

**W1-2-60-1-6**

## JOMO KENYATTA UNIVERSITY

**OF**

**AGRICULTURE AND TECHNOLOGY**

# University Examinations 2014/2015

**SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE DIPLOMA IN BUSINESS INFORMATION TECHNOLOGY**

**HCB 0203 : PRINCIPLES OF BUSINESS LAW**

**DATE: APRIL 2015 TIME: 1½ HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE (COMPULSORY) AND**

**ANY OTHER TWO QUESTIONS.**

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**QUESTION ONE (30 MARKS)**

(a) Identify and explain the functions of law. [10 marks]

(b) There are different types of laws. However, the laws of any given state can be classified into various classes. Citing relevant examples where necessary, discuss the classifications of law. [10 marks]

(c) The term “Business Law” is a union of two words: business and law. Discuss the roles played by business law. [10 marks]

**QUESTION TWO (20 MARKS)**

(a) Even though a tort and a crime may arise from the same set of facts, a tort must always be distinguished from a crime. What are the differences between a tort and a crime? [10 marks]

(b) Listed below are defenses which may be used by a defendant against the plaintiff’s action in tort. Explain what each one of them entails:

1. Consent. [2 marks]
2. Contributing negligence. [2 marks]
3. Self-defense. [2 marks]
4. Act of God. [2 marks]
5. Necessity. [2 marks]

**QUESTION THREE (20 MARKS)**

(a) A contract has been defined as “an agreement which legally binds the parties”. Anon. Discuss the elements of a valid contract. [10 marks]

(b) When a contract is discharged, the rights and obligations of the parties come to an end. Explain the circumstances in which frustration will discharge a contract. [10 marks]

**QUESTION FOUR (20 MARKS)**

(a) What are the ways in which an agency relationship can be crested?

[8 marks]

(b) Discuss the duties of an agent to the principal. [10 marks]

(c) The principal owes the agent some duties. Which duties are they?

[2 marks]

**QUESTION FIVE (20 MARKS)**

Write short notes on the following: [20 marks]

(a) Sole proprietorship.

(b) Partnership.

(c) Negotiable instruments.

(d) Strict liability torts.

(e) Duties of the seller in a sale of goods contract.