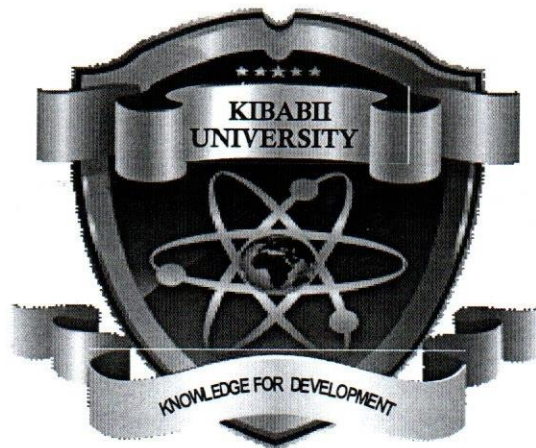


KIBABII UNIVERSITY



**UNIVERSITY EXAMINATIONS
2015/2016 ACADEMIC YEAR**

**FIRST YEAR SECOND SEMESTER
FOR THE MASTER OF BUSINESS ADMINISTRATION**

COURSE CODE: MBA 812

COURSE TITLE: BUSINESS LAW

DATE: 10th MAY 2016 **TIME:** 8.00AM

INSTRUCTIONS TO CANDIDATES

Answer **QUESTION ONE** and any other **THREE** questions

QUESTION ONE

Nabongo owns Pumzika Restaurant. For quite some time, his store has been raided by rats destroying supplies. One evening, he purchased rat poison and spread it on some nicely cooked food which he placed on the table to trap the rats in the store. Kinuthia and Okwach, store assistants in his business entered the store after an hour and ate the food since they had been hungry the whole day. They developed gastric problems and were rushed to hospital.

- a) Assume Nabongo is later sued by Kinuthia and Okwach on realizing what he had earlier done to the food, discuss possible tests that the Court will conduct to determine if Nabongo breached the duty of care (20 marks).
- b) Discuss the aim of the general branch of law under which the claimants will have sued Nabongo (10 marks).
- c) Wangoi, a friend of both parties convinces them to withdraw the case from court and asks them to determine it through arbitration. Explain to them the benefit of this mode of dispute resolution (10 marks).

QUESTION TWO

- a) It has been argued that the one of the benefits of trading as a company is the fact that it is seen as a separate legal personality from the owners. However, the law allows for the lifting of the veil in certain circumstances. Discuss such circumstances (10 marks)
- b) Negotiable instruments are critical in business transactions. Briefly explain five ways in which such instruments can be discharged (10 marks)

QUESTION THREE

- a) Rupa is a business man in the Real Estate trade. Recently, he sold land belonging to Nasieku. Nasieku was shocked because although she is Rupa's dear friend and had put her land on sale and informed Rupa of the intention in the process, at no time did she commission Rupa to sell the land on her behalf. Advise them on tests to be done to determine if Rupa was Nasieku's agent (10 marks)
- b) Discuss the sources of law in Kenya (10 MARKS)

QUESTION FOUR

- a) Wafula and Koimett are interested in starting a Maize milling flour business in Eldoret town. They have come to you for advice on whether they should trade as a company or a partnership. Advice (10 marks)
- b) Due to limited capital, Sifuna, who operates a welding Business, goes to KuKopesha Limited to get a welding machine on hire purchase terms. As the manager of KuKopesha, explain to him his duties should the transaction be actualized. (10 marks)

QUESTION FIVE

- a) Discuss modes in which a contract may be discharged (10 marks)

b) Ezekiel was summarily dismissed from Kampuni Mbaya Ltd. To him, he feels he has been unfairly dismissed and has come to you for advice. As a Law expert, explain to him the circumstances when the law allows for summary dismissal so that he can decide whether to seek legal redress in Court (10 marks).