

CHUKA

UNIVERSITY



UNIVERSITY EXAMINATIONS

CHUKA/EMBU CAMPUS

EXAMINATION FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION

MBAD 801: BUSINESS LAW

STREAMS: MBAD

TIME: 3 HOURS

DAY/DATE: MONDAY 14/04/2025

2.30 P.M. – 5.30 P.M.

INSTRUCTIONS

Answer any four questions

QUESTION ONE [25 MARKS]

- a) How does law differ from other forms of social control such as morality, ethics and religion? [7 Marks]
- b) On Monday, Sarah sells her motor vehicle to Benny for Ksh 5000. They agree that Benny will pay Sarah immediately, but Sarah will only deliver the vehicle to Benny on Thursday. On Wednesday, lightning destroys the vehicle while parked outside Sarah's house. Discuss the legal position of each. Would your answer be any different if Sarah had failed to deliver the car on Thursday, and the car had been struck by lightning outside her house on Saturday? [6 Marks]
- c) Equity is a roguish thing: for law we have a measure, know what to trust to; Equity is according to the conscience of him that is Chancellor, and as that is larger or narrower, so is equity. Discuss the criticisms levelled against equity and chancery as sources of law [12 marks]

QUESTION TWO [25 MARKS]

- a) Critically examine how the different arms of government act as checks and balances against each other [10 marks]
- b) Mrs Trump, a wine merchant, advertises in a newspaper that she has 500 bottles of Chablis red wine for sale at Ksh 100,000 per bottle. On April 4, Kasongo, a retailer, telephones Mrs Trump and states that he will buy all the 500 bottles. Mrs Trump informs him that she has changed her mind and she is prepared to only sell the wine at Ksh 150,000 and not the advertised price. Moreover, the offer to sell remains open until 5.00 p.m on April 10. Kasongo in return promises to give the matter “some thought”. On April 8, Mrs Trump sells the 500 bottles of Chablis red wine to another wine dealer for Ksh 170,000. Meanwhile, On April 6, Kasongo posts a letter to Mrs Trump, agreeing to buy the wine at Ksh 150,000. Unfortunately, Kasongo addresses the letter incorrectly and it does not reach Mrs Trump until April 11. Advise Kasongo [15 Marks]

QUESTION THREE [25 MARKS]

- a) Custom is the oldest source of law. Explain the criteria which must be satisfied before a custom can be applied as a source of law [10 Marks]
- b) A contract cannot exist simply because there is an agreement between people. The parties to the agreement must intend to enter into a legally binding agreement. Expound on various ways in which the parties intentions are manifested as per the caption above [10 marks]
- c) The difference between a guarantee and a suretyship [5 marks]

QUESTION FOUR [25 MARKS]

- a) The high court has jurisdiction over all matters whether original, appellate or supervisory except for those matters falling under the jurisdiction of courts contemplated in article 162 (2) of the constitution. Discuss [10 Marks]
- b) Under the law of property. Discuss the concept of adverse possession and its legal underpinnings as a basis of proprietary acquisition in land within the Kenya’s Legal framework [5 Marks]

- c) Critically discuss any five (5) ways in which a person may defend a suit for defamation
[10 marks]

QUESTION FIVE [25 MARKS]

- a) The receipt by a person to a share of profits does not in itself make him a partner with the person carrying out business. Explain this statement with suitable examples [7 Marks]
- b) Elaborate the nature of a hire purchase agreement [8 Marks]
- c) Discuss the meaning of intellectual property rights. Explain four examples [10 marks]
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