

CHUKA UNIVERSITY

BPLM 302 : BUSINESS LAW

STREAM: BPLM Y3S1, AGBM Y4S1 &BEEMY3S1

TIME: 2HRS

INSTRUCTIONS:

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

QUESTION 1

- (a) Kenya and Somali have boundary dispute. Biden has summoned the two presidents in Tanzania to try and resolve the conflict. Biden would like to know which law is applicable in this dispute. Fully advise him (2marks)
- (b) Explain five elements of a valid contract. (10marks)
- (c) Explain the essentials of a contract of sale. (5marks)
- (d) Discuss the constitution of Kenya as a source of Kenya law. (6marks)
- (e) A sends an invitation to his friend in Chogoria to come to Chuka to play in A's football match against a local team during the weekend. B sends a letter accepting A's offer and travels to Chuka at his own expense. He presents himself to the football field, but A refuses to include him in the team. Can B sue A for breach of contract? (2marks)
- (f) Under a contract for sale of goods, it is very important to know who has the "property in goods" at any given time. Briefly explain why this is important. (5marks)

QUESTION 2

- (a) What is the statutory application of the African customary law? (10marks)
- (b) An agent is appointed to bring the principal into contractual relations with third parties and the acts of the agent are the acts of the principal and the latter (principal) is to be held liable. However, there are exceptions where an agent is presumed to be personally liable. Explain five exceptions. (10marks)

QUESTION 3

- (a) Joe was Peter's Agent and on Peter's behalf made many contracts with Tom over a period of years. Peter later terminated Joe's agency but failed to notify Tom. Joe continued to deal with Tom in his own name and on his own behalf, but became bankrupt. Tom as a result

suffered losses and now claims to be entitled to damages by way of compensation from peter. Advise peter regarding his liability. (5marks)

(b) Explain the ways in which agency relationship may be discharged. (10marks)

(c) Explain the vitiating elements of a contract. (5marks)

QUESTION 4

(a) Explain how property is dealt with when a partnership is dissolved. (5marks)

(b) John went for holiday in Mombasa and during his tour; he identified a car which he has been looking for. He instructed the seller to deliver the car to Nakuru where he was going to pay him the purchase price. The car was involved in an accident at Nairobi. John refused to pay. The seller wants to be paid. Decide giving reasons for your decision.

(5marks)

(c) Distinguish between a bill of exchange and a promissory note.

(10marks)