



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2017/2018**

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

**CITY CAMPUS**

**ABA 106/BAF 122: BUSINESS LAW I**

Date: 30<sup>th</sup> April 2018

Time 5.30 - 7.30pm

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**INSTRUCTIONS:**

- Answer Question one and any other three questions.
- Question One carries 25 marks and the rest 15 marks each.



### QUESTION ONE

- (a) Explain an offer in a contract and essentials of a valid offer. (10 marks)
- (b) Discuss essentials of a valid acceptance. (10 marks)
- (c) X offers to sell his radio to Y for Kshs. 300/=. Y replies, "I will pay Kshs. 250/= for it. X refuses to sell at this price. Y then gives Kshs. 300 to X. in reply X said, "I do not want to sell radio". Discuss the rights of X and Y. (5 marks)

### QUESTION TWO

- (a) Explain law relating to minor's agreement. (10 marks)
- (b) Daniel, a minor, lends Kshs. 10,000/= and gets a mortgage executed in his favour. Explain with reasons if the borrower is liable to repay the money. (5 marks)

### QUESTION THREE

- (a) Discuss the rights of an agent in a contract of agency. (10 marks)
- (b) Mr. Jones holds a lease from Mr. Mathews terminable on six months notice. Peter unauthorized person gives a notice of termination to Jones. Can this notice be ratified by Mathews so as to bind Jones? State reasons for your answer. (5 marks)

### QUESTION FOUR

- (a) Discuss the ways of terminating a contract of agency by the parties. (10 marks)
- (b) A authorized B to buy 1,000/= bales of cotton on account of A and to pay for it out of A's money remaining in B's hands. B buys 1,000/= bales of cotton in A's name and so as not to render himself personally liable for the price. Explain with reasons if "A" can revoke B's authority. (5 marks)

### **QUESTION FIVE**

- (a) Discuss remedies available to the aggrieved party in the event of the breach of a contract. (10 marks)
- (b) The plaintiff hired a godown from the defendant for a period of 12 months and paid the whole rent to him in advance. After six months the godown was destroyed by time and the plaintiff claimed a refund of proportionate amount of the rent. Is the claim valid? State reasons for your answer. (5 marks)

### **QUESTION SIX**

Explain corporation and its main theories. (15 marks)