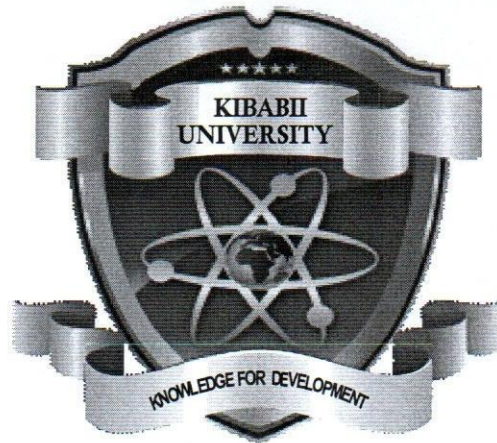


KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS 2021/2022 ACADEMIC YEAR SECOND YEAR SECOND SEMESTER

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCO 223

COURSE TITLE: BUSINESS LAW II

DATE: 10/05/2022

TIME: 2.00PM – 4.00PM

INSTRUCTION TO CANDIDATES

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

KIBU observes **ZERO** tolerance to examination cheating

QUESTION ONE.

(a) Joseph Simiyu and Alex Odongo are partners carrying on business in the name of Pamoja Enterprises.

Alex Odongo has nevertheless set up a similar competing business while retaining his partnership in Pamoja Enterprises. Joseph Simiyu feels aggrieved and intends to expel Alex Odongo from Pamoja Enterprises.

Required.

Analyze the legal principles applicable in the above case and advise Joseph Simiyu.

(6 Marks).

(b) Jane Rono has received a document in her office which she is unable to identify. The document is dated 1st April, 2018, written in Nairobi and addressed to Jane Rono by Tabitha Wamaitha in the following words:

"Fifteen days after sight, pay to my order Kshs 30,000 for value received".

Required.

- (i) State the name of the above document. - (1 Mark).
- (ii) Identify the three parties in legal terms to the above document. - (3 Marks).
- (iii) Highlight six essentials of the above document. - (6 Marks).
- (c) Discuss four remedies available to a buyer in case a seller breaches a contract of sale of goods. (8 Marks).
- (d) Identify three consequences of not registering a Hire Purchase Agreement. (6 Marks).

QUESTION TWO.

(a) Ratification is where the principal adopts an unauthorized act of his agent as his own.

What are the conditions which must be fulfilled for the ratification to be effective?

(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 the principal is not disclosed. - (6 Marks).

QUESTION THREE.

With reference to the law of property:

- (a) Distinguish between ownership and possession. - (6 Marks).
- (b) Explain the ways in which ownership of property may be acquired. (8 Marks).
- (c) Describe the various ways in which co-ownership in property may be terminated. (6 Marks).

QUESTION FOUR.

Write short notes on the following:

- (a) Acts of Bankruptcy. - (5 Marks).
- (b) Contract of Affreightment. - (5 Marks).
- (c) Subrogation - (5 Marks).
- (d) Implied covenants by a landlord in a lease agreement. (5 Marks).

QUESTION FIVE.

- (a) Explain five rules that govern distribution of losses and assets upon dissolution of a Partnership. **(10 Marks).**
- (b) Highlight four types of endorsements that could be used on a bill of exchange. **(4 Marks).**
- (c) Where goods have been let under a hire-purchase agreement and two thirds of the hire-purchase price has been paid, the owner shall not enforce any right to recover possession of the goods from the hirer otherwise than legal suit.
Explain three consequences of contravention of the above provision by the owner. **(6 Marks).**