



CPA PART I SECTION 1

CS PART I SECTION 1

CCP PART I SECTION 1

BUSINESS LAW

MONDAY: 30 August 2021.

Time Allowed: 3 hours.

Answer any FIVE questions.

ALL questions carry equal marks.

QUESTION ONE

- (a) Distinguish between “criminal law” and “civil law”. (6 marks)
- (b) Explain four disadvantages of using African Customary Law as a source of law. (8 marks)
- (c) Discuss three criticisms that have been levelled against delegated legislation. (6 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Wesley Patel purchased 1,000 kgs of canned fruits from Tunda Tamu Fruits Company Ltd. at a price of Sh.500,000. It was agreed that delivery was to be in boxes containing 50 tins each upon delivery. Some of the boxes supplied contained 30 tins and others 55 tins and Tunda Tamu Fruits Company Ltd. made a delivery of 1,100 kgs of canned fruits. Wesley Patel has received the delivery and feels aggrieved.
- Explain to Wesley Patel the legal principles applicable in the above case. (8 marks)
- (b) Highlight three functions of the Business Premises Rent Tribunals. (6 marks)
- (c) Outline three circumstances that may lead to a vacancy in the office of a judge in the superior courts in your country. (6 marks)

(Total: 20 marks)

QUESTION THREE

- (a) Discuss five ways through which the independence of the judiciary might be achieved in your country. (5 marks)
- (b) Describe five purposes of the public procurement and asset disposal law in your country. (5 marks)
- (c) Oakland Company Ltd. employed Chief Kingi as a salesman. A year later, the company terminated the services of Chief Kingi due to dishonesty. The company did not inform its customers about the dismissal. Jimmy Brian, one of the company’s customers, paid Sh.500,000 which he owed the company to Chief Kingi two months after he was dismissed. Chief Kingi did not remit the money to the company and went into hiding. Oakland Company Ltd. has sued Jimmy Brian for recovery of the Sh.500,000.

Analyse the legal principles applicable to the above case and advise Jimmy Brian and Oakland Company Ltd. (10 marks)

(Total: 20 marks)

QUESTIONS FOUR

- (a) Distinguish between a “statutory corporation” and a “registered corporation”. (4 marks)
- (b) Highlight four circumstances under which termination of a lease by surrender might arise by implication. (4 marks)
- (c) In relation to the law governing sale of goods:
- (i) Define the term “goods”. (2 marks)

(ii) Explain four rights of a buyer. (4 marks)

(iii) Discuss three rules governing the passing of risk in a sale of goods contract. (6 marks)

(Total: 20 marks)

QUESTION FIVE

(a) With reference to the law of contract, discuss five rules governing acceptance of an offer. (10 marks)

(b) Explain three defences available to a defendant in the tort of defamation. (6 marks)

(c) With reference to insurance contracts, highlight the two principles that ensure the principle of indemnity is fully applicable. (4 marks)

(Total: 20 marks)

QUESTION SIX

(a) With respect to the Supreme Court in your country, explain the following:

(i) Establishment. (1 mark)

(ii) Composition. (3 marks)

(iii) Jurisdiction. (2 marks)

(b) Describe three ways through which a hire purchase contract may be terminated. (6 marks)

(c) Onesmus Mwamburi bought a house from Nick Investments Limited on 1 January 2021 and paid Sh.2.5 million through a banker's cheque payable on 5 January 2021.

Onesmus Mwamburi realised that the house was not worth the price and on 2 January 2021 notified his bank, Mbasita Finance Ltd. not to honour the cheque.

Nick Investments Ltd. presented the cheque and was paid the Sh.2.5 million. Onesmus Mwamburi has approached you for legal advice.

Analyse the legal principles applicable in the above case and advise Onesmus Mwamburi. (8 marks)

(Total: 20 marks)

QUESTION SEVEN

Simon Peter was admitted as a general partner in the firm of Andrew, Mark LLP on 4 March 2013. On 7 March 2013 Simon Peter received a letter of demand from Mapeni Bank Ltd. requiring him and the other partners to service a loan of Sh.1 million which Andrew Jones and Mark Jones borrowed on 24 January 2013 in the firm's name.

Simon Peter is not sure whether he should pay the loan and seeks your legal advice.

(a) Explain to Simon Peter the legal principles applicable in the above case and advise him. (8 marks)

(b) Outline four consequences of non-disclosure of material facts in a contract of insurance in your country. (4 marks)

(c) Describe four functions of the judiciary in your country. (8 marks)

(Total: 20 marks)

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