



**MASINDE MULIRO UNIVERSITY OF SCIENCE AND
TECHNOLOGY (MMUST)**

UNIVERSITY MAIN EXAMINATIONS

2021/2022 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF COMMERCE

COURSE CODE: BCB 106

COURSE TITLE: BUSINESS LAW

DATE: WEDNESDAY, 27TH APRIL 2022 TIME: 12:00 – 2:00PM

INSTRUCTIONS TO CANDIDATES

- 1. ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**
- 2. DO NOT WRITE ANYTHING ON THE QUESTION PAPER**

TIME: 2 HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.



QUESTION ONE

The defendant company manufactured and owned a drug named "Marbolic sweet ball" which the company thought was the best cure for influenza, cold and other diseases associated with taking cold water.

The company put an advertisement in the newspaper to the effect that a kshs 10,000 reward would be given to any person who contracted influenza or related diseases after taking the sweet ball as prescribed i.e. 2 tablets, 3 times a day for 2 weeks. The advertisement further stated that the company had deposited kshs. 100,000 with Apple bank on Kren street as a sign of their sincerity in the matter. Mrs Carley who had read the advertisement bought and took the sweet balls as prescribed but contracted influenza. The company rejected her claim and she sued. The company argued that the advertisement:

- Was nothing but mere sales talk
- Was not an offer to the whole world
- Was not intended to create legal relations

a. Examine the legal position in the instant case (4 marks)

b. Explain the legal rules governing acceptance of an offer. (6 marks)

c. Tribunals exercise judicial or quasi judicial functions. Describe the advantages of tribunals (5 marks)

d. Highlight five characteristics of a cheque (5 marks)

e. Explain the common law duties of an employee (5 marks)

f. Write a note on Islamic law as a source of law in Kenya (5 marks)

QUESTION TWO

a. Explain the information that must be contained in the written memorandum of a hire purchase agreement for the agreement to be enforceable. (8 marks)

b. In relation to the hire purchase contract what are the rights of the hirer? (6 marks)

c. Discuss the general features of the customer banker relationship (6 marks)

QUESTION THREE

a. According to sale of goods act 'No one can give what he himself has not'. Elucidate. (12 marks)

b. Distinguish between the right of lien and stoppage in transit. (2 marks)

c.Explain the differences between a contract of guarantee and a contract of indemnity (6 marks)

QUESTION FOUR

a.Martha employed Lina as her sales agent. For several years Lina sold goods to Mrs. cool, the proprietor of Queens boutique. Subsequently, Martha dismissed lina but did not inform mrs Cool of Lina's dismissal. After her dismissal. Lina collected ksh 200,000 from mrs Cool on behalf of Martha. Martha has demanded the 200,000 from mrs Cool who has refused to pay as she had already paid Lina. Martha intends to sue mrs Cool. In line with the law of agency, Advise Martha

(3 marks)

b.Discuss the duties of an agent (10 marks)

c. Are there any exceptions to the rule "No consideration, No contract"?(5 marks)

QUESTION FIVE

a.Aldrin,Bill and Carl were partners. On the death of Aldrin, his wife joined the partnership and the old name was continued. A house was subsequently bought and the repayment was made out of the firms funds but registered in the name of Aldrin's wife. She now claims the house belongs to her. DECIDE. (3 marks)

b. On application by a partner, the court may decree dissolution of the partnership. State and explain the circumstances (12 marks)

c.In relation to law of Tort describe ways in which a person may defend himself/herself in case of trespass to land. (5 marks)

