



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2016/2017**

**FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE  
DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH  
INFORMATION TECHNOLOGY**

**MAIN CAMPUS**

**ABA 106/110: BUSINESS LAW 1**

Date: 20<sup>th</sup> June, 2017

Time: 8.30 - 11.30am

---

**INSTRUCTIONS:**

- Answer Question ONE and any other THREE.
- Question one carries 25 marks and the rest 15 marks each.



1(a) Explain the exceptions to the rule "No consideration, no contract". (15 marks)

1(b) Njoroge after referring to persistent quarrels and disagreement between himself and his wife Njoki, promised in writing to pay his wife a sum of money for her maintenance and separate residence. The agreement was also registered. Explain with reasons whether the promise is enforceable. (5 marks)

1(c) Jabondo threatens to sue Jasuba. Jasuba promises to pay Jabondo Kshs. 100,000/= in consideration of Jabondo agreement not to sue. Jabondo had no cause of action against Jasuba. Is it a valuable consideration in the eyes of law? (5 marks)

2(a) Discuss valid proposal and offer. (10 marks)

2(b) Rasmi made a contract with Kamni and promised that if she was satisfied with her as a customer, she would favourably consider her application for the renewal of the contract. Can the promise create any legal relationship? Give reasons to your answer. (5 marks)

3(a) Discuss how a contract of agency can be terminated by operation of law. (10 marks)

3(b) Fatuma consigns 1,000 cases of tea to Farajah, who had advanced amount to her and desired Farajah to sell the tea and to repay herself out of the price, the amount of her own advance. Fatuma wants to revoke this authority. Decide. (5 marks)

4(a) Discuss the rights of an agent in a contract of agency. (10 marks)

4(b) Jajuok employs Jakuo to beat Janek, and agrees to indemnify him against all the consequences of the act. Jakuo thereupon beats Janek, and has to pay damages to Janek for doing so. Explain the implication in the agreement. (5 marks)

5. Define corporation as a legal entity and give essential features or characteristics of Corporation. (15marks)

6. Explain mercantile law and its sources. (15 marks)