



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## University Examinations 2023/2024

FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR  
OF SCIENCE IN HUMAN RESOURCE MANAGEMENT

SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR  
OF COMMERCE AND BACHELOR OF BUSINESS ADMINISTRATION

AND

SECOND YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF  
BACHELOR OF SCIENCE IN PURCHASING AND SUPPLIES MANAGEMENT AND  
BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

### **BFB 3201: BUSINESS LAW**

**DATE: APRIL 2024**

**TIME: 2 HOURS**

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**INSTRUCTIONS:** *Answer question **one** and any other **two** questions*

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#### **QUESTION ONE (30 MARKS)**

- (a) Explain three differences between criminal law and civil law. (3 marks)
  - (b) One of the most significant shortcomings of the common law that led to the development of equity was inadequate remedies. As a result, many plaintiffs were left out; however, equity increased the remedies. With reference to the above statement discuss five equitable remedies. (5 marks)
  - (c) Describe four characteristics of good laws in the society. (4 marks)
  - (d) Identify four advantages a company has over a partnership as a form of business organization.
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(4 marks)

- (e) Matende Juma was employed by Marion Kaveza to sell her piece of land situated in Nazarede Town at 10% commission. Norah Muhonja, a prospective buyer promised to pay Matende Juma Sh.50,000 in addition to the purchase price of Sh.500,000 if he agreed to reserve the land for her as she raised the purchase price.

Matende Juma reserved the land for Norah Muhonja ignoring Timothy Kyalo, another buyer who offered to buy the same land for Sh.600,000 all of which he wanted paid directly to Marion Kaveza, the land owner. After three months, Norah Muhonja paid Sh.500,000 for the land and gave Matende Juma the Sh.50,000 she had promised.

Marion Kaveza eventually transferred the land to Norah Muhonja but later discovered that Matende Juma had received Sh.50,000 from Norah Muhonja and that Timothy Kyalo had offered to pay a higher price for the land.

Required: Analyse the legal principles applicable in the above case and advise Marion Kaveza who intends to sue Matende Juma (6 marks)

- (f) Discuss five other forms of dispute resolution other than the courts of law (5 marks)

- (g) In relation to the law of contracts, describe three mistakes that render a contract void. (3 marks)

## QUESTION TWO (20 MARKS)

- (a) Explain four principles of natural justice. (4 marks)

- (b) Explain ways in which an agency relationship would be terminated by operation of the law (6 marks)

- (c) Peter Manu, a manufacturer, entered into a contract to make 10,000 candles for Paul Mwadali, a wholesaler. Paul Mwadali issued an order to Peter Manu for the supply of the candles. Subsequently, there was a major power blackout which lasted for three days thereby affecting the operations at Peter Manu's processing plant. In addition, Peter Manu's machine broke down due to the power blackout after he had made 8,000 candles. Peter Manu has submitted a claim to Paul Mwadali for payment for the 8,000 candles. Paul Mwadali has refused to pay Peter Manu on the ground that the contract is not fully executed. Explain the legal principles applicable in the case and advise Peter Manu. (6 marks)

- (d) Define the following types of bills of exchange:

- i) Order bills. (2 marks)

ii) Bearer bills. (2 marks)

**QUESTION THREE (20 MARKS)**

- (a) Describe four types of jurisdiction of the High court in Kenya. (4 marks)
- (b) Explain three ways in which a legal person can be created (3 marks)
- (c) Arnold wrote to Ben offering to sell him a consignment of goods. In the letter he advised Ben to telephone his decision to Cecilia, Arnold's wife. Explain whether there is a valid contract between Arnold and Ben in the following situations:
- (i) Ben does not telephone Cecilia but writes to Arnold accepting his offer. (4 marks)
- (ii) Ben sends a telex to Arnold accepting the offer. (4 marks)
- (d) Describe five rules used by courts in interpretation of statutes. (5marks)

**QUESTION FOUR (20 MARKS)**

- a) The judiciary is the arm of government that is concerned with application of law in adjudicating over legal disputes. Explain five functions of the judiciary. (5 marks)
- b) In relation to the Sale of Goods Act:
- (i) Discuss the maxim "*nemo dat quod non habet*" (3 marks)
- (ii) Describe the exceptions to the maxim referred to in (b) (i) above (6 marks)
- (c) Mike is offered and accepts a post of an accountant to start work in three weeks. A week later he receives a letter from his prospective employer stating that his services will not be required.
- Advise Mike. (6 marks)

**QUESTION FIVE (20 MARKS)**

- a) With reference to the law governing legal personality, distinguish between a "natural person" and a "legal person" (4 marks)
- b) In relation to the law of torts, explain the Rule "*Res ipsa Loquitur*" (3 marks)
- c) Alex is a customer at Pesa Bank. Three days ago, he visited the bank and complained that he had noticed from his bank statement that three unauthorized withdrawals had been made and his account debited. Investigations reveal that the withdrawals were made by Charles. Alex's office messenger who stole Alex's cheque book made out the payments and subsequently forged Alex's signature.

Explain the legal position of Pesa Bank.

(7 marks)

d) An offer is a promise which when accepted constitutes an agreement. It may be terminated by revocation, counter- offer or by lapsing. Discuss ways in which an offer could lapse.

(6 marks)