# The Co-operative University of Kenya

**END OF SEMESTER EXAMINATION DECEMBER-2016**

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE BUSINESS**
**(BCOB YR 1 SEM 1)**

**UNIT CODE: HCOB 2110**

**UNIT TITLE: BUSINESS LAW I**

**DATE: 9TH DECEMBER, 2016** **TIME: 9:00 AM – 11:00 AM**

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**INSTRUCTIONS:**

- Answer question **ONE (compulsory)** and any other **TWO** questions

**QUESTION ONE**

(a) Law is broadly defined as a set of enforceable rules and principles intended to regulate and guide human conduct. Using relevant examples, explain FIVE key functions of law. (10 Marks)

(b) An agent is deemed to be acting on behalf of the principles. However, certain circumstances make the agent personally liable for his actions and not the principal. (10 Marks)

(c) D goes into a self-service store, takes up a wire-basket from the stock provided, and then fills the basket with goods from the shelves. She is about to leave the store, when she remembers that she has forgotten to bring money with her, so she starts to replace the goods on the shelves. The store manager stops her, saying that she has brought those goods and must pay for them. "Advice the parties". (5 Marks)

(d) Examine and briefly discuss the agency of necessity. (5 Marks)

**QUESTION TWO**

(a) Describe the main sources of Kenyan law. (10 Marks)

(b) How does a binding contract differ from other agreements? (10 Marks)

**QUESTION THREE**

Distinguish between:

(a) Coercion and undue influence. (3 Marks)

(b) Guarantee and indemnity (5 Marks)

(c) Sale and agreement to sell (7 Marks)

(d) Legal rules and moral rules (5 Marks)

**QUESTION FOUR**

Distinguish between the following torts setting out the essential elements of each.

a) Tort of negligence

b) Tort of nuisance

c) Tort of defamation (20 Marks)

**QUESTION FIVE**

Explain and show the hierarchy of the various courts established under the constitution of Kenya and state the nature of cases they are mandated to handle. (10 Marks)

Write short notes on the following:

(a) Criminal Law and Civil Law as classification of law. (5 Marks)

(b) Grounds for discharge of contract. (5 Marks)