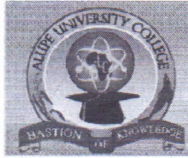
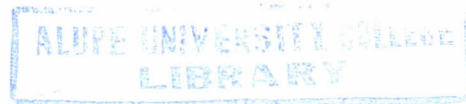


DBM11



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ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS

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# UNIVERSITY EXAMINATIONS

## 2018 /2019 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER REGULAR EXAMINATION

**FOR THE DIPLOMA IN BUSINESS  
MANAGEMENT**

**COURSE CODE: DBM 11**

**COURSE TITLE: BUSINESS LAW**

**DATE: 14<sup>TH</sup> DECEMBER, 2018**

**TIME: 9.00 AM – 12.00 PM**

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### INSTRUCTION TO CANDIDATES

- SEE INSIDE

**THIS PAPER CONSISTS OF 3 PRINTED PAGES**

**PLEASE TURN OVER**

**INSTRUCTIONS TO CANDIDATES**

- Answer Question **ONE** and any other **TWO** questions
- Question **ONE** carries 30 marks
- Do not write on the question paper

**QUESTION ONE (30 MARKS)**

- (a) It is always necessary to communicate acceptance of an offer to the other party to the contract. Explain whether or not you agree with the above statement. (12 marks)
- (b) Arnold wrote to Ben offering to sell him a consignment of goods. In the letter he advised Ben to telephone his decision to Cecilia, Arnold's wife. Explain whether there is a valid contract between Arnold and Ben in the following situations:
- (i) Ben does not telephone Cecilia but writes to Arnold accepting his offer. (4 marks)
- (ii) Ben sends a telex to Arnold accepting the offer. (4 marks)
- (c) Describe the various branches of civil law. (10 marks)

**QUESTION TWO (20 MARKS)**

- (a) Under Section 7 of the Hire Purchase Act Cap. 507, Laws of Kenya, certain provisions are deemed void if contained in a hire purchase agreement.

Identify and explain five such provisions. (5 marks)

- (b) Kinyago, a small scale farmer agreed to take a television set and a radio from Malipo Rahisi Ltd., a hire purchase firm last year.

The hire purchase price for both items was Sh. 90,000. He paid a deposit of Sh. 30,000 and the balance was payable by monthly instalments of Sh. 5,000. After paying instalments for six months, he defaulted. Malipo Rahisi Ltd. promptly repossessed the goods.

Discuss the legal position. (10 marks)

- (c) One of the principal duties of an agent is expressed by the maxim "delegates non potest delegare."

State and identify five circumstances under which this rule or maxim does not apply.

(5 marks)

**(Total: 20 marks)**

**QUESTION THREE (20MKS)**

- (a) (i) Explain the legal principal in the Rule in *Rylands Vs. Fletcher*. (4 marks)
- (ii) Explain the defences available to a person sued in an action brought against him under this rule. (6 marks)

- (b) Jambazi sneaked into Cassman Green's compound with the intention of breaking into his car and stealing a radio cassette. As he was walking towards the car park, he fell into a pit which Green had dug to construct a water reservoir. As a result Jambazi was seriously injured.

Jambazi now seeks your legal advice as to whether he can successfully sue Green.

State the legal principles applicable to the above facts and advise Jambazi. (10 marks)

**(Total: 20 marks)**

**QUESTION FOUR (20MKS)**

State and explain the stages in which a bill can become law in your country of origin(20 marks)

**QUESTION FIVE (20 MARKS)**

Enumerate and describe the main sources of law in your country (20 marks)

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