



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS

ADMINISTRATION WITH IT

2ND YEAR 2ND SEMESTER 2016/2017 ACADEMIC YEAR

SPECIAL EXAM

COURSE CODE: ABA 208

COURSE TITLE: BUSINESS LAW II

EXAM VENUE: LAB 1

STREAM: (BBA)

DATE:04/05/16

EXAM SESSION:9.00 – 11.00 AM

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

- a. Magendo General Insurance Co. Ltd. Issued a motor insurance policy to Smith Odera. The policy stipulated that the insurer would indemnify the insured and any authorized driver against any liability arising from a motor accident involving the insured motor vehicle. Odera lends his insured vehicle to his wife Nyambura for TRIP TO Kisumu over a weekend. On her way Nyambura knocks a pedestrian and breaks his legs. After undergoing treatment in a hospital the pedestrian claims Sh. 40,000 as damages from Nyambura which she pays. Advise Nyambura whether she can successfully sue Magendo General Insurance Co. Ltd. And recover indemnity; give reasons for your answer. (5mks)
- b. A parks his car on a sloping road. After about 20 minutes, for some unknown reasons, the car starts moving down the road and injures B who is walking along the road. Discuss B's claim for damages against A. (4mks)
- c. Explain the meaning and importance of business law to business organizations in Kenya. (7mks)
- d. Discuss and explain various essentials of a valid contract. (6mks)
- e. What is meant by the doctrine of caveat emptor? And briefly outline the exemptions of the doctrine of 'caveat emptor'. (8mks)

QUESTION TWO

- a. What is consideration? To what extent is it true that consideration need not be adequate ? (4mks)
- b. Explain the doctrine of privity of contract. (5mks)
- c. Differentiate between a 'sale' and an 'agreement to sale' (4mks)
- d. With reference to decided cases or examples where necessary, discuss how an offer may be terminated. (7mks)

QUESTION THREE

- a. In relation to negotiable instruments describe the requirements that valid Bill of exchange must comply with (8mks)
- b. Describe the duties that a banker owes his customers (12mks)

QUESTION FOUR

- a. Explain the doctrine of Vicarious liability'. (5mks)
- b. How far is an employer liable for torts committed by his independent contractor. (10mks)
- c. State and explain the general principles applicable to the tort of negligence. (5mks).

QUESTION FIVE

- a. Discuss the instances under which a contract of agency can be terminated by operation of law. (10 marks)
- b. Discuss the essence of a contract of insurance and main principles upon which such contracts are premised. (10mks)