



MUEO

**MOI UNIVERSITY**

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC  
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS  
2013/2014 ACADEMIC YEAR**

***FIRST YEAR END OF SEMESTER I/II EXAMINATIONS***

**FOR THE DEGREE OF  
BACHELOR OF BUSINESS MANAGEMENT**

**EXAM CODE:-       BBM 109**

**COURSE TITLE:-   BUSINESS LAW**

**DATE:- 17<sup>TH</sup> FEBRUARY, 2014   TIME:- 9.00A.M. - 12.00 NOON.**

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**INSTRUCTION TO CANDIDATES**

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## BBM 109: BUSINESS LAW

### INSTRUCTIONS TO CANDIDATES

ANSWER ANY FOUR QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS.

#### QUESTION ONE

- (a) Define the term 'Law' and explain its purposes. Explain in detail the sources of Kenyan Law. (12 Marks)
- (b) In relation to the law of contracts, explain the categories of contracts that are considered illegal on the grounds that they are opposed to public policy. (6 Marks)
- (c) Describe the circumstances under which the right to rescind a contract would be lost by the parties to the contract. (7 Marks)

#### QUESTION TWO

- (a) Certain types of mistakes in the formation of a contract may affect the validity of a contract. Discuss this statement explaining these mistakes. (12 Marks)
- (b) What is meant by the expression "contractual capacity"? Illustrate your answer with use of appropriate examples. (8 Marks)
- (c) Part of the terms of contract, other than conditions and warranties, is the exemption clauses. Explain when such clauses are effective. (5 Marks)

#### QUESTION THREE

- (a) A person charged with a tortious act can escape liability by using any of the general defences available. Explain any five of these defences. (10 Marks)
- (b) What is defamation? Explain the elements of the tort of defamation. (8 Marks)
- (c) Describe the rules that govern limitation of actions in tort. (7 Marks)

#### QUESTION FOUR

- (a) Explain the principle of "Res Ipsa Loquitur". (10 Marks)
- (b) Explain the following concepts as applied in the law of tort:
- i. Strict Liability (3 Marks)
  - ii. Vicarious Liability (3 Marks)
  - iii. Occupier's Liability (3 Marks)
- (c) Outline the general defences available to the occupier against liability for trespass to the person. (6 Marks)

#### QUESTION FIVE

- (a) In relation to the law governing sale of goods, only the owner of the goods can validly sell them i.e., "Nemo dat quod non habet". Explain the exception to this rule. (13 Marks)
- (b) Describe the remedies available to the buyer for the breach of a contract for the sale of goods. (12 Marks)

#### QUESTION SIX

- (a) Distinguish between a special agent and a general agent (6 Marks)
- (b) Outline the characteristics of a promissory note. (5 Marks)
- (c) Explain the essentials of an insurance contract. (8 Marks)
- (d) Discuss the rights and responsibilities a bailor and bailee. (6 Marks)