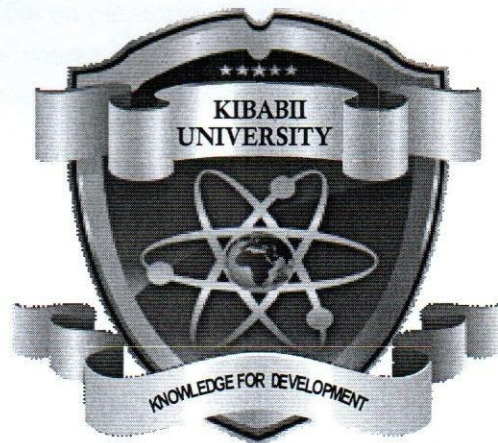


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# KIBABII UNIVERSITY



## UNIVERSITY EXAMINATIONS 2021/2022 ACADEMIC YEAR FIRST YEAR SECOND SEMESTER

### MAIN EXAMINATION

#### FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

**COURSE CODE: BBM 124**

**COURSE TITLE: BUSINESS LAW I**

**DATE: 13/05/2022**

**TIME: 2.00PM – 4.00PM**

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#### INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

KIBU observes **ZERO** tolerance to examination cheating

## QUESTION ONE

(a) Isokari agreed to sell a cocoa plantation to Niger Cocoa Processing Industry Plc ("Niger") for N25 million. Just a few weeks after the agreement, the price of cocoa increased globally. Isokari decided not to sell the cocoa plantation to Niger any longer. Instead, Isokari formed Isokari Global Merchandising Limited ("Iso Global") and sold the plantation to it. Isokari and his wife are the only shareholders of Iso Global.

Required:

a) As the Company Secretary of Niger, explain the legal issues and remedy to the board of directors of Niger. (10 Marks)

(b) The directors of Kante Bank Plc intend to please the shareholders of the bank by ensuring that they distribute all the profits of the bank as dividends without any fund conservation. They plan to do that, so that shareholders may vote to retain them in office. The bank's paid up capital is less than its reserve.

Required:

b) As the Company Secretary of Kante Bank Plc, with knowledge of the Banks and Other Financial Institutions Act, advise the bank on reserve funds? (10 marks)

(c) Agents have fundamental rights in law.

Required:

State five of the fundamental rights of an agent in Kenya (10 marks)

## QUESTION TWO

(a) There are implied conditions in all contracts of sale of goods in Kenya.

Required:

Explain four conditions which can be implied where goods are sold by sample? (10 marks).

Separation of powers sometimes leads to jealousy, suspicion and friction among the organs of government. While producing disharmony and confusion, it may paralyze the administration.

Required:

b) Identify and explain five problems associated with separation of powers? (10 marks)

## QUESTION THREE

(a) Under which circumstances a contract can be brought to an end by subsequent impossibility of performance? (10 marks)

- (b) Explain five different rules and presumptions which the courts use to interpret statutes (10 marks)

**QUESTION FOUR**

- a) In Kenya today there are many sources of law, identify and explain five of them? (10 marks)
- b) Explain different ways in which a contract of agency may come to an end (10 marks)

**QUESTION FIVE**

- a) Explain factors that can undermine the rule of law in Kenya (10 mark)
- b) What are the functions of law to both the citizens and the nation of Kenya? (10 marks)