

TECHNICAL



MOMBASA

UNIVERSITY OF

School of Business

Department of business administration

UNIVERSITY EXAMINATION FOR:

BACHELOR OF BUSINESS ADMINISTRATION/BACHELOR OF COMMERCE

BMG 4301 BUSINESS LAW II

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: JULY2025

TIME:2HOURS

DATE:JULY2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of five questions. **Attempt question ONE (Compulsory) and any other TWO questions.**

Do not write on the question paper.

Question ONE (Compulsory) – 30 Marks

Scenario:

Jane, a software developer, sees an online advertisement for a high-performance laptop priced at \$1,000. She visits the store and tells the salesperson she is interested in buying it. The salesperson mistakenly quotes the price as \$800, and Jane immediately agrees to buy it at that price. Later, the store manager refuses to sell the laptop for \$800, claiming it was a mistake. Jane insists that a contract was formed and demands the laptop at the lower price.

Required

- a)
 - i. Highlight Five reasons to support if there was or there was no a valid contract between Jane and the store. (10 marks)
 - ii. Discuss Five essential elements of a valid contract present in this case. (10 marks)

b) Insurance is based on fundamental principles that help manage risk and provide financial protection. Explain **five** elements of insurance. (10 marks)

Question TWO

a) Once an agency relationship is created, an agent comes into existence. Explain **five** ways in which an agency relationship may come into existence. (10 marks)

b) The hire purchase agreement imposes legally binding obligations on the owner and the hirer. Highlight **five** duties of the Owner. (10 marks)

Question Three

a) Highlight **five** characteristics of an offer. (10 marks)

b) Explain **five** benefits of registered companies. (10 marks)

Question Four

a) A partnership agreement is a contract *uberrimae fidei* (contract of the utmost good faith. Each partner is entitled to utmost fairness from the co-partners. Explain **five** characteristics of partnership as per the law relating to partnership in Kenya. (10 marks)

b) Discuss **five** circumstances when the agent is personally liable for his acts rather than the principal. (10 marks)

Question Five

a) Under sec. 5(3) of the Act, on registration of the agreement, the registrar issues a certificate of Registration which is prima facie evidence of its content. Explain **five** effects of non-registration of a higher purchase business. (10 marks).

b) Discuss **five** elements of the doctrine of ultra vires. (10 marks)