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KIBABII UNIVERSITY



**UNIVERSITY EXAMINATIONS
MAIN EXAMINATION
2020/2021 ACADEMIC YEAR
SECOND YEAR SECOND SEMESTER**

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCO 223

COURSE TITLE: BUSINESS LAW II

DATE: 06/10/2021

TIME: 2.00 - 4.00PM

INSTRUCTIONS

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

SECTION A

QUESTION ONE (Compulsory).

- (a) ABC Ltd created the position of Managing Director but no one has been appointed to that position.
Alex Simiyu, a director with the knowledge of other directors purported to act as the Managing Director and hired XY Ltd. to do some consultancy work for the Company. XY Ltd have now demanded for payment for the work done but ABC Ltd has refused to pay stating that Alex Wafula had no authority to act on the company's behalf.
Are XY Ltd justified in their demand for payment? Explain the legal position. **(6 Marks).**
- (b) Discuss the circumstances under which the court might order the dissolution of a Partnership. **(8 Marks).**
- (c) Identify and briefly explain three consequences of not registering a hire purchase agreement. **(6 Marks).**
- (d) Explain the nature of the relationship between banker and customer. When is the banker's authority to pay a cheque drawn on him terminated? **(10 Marks).**

SECTION B

QUESTION TWO.

With specific reference to the sale of goods contract:

- (a) Comment on the statement "Delivery does not amount to acceptance of goods". **(4 Marks).**
- (b) State and briefly explain the exceptions to the rule that no one can convey a better title than what he has. **(8 Marks).**
- (c) When are goods said to be unascertained? What are the rules as to the transfer of property in the unascertained goods to the buyer? **(8 Marks).**

QUESTION THREE.

- (a) Who is a common carrier? State and briefly explain the duties and liabilities of the common carrier. **(12 Marks).**
- (b) State briefly the meaning of contract of affreightment the forms that its contracts take. **(8 Marks).**

QUESTION FOUR.

Write short notes on the following:

- (a) Legal interests in Land - **(5 Marks).**
- (b) Mortgages and Charges - **(5 Marks).**
- (c) Holder in due course. - **(5 Marks).**
- (d) Specific agents. - **(5 Marks).**

QUESTION FIVE.

- (a) Who can be adjudged bankrupt? Describe briefly the procedure in Bankruptcy. **(12 Marks).**
- (b) With reference to the law of Insurance, explain the following:
- (i) Insurable interest in connection to life. - **(4 Marks).**
- (ii) Subrogation. - **(4 Marks).**

QUESTION THREE.

- a) In relation to the law on Common carriers, highlight and briefly explain the obligations of a carrier. **(8 Marks).**
- b) Explain the effect of a contract made by an agent with a third party where:
 - i. The agent discloses the existence of principal but not his name. **(6 Marks).**
 - ii. Where the existence of principal is not disclosed. **(6 Marks).**

QUESTION FOUR.

- a) In relation to the law governing bankruptcy, explain who can be adjudged bankrupt. Also explain briefly the procedure in bankruptcy. **(12 Marks).**
- b) State briefly the circumstances in which the court may refuse to grant an absolute discharge. **(8 Marks).**

QUESTION FIVE.

Write short notes on the following:

- a) Leasehold interest. - **(5 Marks).**
- b) Doctrine of Subrogation. - **(5 Marks).**
- c) Legal Mortgage. - **(5 Marks).**
- d) Qualified acceptance of a bill of exchange - **(5 Marks).**