

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
MAIN/EMBU CAMPUS**

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

BCOM 202: BUSINESS LAW I

STREAMS: BCOM Y2S2, BED ARTS Y3S2, BTHM Y2S2

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 14/07/2021

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- Answer question 1 and any other two
- Do not write on the question paper

QUESTION ONE

- (a) Kenya, as a nation, has many sources of law. Some are home grown while others foreign. Briefly discuss three such sources which are received. (5 marks)
- (b) “All contracts are agreements but all agreements are not necessarily contracts.” Discuss (10 marks)
- (c) You have been freshly employed as a tutorial fellow in the commerce department of Chuka University. Required: define law to the business law class, in order to make them understand it. (6 marks)
- (d) 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. Advise Kariuki accordingly. (5 marks)

- (e) Three weeks ago the Kadhi court delivered a judgment in a case in which Peter was accused of beating his wife. Having been convicted of the offence, he thinks the judgment was very unfair. He has come to you to advise him, do so. (4 marks)

QUESTION TWO

- (a) Explain rules regarding a minor's capacity to contract. (5 marks)
- (b) 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)
- (c) Explain five essentials of a valid offer. (10 marks)

QUESTION THREE

- (a) Explain the constitution as a source of Kenya law. (6 marks)
- (b) Explain five vitiating in a contract. (10 marks)
- (c) Donald wanted to buy a success card from Beatrice's shop at Ksh 70/=. He wrote to her an e-mail saying "I am coming on Friday to pick the card which I saw at your shop. I will pay Ksh 65/= as I pick it, if I do not hear from you by tomorrow, I consider the card mine." Beatrice did not reply the mail. She actually sold the card to Tom on Thursday at noon. Donald wants to sue Beatrice. Advice him. (4 marks)

QUESTION FOUR

- (a) Arnold is the proprietor of Ndagani mail newspaper which published an article two weeks ago to the effect that Lauryn, the Chief Executive Officer of a child welfare organization had embezzled shillings five million from the organization to purchase a private residential house. Investigations revealed that Lauryn bought the house out of a loan advance to her by Equity Bank and secured on the house. Lauryn is aggrieved and seeks your legal advice. Advise Lauryn. (10 marks)
- (b) Explain three reasons why parliament delegates law making powers. (6 marks)
- (c) A young boy ran away his father's home and the father issued pamphlets announcing thus: "anybody who finds trace of the boy and brings him will get Ksh. 10,000" X saw this boy near a railway station and promptly took him to the railway police station and then sent a telegram to the boy's father that he had found the missing son. Was X to be rewarded? Decided this sitting the relevant case law. (4 marks)