

KENYA METHODIST UNIVERSITY

**END OF 3RD TRIMESTER 2017 (FT) EXAMINATION**

**SCHOOL : BUSINESS AND ECONOMICS**

**DEPARTMENT : BUSINESS ADMINISTRATION**

**UNIT CODE : BUSS 212**

**UNIT TITLE : BUSINESS LAW 1**

**TIME : 2 HOURS**

**INSTRUCTIONS**

* ***Answer question ONE and any other TWO Questions***

Question One

1. Define the term ‘law’ (4 Marks)
2. Explain the main points of differences between criminal and civil law

(6 Marks)

1. Define the term “source of law”. Describe at least four source of law in Kenya. (10 Marks)
2. What do you understand by term “sovereignty of parliament”? Trace the act of parliament through its various stages until is finally placed on the statute book. (10 Marks)

Question Two

* 1. What is a contract? Differentiate an expressed from implied contract with relevant example. (6 Marks)
	2. Explain the meaning of contractual capacity. State and explain the contractual capacity of a minor and persons of unsound mind. (4 Marks)
	3. What do the term “lawful consideration” mean in the formation of contracts. (4 Marks)
	4. Distinguish between a Valid, void, and voidable contracts. (6 Marks)

Question Three

1. Define the following terms (i) Agent, and (ii) Principal. (2 Marks)
2. State and discuss four ways in which an agency relationship may be created. (8 Marks)
3. Briefly discuss on how a partnership may be dissolved. (10 Marks)

Question Four

* 1. Define the term “sale of good”. (2 Marks)
	2. Distinguish between sale and agreement to sale. (8 Marks)
	3. When is a sell of goods deemed to be unpaid seller? Outline his rights against (a) the goods, and (b) the buyer. (10 Marks)

Question Five

1. What is meant by a ‘negotiable instrument’? (2 Marks)
2. What are the main characteristics of Negotiable instruments? (8 Marks)
3. (c) Define the term partnership. What are the main distinction between partnership and a limited company under Kenya law? (10 Marks)