

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE IN BACHELOR OF

AGBM 404: BUSINESS LAW

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 4/12/2017

8.30 A.M – 10.30 A.M

INSTRUCTIONS:

- **Answer question one and any other two**

1. (a) The master or the captain of a ship is carrying goods for X to a certain destination. While in transit the goods begin to deteriorate forcing the captain to sell them to some people before reaching the specified destination . Here the captain has acted voluntarily to have X the owner of the goods from suffering total loss. The situation necessitated this kind of act. For this reasons the captain became an agent of X out of necessity when he sold the goods to those buyers. Discuss the conditions to be fulfilled for one to qualify as an agent of necessity. [10marks]
- (b) A contract supported by consideration and the intention to enter into legal relations, may still have no legal effect to vitiating factors which affects the validity of the contract. Explain the vitiating factors. [10marks]
- (c) Legally it's the duty of parliament to make laws explain why it has become necessary for parliament to delegate powers of making laws to other people. [10marks]
2. (a) Not all agreements are contract but all contracts agreements, elucidate this using the Balfour V Balfour) case. [10marks]
- (b) Ben told Otieno , a car dealer that he wanted a car that would be comfortable for touring purposes. Otieno recommended to Ben a 'Bugetti' car. When it was delivered it was found that it was neither comfortable nor suitable for touring purposes. Ben sued Otieno for the return of the purchase money . Can he succeed? [5marks]

- (c) Explain the formation of agency by estoppel and give an example. [5marks]
3. (a) Discuss with examples, the various ways by which a contract can be terminated. [10marks]
- (b) Distinguish between a bill exchange and a cheque. [10marks]
4. (a) An agent is appointed to bring the principal into contractual relations with third parties and the acts of the agent are the acts of the principal and the latter (principal) is to be held liable. However, there are exceptions where an agent is presumed to be personally liable. Discuss. [10marks]
- (b) Explain the essential characteristics of a contract of sales of goods. [10marks]
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