PAN AFRICA CHRISTIAN UNIVERSITY

EXAMININATIONS PAPER

AN AFRICA CHRISTIAN UNIVERSITY

BACHELORS OF BUSINESS INFORMATION TECHNOLOGY

END OF TERM EXAMINATION

DEPARTMENT: **COMPUTING & INFORMATION TECHNOLOGY**

COURSE CODE: **BIT 211/BUS2223 /BCM 209**

COURSE TITLE: **BUSINESS LAW**

CAMPUS: **ROYSAMBU**

EXAM DATE: **AUG**

TIME: **START HOUR – 5.30PM-8.30PM**

INSTRUCTIONS

- This exam carry a total of SIX Questions of [10 Marks Each]
- Section One (I) is compulsory.
- Answer any 3(Three) Questions from Section Two (II)

QUESTION ONE (COMPULSORY – 10 Marks)

Case Study: Kenbright Logistics Ltd vs. Josephine Maina

Josephine Maina, a young digital entrepreneur, approached **Kenbright Logistics Ltd**, a Nairobi-based courier service company, to deliver fragile electronics to her clients across various counties. During negotiations, the company's marketing officer, Mr. Wekesa, assured Josephine that their packaging and insurance policies covered "all forms of damage and theft," including loss due to employee negligence.

Relying on these assurances, Josephine entered into a written agreement. However, the fine print in the contract stated:

"Kenbright shall not be liable for loss caused by third-party acts, including its employees or agents."

In her first delivery, a company driver, while drunk, crashed the van. The cargo was destroyed. When Josephine demanded compensation, Kenbright refused, citing the exemption clause.Later investigations revealed the marketing officer was not authorized to make binding representations. Josephine claims she was misled and would not have signed the contract had she read the fine print, which she says was never brought to her attention.

Questions

a) Discuss whether the assurance given by Mr. Wekesa during the negotiation phase amounts to misrepresentation under Kenyan contract law. What type of misrepresentation, if any, could this be? (4Marks)
b) Analyze whether Kenbright Logistics Ltd can be held liable for Mr. Wekesa's assurances under agency law (3Marks)
c) Evaluate the validity and enforceability of the exemption clause in light of the contra proferentem rule and the principle of reasonable notice in contract law. (3Marks)

QUESTION TWO: (10 Marks)

a) Outline the legal consequences of entering into a contract under mistake and explain how this differs from misrepresentation. (5 marks)
b) Analyze how liability of partners arises in a business partnership under Kenyan law. Give examples. (5 marks)

QUESTION THREE: (10 Marks)

a) Distinguish between actual authority and apparent authority in agency law, and explain their importance in commercial transactions. (5 marks)
b) Discuss how a cheque or bill of exchange functions as a negotiable instrument in Kenya. (5 marks)

QUESTION FOUR: (10 Marks)

a) Explain the concept of legal personality of a company and its importance. Use relevant law to illustrate. (5 marks)

b) Compare and contrast the buyer's and seller's obligations in a contract of sale under the Sale of Goods Act. (5 marks)

QUESTION FIVE: (10 Marks)

a) Examine how insurable interest and utmost good faith apply in an insurance contract. (5 marks)

b) Discuss how consideration and intention to create legal relations apply in forming any commercial agreement. (5 marks)

QUESTION SIX: (10 Marks)

a) Evaluate how the Employment Act (2007) supports fair termination processes.. (5 marks)

b) Briefly explain how the Constitution of Kenya (2010) protects labour rights and freedoms. (5 marks)