kariuki's movements instructed one of his assistants to approach kariuki and tell him that the goods had been sold and he could not replace them on the shelves. Advice kariuki accordingly.

(4 marks)

(c) Explain five essentials of a valid acceptance.

(10 marks)

