



END OF SEMESTER EXAMINATION

ACADEMIC YEAR: 2020/2021

UNIT NAME: Business Law

SEMESTER: MAY-AUGUST 2021

UNIT CODE: DBM 115

DATE: AUGUST 2021

TIME: 2 HOURS

Instructions: Answer SECTION A (Compulsory) and Any Other Two Questions

SECTION A (30Marks)

QUESTION ONE [30Marks]

- a) Succinctly define the following Terms/Concepts {10 Marks}
- i) **Civil Law**
 - ii) **Breach of Contract**
 - iii) **Meeting of Minds (in Contract)**
 - iv) **Recension of Contract**
 - v) **Capacity to Contract**
- b) Describe with examples the element of Enforceability of a Contract {5 Marks}
- c) A contract is an agreement which legally binds two or more parties. They are also referred to as “enforceable agreements”
- Discuss the following concepts in the Law of Contract and explain their relevance in the formation of a valid enforceable contract by courts of law.
- i) Offer {5marks}
 - ii) Acceptance {5marks}
- d) Identify and discuss the sources of law in Kenya {5 marks}

SECTION B [30 MARKS]

QUESTION TWO [15Marks]

- a. Write short notes on the following:-
- i) Criminal Law and Civil Law as classification of law. {5marks}
 - ii) Grounds for discharge of contract. {5marks}
- b. Using real life examples distinguish between “Offers” and “Invitations to Treat”. {5marks}

QUESTION THREE [15Marks]

- a. ‘Vitiating Factors’ are factors that affect the validity of a Contract, using examples succinctly describe the following:-

- i. Misrepresentation
 - ii. Negligent Misrepresentation
 - iii. Mistake
 - iv. Duress
 - v. Undue Influence
- {15Marks}

QUESTION FOUR [15Marks]

- a) Janet and Mary entered into a contract in which Janet was to sell her house in Karen for Kenya Shillings Twenty Five Million (Kes 25,000,000.00) Only.

Janet was to hadover the keys to the house on the day of execution of the Agreement for Sale. Discuss the essential elements of a valid contract herein.
{8 Marks}

- b) Sheila, a Sixteen Year Old Lady requested for an advance of Kes 25,000.00 from her neighbor Mrs. Tembo promising to repay back with 10% interest as soon as she got the money.

After three (3) months, Mrs. Tembo brought an action to recover the original sum and interest.

Succinctly describe the essentials of the above contract and provide a ruling on the action that was brought by Mrs. Tembo. {7 Marks}