



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

SCHOOL BASED

UNIVERSITY MAIN EXAMINATIONS

2023/2024 ACADEMIC YEAR

**FOURTH YEAR FIRST SEMESTER
MAIN EXAMINATIONS**

FOR THE DEGREE

**OF
BACHELOR OF EDUCATION ARTS**

COURSE CODE: BCB 106

COURSE TITLE: BUSINESS LAW

DATE: WEDNESDAY, 20TH/12/2023

TIME: 2:00 – 4:00PM

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 2 Printed Pages. Please Turn Over.

QUESTION ONE

a. Peki Transporters employed Denison as a driver to transport passengers from Nairobi to Mombasa. While on the way, Denison drove the bus at a high speed while negotiating a sharp corner. As a result, he lost control of the bus and caused an accident. A total of twenty passengers were injured while three died on the spot.

Jenny, who sustained head injury and was hospitalized, has sued for compensation but Peki Transporters have denied liability.

i. In reference to Vicarious liability and negligence in the law of Tort, Discuss the legal principles that Jenny may rely on in her suit against Peki Transporters. (10 marks)

ii. Explain the defenses available to Denison (4 marks)

b. Differentiate between summary dismissal and wrongful dismissal and highlight four grounds for summary dismissal. (6 marks)

c. Describe the jurisdiction of the High court of Kenya. (5 marks)

d. Argue the case for delegated legislation as a source of law. (5 marks)

QUESTION TWO

a. Identify and explain the implied terms in a hire purchase agreement. (10 marks)

b. In relation to the law governing sale of goods only the owner of the goods can validly sell them ("Nemo dat quod non habet rule")

Explain the exceptions to the above rule. (10 marks)

QUESTION THREE

a. Discuss the circumstances under which the court might order dissolution of a partnership. (10 marks)

b. M borrowed sh 5 million from stenllin bank and offered his house at Milimani as a security. She has been unable to service the loan and is in arrears. The bank intends to realize the security and seeks your advice on what options they can take to realize the security. Advise stenllin bank. (10 marks)

QUESTION FOUR

a. Habon and Jenkins met for business lunch at a restaurant in town. They were later joined by Jabez.

During the discussion Jenkins informed Jabez that he was Habon's agent to which Habon did not object. A week later, Jenkins obtained goods on credit from Jabez on behalf of Habon. Jenkins has since disappeared and Jabez is claiming payment of the goods from Habon.

Explain the legal principles applicable in this case and advise Jabez. (5 marks)

b.State and explain FIVE rights of an agent (10 marks)

c.Distinguish between a company and a partnership. (5 marks)

QUESTION FIVE

a.Mumbi and Gathoni entered into a contract in which Mumbi was to sell a car to Gathoni for sh 300,000. Unknown to the parties, the car which had been parked at Kamau's garage had been burnt down that morning following a fire outbreak at the garage. Gathoni had paid Mumbi sh 150,000 as deposit. She now intends to sue Mumbi for breach of contract. Advise Mumbi. (4marks)

b.For a contract to be valid, it must comply with certain elements. Discuss with the aid of examples. (12 marks)

c.Outline four characteristics of a promissory note. (4 marks)