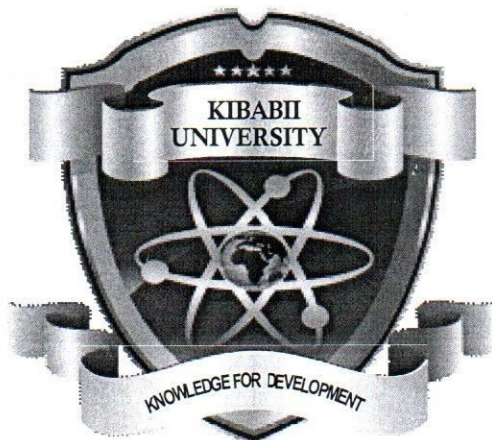


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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR
SECOND YEAR SECOND SEMESTER**

SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF BACHELOR COMMERCE

COURSE CODE: BCO 223/BCB 207/BBM 223

COURSE TITLE: BUSINESS LAW II

DATE: 15/02/2021

TIME: 2.00PM-4.00PM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

SECTION A

QUESTION ONE (Compulsory).

- (a) John, a tailor bought from ABC enterprises Coat material of quality equal to a sample. John was however unable to stitch the material into a coat as it had some latent defect in its texture. John had examined the material before purchasing it. Is John the tailor entitled to damages? **(4 Marks).**
- (b) Who is unpaid seller? Briefly explain the rights of unpaid seller against the goods and the buyer. **(8 Marks).**
- (c) Alex and Benson two Certified Public Accountants, agree to carry on practice in common in the office of Alex under the name 'Alex and Benson' for a period of seven years. The terms of agreement entered into between them provide that Benson should manage the office and supervise the clerical work and that he should draw a fixed allowance of Kshs 50,000 per month in lieu of profits. It is further agreed that losses, if any shall be borne by Alex alone, and that after seven years Alex would be entitled to the office and all other equipments and Benson would not have any right or claim in respect of them. **Are Alex and Benson Partners? (5 Marks).**
- (d) A bill is payable to Karanja or order. It is stolen from Karanja and the thief forges Karanja's signature and endorses it to Onyango who takes it as a holder in due course. Briefly discuss the rights of Onyango on the bill. **(5 Marks).**
- (e) Distinguish between Reinsurance and Double Insurance. **(4 Marks).**
- (f) Distinguish between real property and personal property. **(4 Marks).**

SECTION B

QUESTION TWO.

In relation to Hire Purchase Act (Cap 42) 1968, explain:

- (a) The nature of Hire Purchase agreement and how it differs from (i) credit sale and (ii) conditional sale agreement. **(10 Marks).**
- (b) State the requirements relating to Hire Purchase agreements. **(8 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:
- The agent discloses the existence of principal but not his name. **(6 Marks).**
 - 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).