PAN AFRICA CHRISTIAN UNIVERSITY

Where Leaders are Made

UNIVERSITY EXAMINATIONS: 2025/2026

EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS IN INFORMATION TECHNOLOGY

BIT 211

BCOM

BBL

BUSINESS LAW

END TERM EXAMINATION

DATE: APRIL, 2026 **TIME: 3 HOURS**

INSTRUCTIONS: Question One is Compulsory, Choose Three Other Questions

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SECTION A (COMPULSORY)

QUESTION ONE (15 Marks) Compulsory

Case Study: Contractual Dispute at Alpha Traders Ltd

Alpha Traders Ltd entered into a contract with Beta Suppliers Ltd for the supply of office stationery. Delivery was delayed, and some goods supplied were defective. Alpha Traders rejected the defective goods and withheld part of the payment. Beta Suppliers insist that the delay was caused by circumstances beyond their control and demand full payment.

Required:

a) Explain three essential elements of a valid contract illustrated in the case.(4 marks)

b) Explain two rights of a buyer under the Sale of Goods Act relevant to the case. (3 marks)

c) Outline two remedies for breach of contract available to Alpha Traders Ltd. (4 marks)

d) Explain two ways in which contract law promotes certainty in business transactions. (4 marks)

SECTION B (ANSWER ANY THREE QUESTIONS)

QUESTION TWO (15 MARKS)

A growing enterprise intends to appoint agents, form partnerships, and comply with labour regulations.

a) Explain three types of authority of an agent in business transactions. (6 marks)

b) Discuss three duties of partners in a partnership business. (5 marks)

c) Explain two statutory obligations of employers under the Employment Act, 2007. (4 marks)

QUESTION THREE (15 MARKS)

A business owner enters into several contracts and uses negotiable instruments while supplying goods to customers on credit.

a) Explain three circumstances under which a contract may be discharged. (6 marks)

b) Discuss two types of negotiable instruments commonly used in commercial transactions. (4 marks)

c) Explain three rules governing transfer of ownership of goods under the Sale of Goods Act. (5 marks)

QUESTION FOUR (15 MARKS)

Despite having formal agreements, businesses often face disputes and losses.

a) Explain three principles of insurance applicable in business contracts. (6 marks)

b) Discuss two exceptions to the doctrine of privity of contract. (4 marks)

c) Explain two circumstances under which an agent may incur personal liability. (5 marks)

QUESTION FIVE (15 MARKS)

a) Explain three circumstances that may lead to dissolution of a partnership.(6 marks)

b) Discuss three advantages of incorporation of a company over sole proprietorship. (5 marks)

c) Explain two remedies available to an employee for unfair termination of employment. (4 marks)

QUESTION SIX (15 MARKS)

As businesses operate within a regulated legal environment, compliance with legal requirements is essential for sustainability and risk management.

a) Explain three sources of Kenyan law relevant to business operations. (6 marks)

b) Discuss two ways in which the Sale of Goods Act protects consumers. (4 marks)

c) Explain three legal consequences of operating a business without proper registration. (5 marks)