



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2012/2013

SECOND YEAR SECOND SEMESTER EXAMINATIONS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (CITY CAMPUS - WEEKEND)

MBA 816: COMMERCIAL LAW

Date: 21st July, 2013

Time: 2.00 – 5.00 p.m.

INSTRUCTIONS:

- ◆ Answer ANY FOUR questions.
- ◆ Question one carries 30 marks and the rest 15 marks each.

- 1 (a) Explain a contract and give its essential elements. (15 marks)
- (b) Outline kinds of contracts. (15 marks)
- 2 (a) Describe a contract of indemnity. (2 marks)
- (b) Explain the rights of indemnity holder. (3 marks)
- (c) "A contract of a guarantee is a contract to perform the promise or to discharge the liability of a third person in case of his default." Explain the above statement and give kinds of guarantee. (10 marks)
- 3 (a) "A directs B to sell goods for him and agrees to give B five percent commission on the price fetched by the goods. A afterwards by letter revokes B's authority, B after the letter is sent, but before he receives it, sells the goods at Kshs. 100,000/= ". Is the sale binding on A? Give reasons to your answer. (5 marks)
- (b) How is the contract of agency terminated? (10 marks)
- 4 (a) Explain the rules determining partners mutual relations in the absence of the contract to the contrary. (10 marks)
- (b) "B and C were partners, C was employed to buy sugar for the firm. C without B's knowledge sold goods for his own to the firm at the market price and made considerable profit". State whether "B" is entitled to share the profit made by C as a partner in the firm. (5 marks)
- 5 (a) Define conditions and warranties in a contract of sale of goods (5 marks).
- (b) Summarize implied conditions and warranties under contract sale of goods. (10 marks)