



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

MAIN UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

**FIRST YEAR SEMESTER ONE EXAMINATIONS
FOR THE DIPLOMA BUSINESS MANAGEMENT.**

COURSE CODE: DBA1211

COURSE TITLE: BUSINESS LAW

DATE: 18TH APRIL 2016

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

- 1) Question **one** is compulsory
- 2) Attempt any other **two** questions

QUESTION ONE

- a) Define the term "law" and explain its significance in the society **(10mks)**
- b) Highlight five major sources of Kenyan law **(10mks)**
- c) Explain five reasons why businessmen prefer to settle their disputes by arbitration rather than open court **(10mks)**

QUESTION TWO

- a) Define a contract and outline the essentials of a valid contract **(15mks)**
- b) State how a contract may be discharged in Kenya law **(5mks)**

QUESTION THREE

- a) Explain methods through which agency is created **(10mks)**
- b) Describe the general defences which can be raised by the defendant in any action in tort **(10mks)**

QUESTION FOUR

- (a) Explain the meaning of the term "hire purchase agreement". **(4 marks)**
- (b) Outline the legal effects on non-registration of a hire purchase agreement. **(6 marks)**

c) Jean Jipapa insured his ship against any losses while lying at Mombasa port for a sum of 10 million with BADCE Insurance Company Limited. He further insured the same ship with Deep Sea Insurance Company Limited for a similar amount. Subsequently, the port caught fire and the ship was badly damaged. The estimated cost of repair of the ship is 5 million. Jean Jipapa has lodged a claim for compensation from both insurance companies. Explain the legal principles in the case and advise Jean Jipapa. **(10 marks)**

QUESTION FIVE

(a) Explain the meaning of the rule "Nemo dat quod non habet" as stipulated in the Sale of Goods Act. **(6 marks)**

(b) Discuss the main exceptions to the above rule. **(14 marks)**

(Total: 20 marks)