



Inspiring Innovation and Leadership

KARATINA UNIVERSITY
UNIVERSITY EXAMINATIONS
THIRD YEAR, SECOND SEMESTER EXAMINATIONS
2024/2025 ACADEMIC YEAR

FOR THE DEGREE OF:
BACHELOR OF HUMAN RESOURCE MANAGEMENT

COURSE CODE: BHR 320

COURSE TITLE: COMMERCIAL LAW

DATE: 23/4/2025

TIME: 12.00PM-2.00PM

INSTRUCTION TO CANDIDATES

- SEE INSIDE

INSTRUCTIONS

Answer Question one and any other three questions.

QUESTION ONE-COMPULSORY

QUESTION ONE (25 MARKS)

ILLEGAL CONTRACT

Jackson entered into a contract with Jacinta whereby Jackson was to introduce Jacinta to Tajiri with a view of Tajiri marrying Jacinta. Jackson asked Jacinta to give him Sh. 10,000 which she did. Jackson then introduced Jacinta to Tajiri and Tajiri promised to marry Jacinta in case his wife who was by then very ill in hospital passed away. However, Tajiri's wife Juliana underwent a successful surgery and fully recovered from the illness. Tajiri has now refused to marry Jacinta. Jacinta is aggrieved and wishes to sue Jackson and Tajiri.

- a) Advise her on why she may or may not succeed in her case. (10 marks)
- b) You have been appointed to arbitrate the case. Explain five advantages of arbitration as a form of settling disputes. (5 marks)

"UTMOST GOOD FAITH"

Charles took out a life insurance policy. The proposal form contained the questions "What is your profession or occupation? Do you indulge in motor or motor cycle racing? Charles stated truthfully, "Company Secretary", in answer to the first question and "No" to the second. The form contained no other questions about his pursuits, and Charles did not disclose that he was a keen mountaineer. He has been killed by a fall while climbing Mt Kenya.

- c) The wife sued the insurance company that refused to compensate after Charles's death. The Insurance won the case on the basis of Insurance principle of Utmost Good Faith. Expound the key aspects of this principle. (10marks)

QUESTION TWO (15 MKS)

- (a) Explain five circumstances under which African customary law will be applicable in the courts. (5 marks)
- (b) Distinguish between sale agreement and Agreement to sale. (5 marks)
- (c) Discuss five conditions that can lead to termination of an offer. (5 marks)

QUESTION THREE (15 MARKS)

- a) From a legal point of view, elaborate how an artificial person differs from a natural person. **(5 marks).**
- b) "A contract has a number of elements. Discuss any five of these elements. **(10 marks)**

QUESTION FOUR (15 MARKS)

- a) The existing Kenyan court system consists of both superior and subordinate courts. Evaluate jurisdiction exercised by each court. **(10 Marks)**
- b) Describe the steps to be followed if one wants to register a company in Kenya **(5 marks).**

QUESTION FIVE (15 MARKS)

- a) Distinguish between civil and criminal law **(5 marks).**
- b) The Act of Parliament is a major source of Law in Kenya. Sequentially, describe the procedure of making Law through the Act of Parliament **(10 marks).**

QUESTION SIX (15 MKS)

- (a) Explain the rules that govern acceptance of an offer **(5marks)**
- b) In relation to the Law of Property, describe five obligations of a lessor towards a lessee in a lease agreement. **(5 marks)**
- c) In relation to the Sale of Goods Act, explain five circumstances when a buyer may reject the goods and repudiate the contract **(5 marks)**