**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

 **Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** **info@must.ac.ke**

**University Examinations 2015/2016**

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION, BACHELOR OF COMMERCE, BACHELOR OF COOPERATIVE MANAGEMENT, BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

AND

FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BFB 3201: BUSINESS LAW**

**DATE: NOVEMBER 2015 TIME: 2HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Juma’s car breaks down on the Maua road, Juma ask Philip, a passing Motorist to tow his car to the nearest garage at Makutano, 10 Km away. Philip agrees and when they arrive at the garage, Juma promises him Ksh. 1,000.00 as payment for his services. Is Juma bound by his promise? Give reasons for your answer (8 Marks)
2. Who is an unpaid seller? Explain the rights of an unpaid seller against the goods and the

 buyer personally. (12 Marks)

1. Distinguish between an offer and an invitation to treat (4 Marks)
2. Discuss any three functions of the law of tort (6 Marks)

**QUESTION TWO (20 MARKS)**

1. Describe the doctrine of vicarious liability and explain three instances under which the employer

 is not liable under the doctrine. (10 Marks)

1. Jane Rose entered into a contract with Martin where she hired her car to the latter for an agreed sum of Ksh. 20,000.00 per day. Martin was a prominent business person and he intended to use the car to promote the business of pyramid schemes and Jane Rose was aware of this. Martin defaulted in payment and Jane Rose brought action against him. Explain the legal issues arising and the advice you would give Jane Rose. Give reasons for your answer. (10 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss with examples the various ways in which an agency relationship may be created

 (10 Marks)

1. The doctrines of equity were developed as a result of the shortcomings of common law. Explain any two of these shortcomings and the remedies for each of them. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. Discuss in details any four duties of an agent in a P.A relationship (10 Marks)
2. A partnership is a contractual relationship bringing together individuals who have a purpose

 of carrying on business in common with a view of making a profit. In view of the above,

 discuss any five issues that have to be included in the partnership agreement. (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. In relation to the law governing insurance, explain any four (4) basis principles of insurance

 (10 Marks)

1. State and explain the various ways of discharge a valid contract (10 Marks)